

NAYARA ENERGY LIMITED

(FORMERLY KNOWN AS ESSAR OIL LIMITED)

Corporate Identity No. (CIN): U11100GJ1989PLC032116

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

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

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

MEETING OF THE SECURED CREDITORS OF NAYARA ENERGY LIMITED CONVENED ON THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH

NOTICE TO SECURED CREDITORS

Day	Wednesday
Date	March 18, 2020
Time	3:00 p.m. (IST)
Venue	Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar – Okha Highway), District Devbhumi Dwarka, Gujarat – 361305

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT AHMEDABAD
CA(CAA) No. 117/NCLT/AHM/2019**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Scheme of Amalgamation of Vadinar Oil Terminal Limited ("**Transferor Company**") with Nayara Energy Limited (formerly known as Essar Oil Limited) ("**Transferee Company**" or "**Company**" or "**Applicant Transferee Company**")

Nayara Energy Limited (formerly known as Essar Oil) Limited) [CIN: U11100GJ1989PLC032116], a company) incorporated under the Companies Act, 1956 having) its registered office at Khambhalia, Post Box No. 24,) District Devbhumi Dwarka, Gujarat 361305) ... Applicant Transferee Company

NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF NAYARA ENERGY LIMITED, THE APPLICANT TRANSFEE COMPANY

To,

The Secured Creditors of Nayara Energy Limited

NOTICE is hereby given that by an Order dated December 20, 2019, in the above mentioned Company Scheme Application ("**Order**"), the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("**Hon'ble Tribunal**" or "**NCLT**") has directed that a Meeting of the secured creditors of the Company, be convened and held to consider, and if thought fit, to approve with or without modification(s), the proposed Scheme of Amalgamation of Vadinar Oil Terminal Limited ("**Transferor Company**") with Nayara Energy Limited (formerly known as Essar Oil Limited) ("**Transferee Company**" or "**Company**" or "**Applicant Transferee Company**") ("**Scheme**").

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the secured creditors of the Company will be held at Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar – Okha Highway), District Devbhumi Dwarka, Gujarat 361305 on Wednesday, March 18, 2020 at 3:00 p.m. (IST) ("**Meeting**"), at which place, day, date and time the said secured creditors are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the Meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the registered office of the Company at Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305, not later than 48 hours before the scheduled time of the Meeting.

TAKE FURTHER NOTICE that in compliance with the Order and the provisions of Section 230(4) of the Companies Act, 2013 and the rules made thereunder, the Company has provided the facility of voting by polling/ballot paper at the venue of the Meeting, so as to enable the secured creditors to consider and approve the Scheme by way of the resolution (as mentioned below). It is clarified that votes may be cast personally or by proxy or by authorized representative at the Meeting as provided in this Notice.

TAKE FURTHER NOTICE that copy of the Scheme, Explanatory Statement under Section 230(3) and Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Form of Proxy, Attendance Slip and other annexures as stated in the Index are enclosed herewith. Copies of the Scheme and the Explanatory Statement can be obtained free of charge at the registered office and corporate office of the Company. The above documents will also be available at the office of Advocate Mrs. Swati Soparkar, 301, Shivalik-10, Opp. SBI Zonal Office, S. M. Road, Ambavadi, Ahmedabad 380015. The documents mentioned above shall be available at the registered office, corporate office and the office of advocate between 11:00 a.m. (IST) to 01:00 p.m. (IST) on all working days (except Saturdays, Sundays and public holidays) upto the date of the Meeting.

The Hon'ble Tribunal has appointed Mr. Pavan S. Godiawala, an Independent Practicing Advocate, failing him, Dr. Pramod Kumar Agrawal, retired banking professional, failing him, Dr. Mohan Lal Sharma, Retired Government Officer, to be the Chairman of the Meeting.

The above Scheme, if approved by the secured creditors, will be subject to the subsequent approval of the Hon'ble Tribunal.

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolution under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

"RESOLVED THAT pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and other applicable provisions of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Ahmedabad Bench of the Hon'ble National Company Law Tribunal, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Ahmedabad Bench of the Hon'ble National Company Law Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Scheme of Amalgamation of Vadinar Oil Terminal Limited ('Transferor Company') with Nayara Energy Limited (formerly known as Essar Oil Limited) ('Transferee Company' or 'Applicant Transferee Company' or 'Company'), placed before this meeting and initialled by the Chairman of the Meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

Sd/-
Pavan S. Godiawala
Chairman appointed for the Meeting

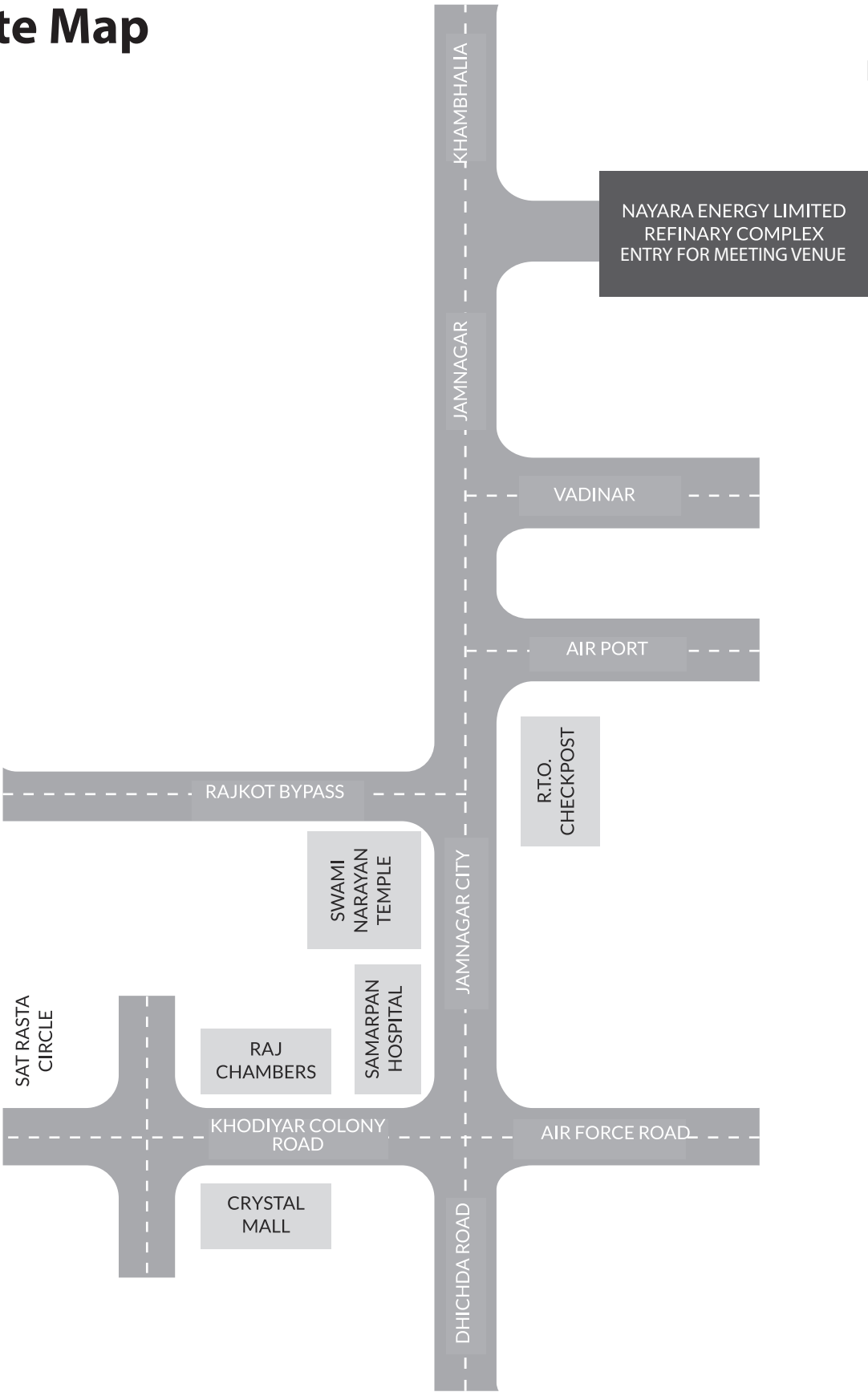
Dated this 7th day of February, 2020
Place: Ahmedabad

Registered Office:
Nayara Energy Limited
Khambhalia, Post Box No. 24
District Devbhumi Dwarka, Gujarat 361305, India
Email: investors@nayaraenergy.com
Website: www.nayaraenergy.com

Notes:

1. **A SECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A SECURED CREDITOR OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE MEETING, I.E. BEFORE 3:00 P.M. ON MARCH 16, 2020.**
2. All alterations made in the Form of Proxy should be initialled. The form of proxy can be obtained free of charge from the registered office or corporate office of the Company or office of Advocate Mrs. Swati Soparkar.
3. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a secured creditor would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
4. Corporate secured creditors intending to send their authorised representative(s) to attend the Meeting are requested to send a duly certified copy of the resolution passed by the Board of Directors or other Governing Body, authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Secured creditor or his / her Proxy is requested to bring the copy of this Notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the venue of the Meeting.
6. In compliance with the Order and the provisions of Section 230(4) of the Companies Act, 2013 and the rules made thereunder, the Company has provided the facility of voting by polling/ballot paper at the venue of the Meeting, so as to enable the secured creditors to consider and approve the Scheme by way of the resolution as mentioned above. It is clarified that votes may be cast personally or by proxy or by authorized representative at the Meeting as provided in this Notice.
7. The quorum of the Meeting shall be 5 (five) secured creditors present through authorised representative or proxy.
8. The Notice, together with the documents accompanying the same, is being sent to all the secured creditors by permitted modes, whose names appear in the list of secured creditors as on January 31, 2020. However, secured creditors as per the books of accounts of the Company as on the close of business on March 11, 2020 will be entitled to attend and exercise their right to vote at the Meeting.
9. The voting rights shall be reckoned on the outstanding value of the secured creditors as per the books of accounts of the Company as on the close of business on March 11, 2020. Persons who are not secured creditors of the Company as on March 11, 2020 should treat this Notice for information purpose only.
10. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the secured creditors of the Company, voting in person or by proxy or by authorised representative, agree to the Scheme.
11. As directed by the Hon'ble Tribunal, Mr. P. N. Parikh (Membership No. FCS - 327, COP No. 1228), 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, shall act as scrutinizer to scrutinize votes cast by polling/ballot paper at the venue of the Meeting and shall submit a report on votes cast to the Chairman of the Meeting or to the person so authorised by him. The scrutinizer's decision on the validity of the votes shall be final.
12. The result of the voting shall be announced on or before Friday, March 20, 2020, upon receipt of scrutinizer's report and same shall be displayed on the website of the Company at www.nayaraenergy.com.
13. An advertisement about convening the Meeting will be published in English Daily "Business Standard" Ahmedabad Edition and Gujarati translation thereof in Gujarati daily "Gujarat Samachar" all Gujarat editions.
14. The particulars of the venue of the Meeting including route map and prominent land mark have been enclosed for ease in reaching the venue of the Meeting.

Route Map



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH AT AHMEDABAD
CA(CAA) No. 117/NCLT/AHM/2019**

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the
Companies Act, 2013 read with the Companies (Compromises,
Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Scheme of Amalgamation of Vadinar Oil
Terminal Limited ("**Transferor Company**") with Nayara
Energy Limited (formerly known as Essar Oil Limited)
("**Transferee Company**" or "**Company**" or "**Applicant
Transferee Company**")

Nayara Energy Limited (formerly known as Essar Oil)
Limited) [CIN: U11100GJ1989PLC032116], a company)
incorporated under the Companies Act, 1956 having)
its registered office at Khambhalia, Post Box No. 24,)
District Devbhumi Dwarka, Gujarat 361305) ... Applicant Transferee Company

**EXPLANATORY STATEMENT UNDER SECTION 230(3) AND SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH
RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016, FOR THE
MEETING OF THE SECURED CREDITORS OF NAYARA ENERGY LIMITED CONVENED AS PER THE DIRECTIONS OF
THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH**

1. This is a statement accompanying the Notice convening the meeting of the secured creditors of the Company ("Meeting"), pursuant to the order dated December 20, 2019 ("Order") passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench ("Hon'ble Tribunal" or "NCLT") in CA(CAA) No. 117/NCLT/AHM/2019, referred to hereinabove, to be held at Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar - Okha Highway), District Devbhumi Dwarka 361305, Gujarat on Wednesday, March 18, 2020 at 3:00 p.m. (IST) for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Vadinar Oil Terminal Limited ("Transferor Company") with Nayara Energy Limited (formerly known as Essar Oil Limited) ("Transferee Company" or "Company" or "Applicant Transferee Company") ("Scheme").
2. A copy of the Scheme is enclosed herewith as Annexure A. The proposed Scheme is envisaged to be effective from the Appointed Date (i.e., April 1, 2019) but shall be made operative from the Effective Date (as defined in the Scheme).
3. Secured creditors would be entitled to vote in the Meeting either in person or through proxy or by authorized representative. The quorum of the Meeting shall be 5 (five) secured creditors present in person or through authorised representative or proxy.
4. The Hon'ble Tribunal has appointed Mr. Pavan S. Godiawala, an Independent Practicing Advocate, failing him, Dr. Pramod Kumar Agrawal, retired banking professional, failing him, Dr. Mohan Lal Sharma, Retired Government Officer, to be the Chairman of the Meeting.
5. This statement is being furnished as required under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
6. In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three-fourths in value of the secured creditors of the Company, voting in person or by proxy or by authorised representative, agree to the Scheme.

7. The Hon'ble Tribunal, by its Order, has held that if the entries in the records of the Company in relation to the number or value, as the case may be, of the value of debt are disputed, the Chairman of the Meeting shall determine the number or value, as the case maybe, for the purposes of the Meeting.
8. The said Order will be available for inspection at the registered as well as corporate office of the Company from 11:00 a.m. (IST) to 01:00 p.m. (IST) on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.

9. Background of Companies

- 9.1. The Company was incorporated on September 12, 1989 under the provisions of the Companies Act, 1956 under the name and style of 'Essar Oil Limited' by the Registrar of Companies, Maharashtra. The registered office of the Company was shifted to Tamil Nadu vide Registration of the Order of the Company Law Board dated April 29, 1993 confirming the same. It was further shifted to the State of Gujarat vide certificate dated April 15, 1997. The name of the Company was changed to 'Nayara Energy Limited' vide Certificate dated May 25, 2018. The PAN and CIN of the Company are AAACE0890P and U11100GJ1989PLC032116 respectively. The email address at which the shareholders can contact the Company is investors@nayaraenergy.com. During the last five years there has been no change in the registered office of the Company. Further, the Objects Clause of the Memorandum of Association of the Company was amended pursuant to the approvals granted by the shareholders of the Company at the Annual General Meeting held on September 14, 2018 and pursuant to the Order dated October 30, 2018 passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench, approving a Scheme of Amalgamation of Vadinar Power Company Limited and Nayara Energy Properties Limited with the Company which became effective from November 30, 2018.

- 9.2. The authorised, issued, subscribed and paid-up share capital of the Company as on December 31, 2019 is as under:

Particulars	Amount in ₹
Authorised	
800,06,80,000 equity shares of ₹ 10 each	80,006,800,000
100,00,00,000 preference shares of ₹ 10 each	10,000,000,000
Total	90,006,800,000
Issued & Subscribed	
1,552,487,155 equity shares of ₹ 10 each	15,524,871,550
Paid-up	
1,490,561,155 equity shares of ₹ 10 each fully paid-up	14,905,611,550
Total	14,905,611,550

- 9.3. As on date, there has been no change in the above mentioned capital structure of the Company. The equity shares of the Company are not listed on any stock exchange.
- 9.4. The Company is a public limited company and is *inter-alia* engaged in the refining of crude oil, and marketing of petroleum products.
- 9.5. The details of Directors of the Company along with their addresses are mentioned herein below:

Name of Director	Designation	Address
Charles Anthony Fountain	Executive Chairman ¹	Little Pell Farm, Blacksmiths Lane, Wadhurst, East Sussex, TN 56DN, Great Britain
Jonathan Kollek	Director ¹	67-3-2, Usacheva Street, Moscow 119048, Russian Federation
Chin Hwee Tan	Director ¹	28, Grove Crescent, Singapore 279161
Didier Casimiro	Director ²	Apartment 26, Building 10, Palashevsky B. Per. Moscow – 123104, Russian Federation

Name of Director	Designation	Address
Alexander Romanov	Director ²	8, Istrinskaya Street, Building 3, Apartment 154, Moscow 121467, Russian Federation
Krzysztof Antoni Zielicki	Director ²	25, Creffield Road, Ealing, London W53RR, Great Britain
Victoria Cunningham	Additional Director ¹	16, Chapel Street, London, United Kingdom SW1X 7BY
Alexey Lizunov	Additional Director ²	74/1-114, Marshala Zhukova Prospect, Moscow, Russia – 123 103
Naina Lal Kidwai	Independent Director	Mustail-29, Killa No 13, Opp Dig Farm Village Jaunapur, Mehrauli, New Delhi 110047
Deepak Kapoor	Independent Director	H NO – K – 42, NDSE Part-II, New Delhi 110049

Notes:

1. Appointed as Nominee Directors of Kesani Enterprises Company Limited.
 2. Appointed as Nominee Directors of Rosneft Singapore Pte. Ltd. (formerly Petrol Complex Pte. Ltd.).
- 9.6. The Company does not have any holding company. It also does not have any Promoter as defined under section 2(69) of the Companies Act, 2013.
- 9.7. As on October 31, 2019, the amount due to the secured creditors of the Company is ₹ 16,798.35 crores and the amount due to the unsecured creditors of the Company is ₹ 19,421.26 crores.
- 9.8. The main objects of the Company as set out in its Memorandum of Association are as follows:
- “(1) To engage in exploration of oil and gas onshore and offshore, in India and elsewhere and to tap oil and gas reserves and processing and marketing of oil, gas in India or else wherever found.
 - (2) To search for, get, win, work, raise, make merchantable, buy, sell or otherwise deal in minerals, oils, gases and fuels found in off shore or onshore drilling in natural state or obtained by processing and to carry on business relating to the winning production, working or manufacture of any business including but not limited to contracts for the execution of offshore or on shore drilling, undertaken by the Company and either for only such purposes or as an independent business.
 - (3) To produce bio-fuels, biomass, ethanol and other products on land, water or in special chambers and to undertake activities relating to manufacture, refining, treatment, extraction, reduction, distillation, blending, purification, pumping, storage, transporting, using, undertake Research and Development activities, market, distribute, exchange, trade and generally deal in any kind of bio-fuels, biomass, ethanol and other products, by products, waste, residue etc. and to establish, acquire and maintain laboratories, pilot plants, manufacturing and other works relating to bio-fuels, biomass, ethanol and other products either only for such purposes or as an independent business and for the purpose to purchase or otherwise acquire, plant, grow, cultivate, Jatropa, Ratanjot, Sugarcane, Corn, Pongamia, rice bran, oilcakes and seeds, nuts, deoiled bran or any other plants, crops as a farm forestry, nursery or otherwise.
 - (4) To undertake in India or elsewhere, the business of generating, producing receiving, improving, buying, selling, reselling, acquiring, using, transmitting, accumulating, employing, distributing, developing, handling, supplying electricity and to act as producer/grower, agent, broker, representative, consultant, collaborator, or otherwise to deal in, undertake, assist, encourage, promote, developmental, scientific, technical, engineering, research activities associated with the generation, transmission and distribution of power which is derived from conventional/non-conventional methods including hydel, steam, coal, thermal, geo-thermal, turbine, hydrogen,

fuel cell technology, renewable energy, solar energy, wind energy, tidal energy, nuclear energy, energy from coal bed methane, shale gas, bio mass, bio-fuels or from products/ by products of refining operations like petroleum coke, vacuum residue pitch, hydrogen, Liquefied Natural Gas (LNG), and other petroleum products and by-products which is produced or extracted by the Company or obtained from another party and deal in all equipment required for or capable of being used in connection with generation, transmission, distribution, supply or otherwise trade in, accumulation and employment of electricity, all power that may directly or indirectly be derived therefrom and for that purpose acquire, contact, lay-down, promote, build, install, commission, and operate all necessary power sub-stations, workshops, repair shops or any other facility or property required for the purpose of carrying on such business for captive consumption / commercial uses.

- (5) To undertake activities in the premises of Retail Outlets, LPG/LNG distributorships or any other suitable places either owned, hired or leased by the Company, the activities of merchandising farm equipments, vehicle spares and service stations, farm utilities and products, dairy products, household consumer goods, family requirements, including but not limited to fertilizers, seeds, vegetables, fruits, health drinks, beverages, ready to cook food preparations, ready to eat food products and fast foods, confectioneries, cereals, staple foods, beauty care products, toiletries, magazines, publications, stationery and gift items, travel accessories, kitchen appliances, toys, electrical and electronic items and accessories and authorizing operation of Automatic Teller Machines, and for that purpose to buy, import, export, procure, process, ferment, concentrate, compound, mix, crush, grind, pack, repack, add, remove, heat, preserve, store, forward, consign, distribute, franchise, dispose, develop, assemble, handle and transport, supply, act as stockists, commission agent or otherwise to deal in all types, descriptions, tastes and packs of agricultural requirements, consumer goods, their by-products, residues, similar or analogous to the foregoing or connected with the household and family requirements of the consumers.
- (6) To engage in the business of providing all types of services including but not limited to manpower services related to exploration, development, production, refining, processing, storage and marketing of crude oil, minerals, natural gas, coal bed methane, shale gas, petroleum products, fuels, petrochemicals, other volatile substances, asphalt, bitumen, and bituminous substances, coal, carbon, carbon-black, hydro-carbon, mineral substances, underground coal gasification, coal mining and similar or allied substances in India and elsewhere; and also to carry on business to deploy experts, professionals and other personnel to any business concern or undertaking or entity or joint venture for projects or on long term basis, managing plants and production units on contract or turnkey basis and to take part in the management, supervision and control of business and operations of any company, undertaking research and development activities or undertaking having similar objects and for the purpose appoint and remunerate any directors, managers, trustees, accountants or other experts.
- (7) To transport and store crude oil, petroleum products, oil, gas, petrochemical products, coal or any other mineral, goods and other substances and for the purpose built, own, purchase, charter, take on lease or hire, maintain, operate, sell or otherwise deal in ships, boats, tugs, vessels, trawlers, drifters, barges, ports, port facilities, jetties, single buoy mooring terminals, piers, wharves, marine equipment, railway bogies, trucks, tankers, aircrafts, pipelines, pumping stations, LPG spheres, regasification, compression, bottling and other related processing plants, receipt and dispatch facilities, depots and other modes of transport and storage.
- (8) To carry on the business of processing, converting, manufacturing, formulating, using, buying, dealing, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting, disposing and acting as agent of petrochemicals, petrochemical products, acids, alkalies, chemical compounds, specialty chemicals, fine chemicals, chemicals of all kinds (solid, liquid and gaseous), solvents, plastics / polymers of all types, intermediate products, textile and textile auxiliaries, paints, varnishes, chemical auxiliaries, disinfectants in all forms and all derivatives, by-products, co-products and joint products thereof.

- (9) To prospect, explore, work, acquire, develop, operate and/or maintain coal or any other mineral mines by purchase, lease, license, grant or otherwise in India or abroad and to mine, quarry or beneficiate coal or other minerals and their byproduct/s including manufacture of coke or other minerals and to produce, acquire, store, process, refine, transport, distribute, supply, sell, market, import, export and/or trading in (whether as principal or agent) all forms of mineral including coal and their by product/s in India or abroad."

- 9.9. The Transferor Company was incorporated on June 22, 1993 under the name and style of 'Essar Tankers Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, Tamil Nadu. The name of the Transferor Company was changed to 'Vadinar Oil Terminal Limited' vide Certificate dated November 21, 2000. The registered office of the Transferor Company was shifted to Gujarat vide Registration of the Order of the Company Law Board dated March 31, 2008 confirming the same. The PAN and CIN of the Transferor Company are AABCV2626D and U35111GJ1993PLC053434 respectively. The email address of the Transferor Company is votlcosec@nayaraenergy.com. During the last five years there has been no change in the name and in the object clause of the Transferor Company. By way of resolution passed by the Board of Directors of the Transferor Company on June 26, 2018, the registered office was changed from "Essar Refinery Site, 39 KM Stone, Okha Highway (SH-25), Khambhalia, Jamnagar Gujarat – 361305" to "Nayara Energy Refinery Site, 39 KM Stone, Okha Highway (SH-25), Khambhalia, Gujarat – 361305 on account of change of name of the holding company from 'Essar Oil Limited' to 'Nayara Energy Limited' in whose complex the Registered Office of the Transferor Company is located.
- 9.10. The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on December 31, 2019 is as under:

Particulars	Amount in ₹
Authorised Capital	
900,00,00,000 Equity Shares of ₹ 10/- each	90,000,000,000
Total	90,000,000,000
Issued, Subscribed and Paid-up Capital	
32,19,47,075 Equity Shares of ₹ 10/- each	3,219,470,750
Total	3,219,470,750

- 9.11. As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company. The equity shares of the Transferor Company are not listed on any stock exchange. The Company is a majority shareholder of the Transferor Company holding approximately 97.63% shares and balance shareholding of approximately 2.37% is held by public shareholders.
- 9.12. The Transferor Company is a public limited company and is currently engaged *inter-alia* in the business of providing port and terminal handling services including the unloading, handling and storage of crude oil, finished product evacuation by road, rail and sea, storage and handling of intermediate products and refined petroleum products for the captive use of the Company. The facilities held by the Transferor Company comprise of one single buoy mooring (SBM) unit, two product jetties, six road gantries, one rail gantry and crude oil, product & intermediate storage tankages all used for handling and storage of crude and petroleum products by the Company only.
- 9.13. The details of Directors of the Transferor Company as on the date of this notice along with their addresses are mentioned herein below:

Name of Director	Designation	Address
Naina Lal Kidwai	Chairperson and Independent Director	Mustail-29, Killa No 13, Opp Dig Farm Village Jaunapur, Mehrauli, New Delhi 110047
Deepak Kapoor	Independent Director	H NO - K - 42, NDSE Part-II, New Delhi 110049

Name of Director	Designation	Address
Anup Ajit Vikal	Director ¹	401, 4th Floor, Tuscany Apartments, 19th Road, Khar (West), Mumbai - 400052
Gayathri Sukumar	Director ¹	1/205, Viman Darshan Sahar Road, Andheri (East), Mumbai 400069, Maharashtra
Capt. Alok Kumar	Wholetime Director	201, Swati Apartments Opposite Joggers Park, Park Colony Jamnagar 361008 Gujarat

Note: 1. Appointed as Nominee Director of Nayara Energy Limited.

- 9.14. The details of Promoters (including Promoter group) of the Transferor Company along with their address are mentioned herein below:

Name of Promoter	Category	Address
Nayara Energy Limited (formerly Essar Oil Limited)	Promoter	Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305

- 9.15. As on October 31, 2019, the amount due to the secured creditors of the Transferor Company is ₹ 2,843.05 crores and the amount due to the unsecured creditors of the Transferor Company is ₹ 10.10 crores.

- 9.16. The main objects of the Transferor Company as set out in its Memorandum of Association are as follows:

- "1. To carry on the business of ship owner, ship builders, ship brokers, shipping agents, ship managers, ship charterers, barge owners, dock owners, stevedores, ship chandlers, marine consultants, crew recruiters, ship deliverers, ship repairers, ship salvagers, loading brokers, freight contractors, haulage and general contractors, marine engineers, surveyors or any other works connected with shipping business.
2. To own, purchase, charter hire or otherwise acquire, sell exchange, let or otherwise deal with, operate, trade in or with steam and other ships, boats, tugs, vessels, trawlers, drifters, other transports and conveyances propelled or worked or capable of being propelled or worked by steam, electricity, petrol, oil, gas or any other motive power or power producing substance with all equipments and furniture, building steam and other ships and vessels and to employ the same in the carriage or conveyance by land or sea in or between any place or places or port or ports or any seas, rivers, canals or elsewhere of passengers, mails, troops, munitions of war, livestock, corn and other produce and of treasure and merchandise and food, articles and goods and things between such ports and places in any part of the world as may seem expedient and to establish, maintain and work lines of steam and other ships and other transports and conveyances between any ports, countries or places, which may seem to the company, from time to time, expedient and to acquire any postal and other subsidies.
3. To carry on the business of Transporters and public carriers of goods, merchandise, commodities, luggage of all kinds and descriptions and passengers with the aid of Cargo Ships, passenger ships, boats and steamers and other transports & conveyances in any part of India and the world.
4. To create, construct, operate, provide, procure, dispose, distribute, install, repair, maintain, infrastructural facilities including facilities relating to energy, petroleum and petroleum products, water supply, transportation by rail, road, pipelines single buoy mooring, mooring systems, staff housing, fire fighting, sewage systems, jetties and operating platforms, communication, service shops, mechanical, electricals, instrumentation and maintenance, storage and related facilities.
5. Be in the business of undertaking and implementing Projects of various types like Bridges, Expressways, Pipelines for transportation of products, Ports, Jetties, Airports, Material Handling Systems, Vehicles & Equipment, Mineral & Ore Processing Plants, Processing of Natural and Industrial Gases, Air Separation Plant, Transportation, Storage and Handling of Mineral & Petroleum Products, Liquified Petroleum Gas, Liquified Natural Gas, Natural Gas, Compressed

Natural Gas, Naptha and other Industrial Gases on (a) Build Own Operate and Transfer (BOOT) basis, (b) Build, Own and Operate (BOO) basis and (c) Build, Operate and Transfer (BOT) basis.

6. To carry on the business as dealers, importers, exporters, buyers, sellers, suppliers, agents, stockists and merchants of petroleum, petroleum products, petrol, Diesel, High Speed Diesel, Aviation Turbine Fuel, Kerosene, fuel oil, gas, petrochemicals, like Naphtha, Methane, etc., all types of gases and all other petrochemical products and polymers in all their forms.”

10. Background and Rationale of the Scheme

- 10.1. The Company is the majority shareholder in the Transferor Company holding approximately 97.63% shares and balance shareholding of approximately 2.37% is held by public shareholders. The Transferor Company is engaged in the business of providing port and terminal handling services including the unloading, handling and storage of crude oil; refined petroleum product evacuation by road, rail and sea, and for storage and handling of intermediate and refined petroleum products for the captive use of the Transferee Company. The facilities held by the Transferor Company comprises of one single buoy mooring (SBM) unit, two product jetties, six road gantries, one rail gantry and crude oil, product & intermediate storage tankages all used for handling and storage of crude and petroleum products by the Company only. These facilities of the Transferor Company are located in close proximity and are integrated with the refinery facilities of the Company.
- 10.2. Considering that the activities of the Transferor Company are inextricably linked to, and form an inherent part of the larger business of the Company, and with facilities of the Transferor Company being located in close proximity to the refinery of the Company and some being leased from the Company, and with the intent of integrating the activities undertaken by the Transferor Company and the Company under one legal entity, the Transferor Company and the Company now propose, by way of this Scheme to amalgamate the Transferor Company into and with the Company in accordance with the terms of the Scheme.
- 10.3. The Scheme is not prejudicial to the interest of any of the shareholders of the Transferor Company including its public shareholders. As the shares of the Transferor Company are not listed on any of the stock exchanges, it is not easily tradable and this significantly impairs the realisable value for the public shareholders of the Transferor Company. There is no market to buy and sell the equity shares held by the public shareholders. Further the shares of the Company are also not listed on any stock exchange. Some of the public shareholders of the Transferor Company have expressed their desire to the Transferor Company for liquidating their investment in Transferor Company. The Scheme provides the public shareholders of the Transferor Company an adequate and fair exit opportunity. The creditors of the Transferor Company will not be adversely affected by the Scheme.
- 10.4. The Scheme is not prejudicial to the interest of any of the shareholders and creditors of the Company. There will not be any dilution in the shareholding of the Company pursuant to this Scheme. NCDs (as defined in the Scheme) are being issued to the resident public shareholders of the Transferor Company and cash consideration is being given to the non-resident public shareholders of the Transferor Company, pursuant to the amalgamation of the Transferor Company with the Company. The Scheme does not affect the rights and interests of the shareholders or the creditors of the Company.
- 10.5. The amalgamation of the Transferor Company with the Company would *inter-alia* have the following benefits:
 - (i) The Company is a majority shareholder of the Transferor Company. A consolidation of the Transferor Company and the Company by way of amalgamation will bring business and operational synergies in terms of complete integration of facilitates which would result in optimum utilization of capital and resources and reduction in overall operating and maintenance cost;

- (ii) Consolidation of the Transferor Company into the Company pursuant to this Scheme will enable a reduction in the number of corporate entities that require monitoring and corporate compliances and other administration work, thereby realising operational synergies, increasing operational efficiency and integrating business functions;
- (iii) For the reasons aforesaid, the proposed amalgamation will result in rationalization of administrative and operational work which will foster organizational efficiencies, reduction in overheads and other expenses. It will result into reduction in overall legal, regulatory and accounting compliances like separate preparation of accounts, quarterly board meetings, etc. that can erode financial efficiencies of the holding structure and the resultant operations would be substantially cost-efficient;
- (iv) The proposed amalgamation will offer a strong financial structure to all creditors including the creditors of the Transferor Company, facilitate lowering the cost of funds through better resource mobilization and achieve better cash flows;
- (v) The combination of all the businesses and the consolidation of operations would lead to increase in the assets base of the Company, leading to better financial visibility, thereby improving shareholder value and increasing long term value for all the stakeholders; and
- (vi) The proposed amalgamation will also help in achieving future synergies in expansion of the Company.

11. Salient Features of the Scheme

11.1. The material provisions of the proposed Scheme are detailed hereunder:

- (a) Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme, the Undertaking shall, pursuant to the sanction of the Scheme by the Tribunal and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, be and stand transferred to and vested in and/ or deemed to have been transferred to and vested in the Company, as a going concern, without any further act, deed, instrument, matter so as to become, as and from the Appointed Date, the undertaking of the Company by virtue of and in the manner provided in the Scheme.
- (b) The shares held by the Company in the Transferor Company shall stand automatically cancelled with effect from the Effective Date without any further application, act or deed and no consideration shall be issued against the same.
- (c) Upon coming into effect of the Scheme, and in consideration of the transfer and vesting of the Undertaking in the Company, the Company shall without any further application, act, instrument or deed, issue and allot to all the equity shareholders of the Transferor Company resident in India (other than the Company), whose names appears in the register of members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or successors as the case may be, fully paid up Non-Convertible Debentures (NCDs) in the following manner:

1 (One) NCD of INR 350/- each in the Company for every 1 (One) equity share of INR 10/- each fully paid-up held by such equity shareholder in the Transferor Company.
- (d) The price of INR 350/- each for 1 (One) NCD has been arrived at basis the valuation report issued by M/s. BSR & Associates LLP, Independent Chartered Accountants, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalakshmi, Mumbai – 400 011.
- (e) In view of the provisions of the Applicable Laws which do not permit issuance of NCDs to non-residents, as consideration of the transfer and vesting of the Undertaking in the Company, the equity shareholders non-resident in India of the Transferor Company whose names appears in

the register of members on the Record Date or to their respective heirs, executors, administrators or other legal representatives or successors as the case may be, shall be paid an amount of INR 350/- for every 1 equity share having a face value of INR 10/- each, fully paid up, of the Transferor Company.

- (f) The consideration payable under Clause 11.1 (c) and 11.1 (e) above shall be subject to withholding taxes as may be applicable as per the Income Tax Act, 1961.
- (g) The NCDs to be issued by the Company pursuant to Clause 11.1(c) above shall be issued to the resident public shareholders of the Transferor Company in dematerialized form and will be credited in the demat accounts of the respective resident public shareholders in which the shares of the Transferor Company are held as on the Record Date or in case the NCDs do not get credited to such account then to such other demat account as may be intimated by the respective resident public shareholders of the Transferor Company to the Company and/or its registrar and transfer agent. In accordance with the provisions of the Applicable Law which prohibit issuance of securities in physical form by an unlisted public company, no physical certificate in relation to NCDs shall be issued by the Transferee Company to the resident public shareholders of the Transferor Company who hold shares in physical form. Such NCDs shall be allotted to a trustee/custodian/escrow agent, as may be nominated by the Company, who shall hold the NCDs in trust for the benefit of resident public shareholders holding shares in physical form of Transferor Company (such resident public shareholders holding shares in physical form shall hereinafter be referred to as "holders of benefits in NCDs"). The Company shall seek from such holders of benefits in NCDs, the details of their demat account and such further confirmation, information and details as may be required by the Company to enable it to transfer the NCDs pursuant to Clause 11.1(c) above. On receipt of necessary information and details from the holders of benefits in NCDs, such NCDs shall be transferred to the demat accounts of the resident public shareholders of the Transferor Company in proportion to their respective entitlement. Provided that pending transfer of NCDs in electronic form and till such time the trustee/custodian/escrow agent holds the NCDs, the holders of benefits in NCDs shall be entitled to receive payment of annual interest and redemption amount on the terms set out below:

TERMS OF NCDs

Sr. No.	Particulars	Description
1.	Issuer	Company
2.	Object of the issue	Consideration for the resident public shareholders of Transferor Company (other than the Company) on account of amalgamation of the Transferor Company with Company
3.	Instrument	Rated, unlisted, secured non-convertible debentures (NCD)
4.	Listing	Unlisted
5.	Form of Issuance	To be issued in dematerialized form
6.	Aggregate Amount	Up to INR 267 crores
7.	Face Value of NCDs	INR 350 per NCD
8.	Tenor / Maturity / Redemption Date	5 Years from the date of allotment
9.	Issue Price	At par i.e. at face value 1 NCD will be issued for every 1 share held in the Transferor Company
10.	Redemption	At par
11.	Annual Coupon	8% p.a. payable annually in arrears

Sr. No.	Particulars	Description
12.	Early Redemption	Company shall have the option to redeem the NCDs at each anniversary from the date issuance of NCDs until the maturity at face value
13.	Settlement mode	The payment of interest or principal shall be done by RTGS/cheque to the holders of the NCDs or the holders of benefits in NCDs as the case may be, as on the record date, net of any applicable withholding taxes
14.	Debenture Trustee	To be appointed

- (h) It is clarified that upon the approval of the Scheme by the shareholders of the Transferor Company and the Company under Sections 230 and 232 of the Act, the shareholders shall be deemed to have approved the Scheme under Section 71 and any other applicable provisions under the Act and rules framed thereunder, and that no separate approval from the shareholders to that extent shall be required to be sought by the Participating Companies for the matters specified in the Scheme.
- (i) Record Date referred to hereinabove shall be the "Record Date" defined in clause 1.1.11 of the Scheme which states that Record Date" means the close of business hours of the Effective Date, for the purpose of determining the shareholders of the Transferor Company to whom NCDs shall be issued or cash consideration shall be given, as more particularly described under Clause 12 of the Scheme, for the amalgamation of Transferor Company into Transferee Company pursuant to and as contemplated under this Scheme.
- (j) Upon the Scheme becoming effective, the Company shall have the right to revise its tax returns along with prescribed forms, filings and annexures under the IT Act (even in a case where the due date to revise the income tax returns have expired under the provisions of the IT Act), and laws in relation to the GST, central sales tax, applicable State VAT, entry tax, service tax, excise duty and other tax laws, and to claim refunds and/or credit for taxes paid (including advance tax, self-assessment tax, tax deducted at source, MAT, foreign tax credit, dividend distribution tax, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- (k) Upon the coming into effect of the Scheme, all tax compliances under any tax laws by the Transferor Company on or after Appointed Date shall be deemed to be made by the Company.
- (l) For avoidance of doubt and without prejudice to the generality of Clause 4 of the Scheme, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date and without any further act of the Transferor Company and the Company, all memoranda of understanding, contracts, approvals including approvals of port authorities, no objection certificates, rights, consents, permissions, quotas, deeds, bonds, agreements, arrangements, mortgages, indemnity, incentives, engagements, registrations, schemes, assurances, licenses, insurance policies and claims, guarantees, powers of attorney, authorities given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and other interests relating to the Undertaking and other instruments (including all tenancies, leases (other than leases entered into between the Transferor Company and the Company), and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be transferred to and vested in the Company as if the same were originally given by, issued to or executed in favour of the Company, and the rights and benefits under the same shall be available to the Company and, shall continue in full force and effect against or in favour of the Company as the case may be, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Company had been a party or beneficiary or obligee or obligor thereto.

- (m) If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "Legal Proceedings") by or against the Transferor Company are pending on the Effective Date, the same shall not abate / be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Company or anything contained in the Scheme, but on and from the Effective Date, the Legal Proceedings may be continued and enforced by or against the Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.
- (n) The transfer of the assets and liabilities of the Transferor Company under Clause 4 of the Scheme, the continuance of Legal Proceedings under Clause 6 of the Scheme and the effectiveness of contracts, deeds, bonds, approvals and other instruments under Clause 7 of the Scheme, shall not affect any transaction or Legal Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.
- (o) Upon the coming into effect of this Scheme, all the employees of Transferor Company, if any, who are in service on the date immediately preceding the date on which the Scheme finally takes effect, (i.e. the Effective Date) on and from the Effective Date, shall become the employees of the Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions than those on which they are engaged by the Transferor Company immediately preceding the Effective Date.
- (p) With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and shall carry on its businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Company for and on account of, and in trust for, the Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- (q) On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up without any further act by the Transferor Company and the Company.
- (r) Notwithstanding anything in the other parts of the Scheme, the amalgamation of the Transferor Company with the Company shall be accounted for in the books of account of the Company in accordance with 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (Ind AS) 103 (Business Combination) prescribed under Section 133 of the Act, which is applicable to the Company since this is a common control business combination.
- (s) Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the shareholders and the Board of Directors of Transferor Company, including resolutions of any committees authorized by and comprising inter alia of members of the Board of Directors of Transferor Company, as are considered necessary by the Board of Directors of Company and which are validly subsisting, shall be considered as resolutions of Company.
- (t) With effect from the Effective Date, the security creation, borrowing and investment limits of the Company under the Act shall be deemed without any further act or deed to have been enhanced by the security creation, borrowing and investment limits of the Transferor Company, such limits being incremental to the existing limits of the Company.
- (u) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorized share capital of the Transferor Company shall be deemed to be combined with the authorized share capital of the Company, without any further act, instrument or deed on the part of the Company including payment of stamp duty and fees payable to the RoC and the stamp

duty and fees paid by the Transferor Company on its authorized share capital shall be set-off against any stamp duty and fees payable by the Company on any increase in the authorized share capital of the Company pursuant to the Scheme. It is clarified that the approval of the Scheme by the members of the Company shall be deemed approval of the alteration of the memorandum and articles of association of the Company as required under Sections 13, 14, 61, 64 and other applicable provisions of the Act, and Clause V of the memorandum of association of the Company and Article 3 of the articles of association of the Company shall respectively stand substituted by virtue of the Scheme in accordance with Clause 15 of the Scheme.

- (v) The Transferor Company and the Company shall, with all reasonable dispatch, make applications (as may be applicable) to the Hon'ble National Company Law Tribunal, Ahmedabad Bench for sanctioning the Scheme under Sections 230 to 232 of the Companies Act, 2013 for an order or orders thereof for carrying the Scheme into effect and for dissolution of the Transferor Company without winding up.
- (w) Subject to the approval of Tribunal, the Transferor Company and the Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee of the Board or persons, may consent, to any modifications or amendments of the Scheme or to any conditions or limitations that the Tribunals or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Tribunal or such other Governmental Authority for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme, whether in pursuance of a change in Law or otherwise. The Transferor Company and the Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to the Scheme and to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- (x) The Scheme is conditional upon and subject to the approvals and/or sanctions laid down in Clause 18 of the Scheme

Note: The features set out above being only the extract of the Scheme, the shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof. Capitalised terms used but not defined in para 11 above shall have the meaning assigned to them in the Scheme.

12. Other terms of the NCDs

- 12.1. In addition to the terms for issue of NCDs set out in paras 11.1(c) to (h) above in compliance with the provisions of section 71 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, the following information is set out below:
 - 12.1.1. The Company shall execute a debenture trust deed with the Debenture Trustee, to be appointed for the purpose, to protect the interests of the NCD holders in compliance with applicable provisions of the Companies Act, 2013 and rules framed thereunder.
 - 12.1.2. The NCDs will be secured by creation of second charge over certain plant and machinery of the Transferor Company.
 - 12.1.3. The Company shall obtain credit rating of the NCDs from a credit rating agency.

13. Effect of the Scheme on various parties

- 13.1. Under the Scheme, an arrangement is sought to be entered into between the Transferor Company and the Company. Upon the Scheme coming into effect and as enumerated in Clause 12 of the Scheme, as the Transferor Company is a subsidiary of the Company, no consideration shall be payable pursuant to the amalgamation of Transferor Company into the Company, and the equity shares held by the Company on its own and by the Company together with its nominees in the Transferor Company shall stand cancelled without any further act, application or deed.
- 13.2. Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of the Company and the Transferor Company. No compromise is offered under the Scheme to any of the creditors of the Company and the Transferor Company. The liability of the creditors of Company and the Transferor Company, under the Scheme, is neither being reduced nor being extinguished.
- 13.3. As on date, the Company has outstanding 2400 Non-Convertible Debentures of ₹ 1,00,00,000 aggregating to ₹ 2400 crore which were issued on August 2, 2018 and the terms of the issue provided for merger of Transferor Company with the Company. Further as on date, the Transferor Company has no debenture holders and therefore, the effect of the Scheme on any such debenture holders or debenture trustees does not arise.
- 13.4. As on date, the Company and the Transferor Company have no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.
- 13.5. Under Clauses 9.1 of the Scheme and subject to para 13.6 below, the Company undertakes that all the employees of the Transferor Company, if any, respectively, engaged in or in relation to the Undertaking (as defined under the Scheme) (as applicable) shall become the employees of the Company, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date (as defined under the Scheme).
- 13.6. There is no effect of the Scheme on the directors and the key managerial personnel of the Company and the Transferor Company. The Directors and Key managerial personnel of the Transferor Company will cease to hold their respective offices with effect from the Effective Date.
- 13.7. None of the directors of the Company and the Transferor Company, are holding any shares in the Company and the Transferor Company. Further, none of the key managerial personnel, debenture trustee and relatives of the directors of the Company and the Transferor Company are concerned or interested, financial or otherwise in the Scheme, except to the extent of equity shares, if any, held by the key managerial personnel of either companies in the Company or Transferor Company. Save as aforesaid, none of the directors, key managerial personnel and debenture trustee of the Company and the Transferor Company have any material interest in the Scheme.
- 13.8. The directors of the Company and the Transferor Company do not hold any shares in either of the Company and the Transferor Company.
- 13.9. The Company does not have any promoter members. The Scheme will not have any effect on the non-promoter members of the Company as there will be no change in their shareholding in the Company pursuant to the terms of the Scheme. However, the equity shares held by the Company and/or its nominees, in the Transferor Company shall stand cancelled and extinguished without any further act, deed or instrument as an integral part of the Scheme. The non promoter members of the Transferor Company who are resident in India will be issued NCDs as set out in Clause 12.2 of the Scheme and non promoter members who are non resident in India shall be paid consideration in cash as set out in Clause 12.3 of the Scheme.

14. Valuation Report, Fairness Opinion and Approvals:

- 14.1. A valuation report dated March 15, 2019 has been issued by M/s. BSR & Associates LLP, Independent Chartered Accountants, to the Company and the Transferor Company on the valuation of shares and the

consideration payable to the resident and non-resident public shareholders of the Transferor Company ("Valuation Report"). A fairness opinion dated March 25, 2019 on the Valuation Report has been issued by SBI Capital Markets Limited, an independent category I Merchant Banker. Copies of the said certificate and opinion is enclosed herewith as Annexures B and C respectively and is also available for inspection at the registered office of the Company.

- 14.2. A certificate has been issued by the statutory auditors of the Company stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 14.3. The Board of Directors of the Company at its board meeting held on July 24, 2019, have by resolution approved the Scheme. Mr. Tony Fountain, Mr. C. Manoharan, Mr. Alexander Bogdashin, Mr. Deepak Kapoor, Ms. Naina Lal Kidwai and Mr. Krzysztof Zielicki, who were present personally at the Meeting voted in favour of resolution. Mr. Alexander Romanov, Mr. Alexey Karavaykin, Mr. Chin Hwee Tan, Mr. Didier Casimiro and Mr. Jonathan Kollek, who were present in the Meeting through video conferencing facility in due compliance with the provisions of Section 173 of the Companies Act, 2013 also voted in favour of the resolution.
- 14.4. By the resolution passed in the meeting of the Board of Directors of the Company held on July 24, 2019, the Board of Directors of the Company has approved the constitution of a Scheme Implementation Committee and authorised such Scheme Implementation Committee of the Company to make and agree to such modifications or alterations or amendments to the draft Scheme which do not amount to a material change to the substance of the Scheme. The Scheme Implementation Committee of the Company at its meeting held on November 13, 2019 and thereafter on December 9, 2019 reviewed and approved such modifications to the Scheme which do not amount to a material change to the substance of the Scheme and further resolved that the proposed Scheme of Amalgamation placed before the Board and the Committee be submitted to Hon'ble National Company Law Tribunal. Mr. Anup Vikal and Mr. Mayank Bhargava, members of the Scheme Implementation Committee who were present at the Meeting held on November 13, 2019, voted in favour of the resolution. Further Mr. B. Anand and Mr. Evgeny Storozhuk, other members of the Scheme Implementation Committee could not attend the Meeting held on November 13, 2019. All members of the Scheme Implementation committee viz. Mr. B. Anand, Mr. Evgeny Storozhuk, Mr. Anup Vikal and Mr. Mayank Bhargava attended the Meeting held on December 9, 2019 and voted in favour of the resolution.
- 14.5. The Board of Directors of the Transferor Company at its board meeting held on August 7, 2019, has by resolution approved the Scheme. Mr. Anup Vikal, Ms. Naina Lal Kidwai, Dr. Pramod Kumar Agrawal and Dr. Mohan Lal Sharma, who attended the Meeting in person, voted in favour of the resolution. Further Mr. C. Manoharan, Mr. Deepak Kapoor and Capt. Alok Kumar who attended the Meeting through video conferencing facility in compliance with the provisions of Section 173 of the Companies Act, 2013 also voted in favour of the resolution. Leave of absence was granted to Ms. Gayathri S. for the said Meeting.
- 14.6. By the resolution passed in the meeting of the Board of Directors of the Transferor Company held on August 7, 2019, the Board of Directors of the Transferor Company has approved the constitution of a Scheme Implementation Committee and authorised such Scheme Implementation Committee of the Transferor Company to make and agree to such modifications or alterations or amendments to the draft Scheme which do not amount to a material change to the substance of the Scheme. The Scheme Implementation Committee of the Transferor Company at its meeting held on November 13, 2019 and thereafter on December 9, 2019 reviewed and approved such modifications to the Scheme which do not amount to a material change to the substance of the Scheme and further resolved that the proposed Scheme of Amalgamation placed before the Board and the Committee be submitted to Hon'ble National Company Law Tribunal. All members of the Scheme Implementation committee viz. Capt. Alok Kumar, Mr. Yogesh Kumar Sharma and Mr. Nihar Avasare, attended both the Meetings held on November 13, 2019 and December 9, 2019 and voted in favour of the resolutions.
- 14.7. The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.

- 14.8. Copy of the supplementary accounting statements of the Company as on September 30, 2019 is enclosed herewith as Annexure D. Copy of the supplementary accounting statements of the Transferor Company as on September 30, 2019 is enclosed herewith as Annexure E.
- 14.9. In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on July 24, 2019 and the Board of Directors of the Transferor Company in its meeting held on August 7, 2019, have respectively adopted a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copy of the report adopted by the Board of Directors of the Company and the Transferor Company are enclosed herewith as Annexures F and G respectively.
- 14.10. The Company and the Transferor Company will submit a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble Tribunal for sanctioning of the Scheme.
- 14.11. There are no proceedings / investigation pending against the Company and the Transferor Company under Sections 210 - 217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like.
- 14.12. A copy of the Scheme has been filed by the Company with the Registrar of Companies, Gujarat on December 24, 2019.
- 14.13. The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.
15. The following documents shall be available for obtaining extract from or for making or obtaining copies of or for inspection by the secured creditors of the Company at the corporate office of the Company at Nayara Energy Limited, 5th Floor, Jet Airways Godrej BKC, Plot No. C-68, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051, between 10:00 a.m. (IST) to 1:00 p.m. (IST) on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting:
- 15.1. Copy of the Order of the Hon'ble Tribunal dated December 20, 2019 passed in Company CA(CAA) No. 117/ NCLT/AHM/2019 directing the Company to, *inter-alia*, convene the Meeting of its secured creditors.
- 15.2. Copy of the Memorandum of Association and Articles of Association of the Company and the Transferor Company.
- 15.3. Copy of the audited financial statement of the Company and the Transferor Company for the financial year ended March 31, 2018 and March 31, 2019.
- 15.4. Unaudited Standalone supplementary Accounting Statements of the Company and the Transferor Company comprising of Balance Sheet as at September 30, 2019 and the Statement of Profit and Loss for the six months period ended September 30, 2019.
- 15.5. Copy of the Scheme.
- 15.6. Copy of the resolutions passed by the Board of Directors/ Scheme Implementation Committees of the Company and the Transferor Company approving the Scheme and modifications thereto.
- 15.7. Copy of the certificate issued by the statutory auditors of the Company stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.

Sd/-
Pavan S. Godiawala
Chairman Appointed for the Meeting

Dated this 7th day of February, 2020
Place: Ahmedabad, Gujarat



**SCHEME OF AMALGAMATION
OF
VADINAR OIL TERMINAL LIMITED
(Transferor Company)
WITH
NAYARA ENERGY LIMITED (formerly ESSAR OIL LIMITED)
(Transferee Company)
(UNDER SECTIONS 230 to 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013)**

I. DESCRIPTION OF THE COMPANIES:

- (a) Nayara Energy Limited (formerly known as Essar Oil Limited) (CIN: U11100GJ1989PLC032116) (hereinafter referred to as **“Transferee Company”**) is a public limited company incorporated under the Companies Act, 1956 having its registered office at Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305. The Transferee Company is *inter-alia* engaged in the refining of crude oil, and marketing of petroleum products. The Transferee Company also owns power plants, with an effective aggregate capacity of 1010 MW equivalent, which provide steam and power for operating the refinery.
- (b) Vadinar Oil Terminal Limited (CIN: U35111GJ1993PLC053434) (hereinafter referred to as **“Transferor Company”**) is a public limited company incorporated under the Companies Act, 1956 having its registered office at Nayara Energy Refinery Site, 39 KM Stone, Okha Highway (SH-25), Khambhalia, Gujarat 361305. The Transferor Company is engaged in the business of providing port and terminal handling services exclusively to the Transferee Company which includes *inter-alia* the unloading, handling and storage of crude oil; refined petroleum product evacuation by road, rail and sea and for storage and handling of intermediate and refined petroleum products.

II. FACTS, RATIONALE AND BENEFITS:

- (a) The Transferee Company is the majority shareholder in the Transferor Company holding approximately 97.63% shares and balance shareholding of approximately 2.37% is held by public shareholders.
- (b) The Transferor Company is engaged in the business of providing port and terminal handling services including the unloading, handling and storage of crude oil; refined petroleum product evacuation by road, rail and sea, and for storage and handling of intermediate and refined petroleum products for the captive use of the Transferee Company. The facilities held by the Transferor Company comprises of one single buoy mooring (SBM) unit, two product jetties, six road gantries, one rail gantry and crude oil, product & intermediate storage tankages all used for handling and storage of crude and petroleum products by the Transferee Company only. These facilities of the Transferor Company are located in close proximity and are integrated with the refinery facilities of the Transferee Company.
- (c) Considering that the activities of the Transferor Company are inextricably linked to, and form an inherent part of the larger business of the Transferee Company, and with facilities of the Transferor Company being located in close proximity to the refinery of the Transferee Company and some being leased from the Transferee Company, and with the intent of integrating the activities undertaken by the Transferor Company and the Transferee Company under one legal entity, the Transferor Company and the Transferee Company now propose, by way of this Scheme to amalgamate the Transferor Company into and with the Transferee Company in accordance with the terms hereof.
- (d) The amalgamation of the Transferor Company with the Transferee Company would *inter-alia* have the following benefits:

- (i) The Transferee Company is a majority shareholder of the Transferor Company. A consolidation of the Transferor Company and the Transferee Company by way of amalgamation will bring business and operational synergies in terms of complete integration of facilitates which would result in optimum utilization of capital and resources and reduction in overall operating and maintenance cost;
 - (ii) Consolidation of the Transferor Company into the Transferee Company pursuant to this Scheme will enable a reduction in the number of corporate entities that require monitoring and corporate compliances and other administration work, thereby realising operational synergies, increasing operational efficiency and integrating business functions;
 - (iii) For the reasons aforesaid, the proposed amalgamation will result in rationalization of administrative and operational work which will foster organizational efficiencies, reduction in overheads and other expenses. It will result into reduction in overall legal, regulatory and accounting compliances like separate preparation of accounts, quarterly board meetings, etc. that can erode financial efficiencies of the holding structure and the resultant operations would be substantially cost-efficient;
 - (iv) The proposed amalgamation will offer a strong financial structure to all creditors including the creditors of the Transferor Company, facilitate lowering the cost of funds through better resource mobilization and achieve better cash flows;
 - (v) The combination of all the businesses and the consolidation of operations would lead to increase in the assets base of the Transferee Company, leading to better financial visibility, thereby improving shareholder value and increasing long term value for all the stakeholders; and
 - (vi) The proposed amalgamation will also help in achieving future synergies in expansion of the Transferee Company.
- (e) The Scheme is not prejudicial to the interest of any of the shareholders of the Transferor Company including its public shareholders. As the shares of the Transferor Company are not listed on any of the stock exchanges, it is not easily tradable and this significantly impairs the realisable value for the public shareholders of the Transferor Company. There is no market to buy and sell the equity shares held by the public shareholders. Further the shares of the Transferee Company are also not listed on any stock exchange. Some of the public shareholders have expressed their desire to the Transferor Company for liquidating their investment in Transferor Company. The Scheme provides the public shareholders of the Transferor Company an adequate and fair exit opportunity. The creditors of the Transferor Company will not be adversely affected by the Scheme.
- (f) The Scheme is not prejudicial to the interest of any of the shareholders of the Transferee Company. There will not be any dilution in the shareholding of the Transferee Company pursuant to this Scheme. NCDs (as defined hereinafter) are being issued to the resident public shareholders of the Transferor Company and cash consideration is being given to the non-resident public shareholders of the Transferor Company, pursuant to the amalgamation of the Transferor Company with the Transferee Company. The Scheme does not affect the rights and interests of the shareholders or the creditors of the Transferee Company. Further, the creditors of the Transferee Company will not be adversely affected by the Scheme.
- (g) In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit all the stakeholders of the Transferor Company and the Transferee Company. Accordingly, the Board of Directors of both Transferor Company and Transferee Company have formulated this Scheme for the transfer and vesting of the Undertaking (as defined hereinafter) with and into the Transferee Company pursuant to the provisions of Sections 230 to 232 of the Act and other relevant provisions of the Act, and other Applicable Laws.

III. PARTS OF THE SCHEME:

The Scheme is divided into the following parts:

- (a) Part I deals with the definitions and share capital of the Transferor Company and the Transferee Company;
- (b) Part II deals with the amalgamation of the Transferor Company with the Transferee Company;
- (c) Part III deals with the general terms and conditions that would be applicable to the Scheme.

This Scheme also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

PART I

1. DEFINITIONS:

- 1.1. In this Scheme unless the meaning or context otherwise requires (i) terms defined in the introductory paragraphs above shall have the same meanings throughout this Scheme; and (ii) the following words or expressions, wherever used, (including in the introductory paragraphs above) shall have the meanings set out below:
 - 1.1.1 **“Act”** means the Companies Act, 2013, including any rules, regulations, circulars, directions or guidelines issued thereunder or any statutory modifications or re-enactments or amendments thereof from time to time;
 - 1.1.2 **“Appointed Date”** means April 1, 2019;
 - 1.1.3 **“Applicable Law”** or **“Law”** means all applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, ordinances or orders of any Governmental Authority (as defined hereinafter); (b) Governmental Approvals (as defined hereinafter); and (c) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority;
 - 1.1.4 **“Board of Directors”** or **“Board”** means the board of directors of the respective Transferor Company and/ or Transferee Company, as the case may be and shall include a duly constituted committee of the Board or Executives;
 - 1.1.5 **“Effective Date”** means the date on which the last of conditions referred to in Clause 18.1 hereof have been fulfilled;
 - 1.1.6 **“Encumbrance”** means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iv) any adverse claim as to title, possession or use; and the term **“Encumbered”** shall be construed accordingly;
 - 1.1.7 **“Governmental Approval”** means and includes any consents, approvals, authorisations, concessions, permits, licenses issued by any Governmental Authority;
 - 1.1.8 **“Governmental Authority”** means any applicable Central, State or local Government, legislative body, including local government, municipal body, panchayat, port trusts/ authority, regulatory or administrative authority to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law;

- 1.1.9 **“IT Act”** means Income Tax Act, 1961 and rules and regulations made there under and shall include any statutory modification, amendment or re-enactment thereof for the time being in force;
- 1.1.10 **“Non-Convertible Debentures”** or **“NCDs”** means secured non-convertible, unlisted, redeemable, fully paid debentures of face value of INR 350/- each, bearing coupon rate of 8% per annum, to be issued and allotted by the Transferee Company in accordance with Clause 12 of this Scheme and in accordance with the terms and conditions stated in **Schedule I** to this Scheme;
- 1.1.11 **“Record Date”** means the close of business hours of the Effective Date, for the purpose of determining the shareholders of the Transferor Company to whom NCDs shall be issued or cash consideration shall be given, as more particularly described under Clause 12 of this Scheme, for the amalgamation of Transferor Company into Transferee Company pursuant to and as contemplated under this Scheme;
- 1.1.12 **“RoC”** means the Registrar of Companies, Ahmedabad;
- 1.1.13 **“Scheme of Amalgamation”** or **“this Scheme”** or **“the Scheme”** means this Scheme of Amalgamation in its present form or with any modifications made under Clause 17 of the Scheme or any modifications approved or directed by the Tribunals or any other Governmental Authority;
- 1.1.14 **“Transferee Company”** means Nayara Energy Limited (formerly known as Essar Oil Limited) (CIN: U11100GJ1989PLC032116), a public limited company incorporated under the Companies Act, 1956, having its registered office at Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305;
- 1.1.15 **“Transferor Company”** means Vadinar Oil Terminal Limited (CIN: U35111GJ1993PLC053434), a public limited company incorporated under the Companies Act, 1956, having its registered office at Nayara Energy Refinery Site, 39 KM Stone, Okha Highway (SH-25), Khambhalia, Gujarat 361305;
- 1.1.16 **“Transferor Company Liabilities”** means all debts and liabilities, both present and future comprised in the Undertaking, including all secured and unsecured debts, liabilities (including deferred tax liabilities and contingent liabilities), duties and obligations (including under any licenses or permits or schemes of every kind) and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, whether or not raised or incurred or utilized for its business activities and operations along with any charge, Encumbrances created in relation to the same;
- 1.1.17 **“Tribunal(s)”** means National Company Law Tribunal, Ahmedabad Bench having jurisdiction in relation to the Transferee Company and the Transferor Company or such other forum or authority as may be vested with any of the powers for approving any scheme of arrangement, compromise or reconstruction of a company under Section 230 to 232 of the Act;
- 1.1.18 **“Tribunal Order(s)”** means order(s) passed by the Tribunal sanctioning this Scheme and/or any Tribunal order(s) for extension of time or condonation of delay in filing of the requisite forms with the RoC in relation to the Scheme, if applicable;
- 1.1.19 **“Undertaking”** means all the undertaking and entire business of the Transferor Company including, without limitation:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, work-in-progress, present, future or contingent of whatsoever nature) of the Transferor Company, whether or not recorded in the books of accounts of the Transferor Company (including, without limitation, the freehold and leasehold properties of the Transferor Company), investments

of all kinds (including but not limited to shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates, including in subsidiaries, associates, joint ventures, whether in India or abroad), equipment, single buoy mooring, pipelines, jetties, tanks, vessels, licenses, furniture, fixtures, machinery, office equipment, computers, fixed assets, current assets (including, without limitation, all inventories, stock-in-trade or stock-in-transit, supplies, finished goods, packaging items, wherever located), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, receivables, advances or deposits paid by or deemed to have been paid by the Transferor Company financial assets, vehicles including barges and tugs, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and where-so-ever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

- (b) all permissions, approvals, consents, subsidies, privileges, permits, quotas, rights, claims, entitlements, refunds, registrations (including relating to sales tax, service tax, excise duty, value added tax (hereafter **"VAT"**), entry tax, octroi, Goods and Services Tax (hereafter **"GST"**), licenses, clearances, exemptions, authorizations, no objection certificates, registrations, income tax benefits and exemptions, indirect tax benefits and exemptions (including, but not limited to credits in respect of income tax, sales tax, service tax, excise duty, VAT, turnover tax, GST, tax credits, tax refunds, all tax holiday, including its continued benefits, incentives, exemptions, concessions and other benefits or privileges, security transaction tax, Minimum Alternate Tax (hereafter **"MAT"**) credit, duty entitlement credit certificates), all other rights, benefits and Transferor Company Liabilities related thereto, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Transferor Company;
- (c) all contracts, agreements, concessions (of any nature and any rights therein or thereto or thereunder), memoranda of understanding, letters of intent, other arrangements, undertakings, deeds, bonds, insurance covers and claims, clearances and other instruments of whatsoever nature and description, if any, whether written, oral or otherwise, to which the Transferor Company is a party to, or to the benefit of which the Transferor Company may be eligible;
- (d) all intellectual property rights of any nature whatsoever, books, records, files, papers, software licenses (whether proprietary or otherwise), and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company along with any and all goodwill of the Transferor Company;
- (e) right to any claim not presented or made by the Transferor Company in respect of refund of any tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Company and any interest thereon, with regard to any Law made by any Governmental Authority, and in respect of set-off, carry forward of accumulated losses, unabsorbed depreciation and MAT credit, deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. under and in accordance with any Law, whether in India, or anywhere outside India; and

- (f) all Transferor Company Liabilities, lien, security or Encumbrance in relation thereto, whether in Indian rupees or foreign currency.

It is intended that the definition of 'Undertaking' under this Clause would enable the transfer of all property, assets, rights, duties, licenses of the Transferor Company and Transferor Company Liabilities into the Transferee Company pursuant to this Scheme.

- 1.2 All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 1.3 References to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- 1.4 References to any of the terms 'taxes', 'duty', 'levy', 'cess' in the Scheme shall be construed as reference to all of them whether jointly or severally.
- 1.5 Any reference to any statute or statutory provision shall include:
 - (a) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - (b) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.
- 1.6 Words denoting the singular shall include the plural and words denoting any gender shall include all genders. Words of either gender shall be deemed to include all the other genders.
- 1.7 Any references in this Scheme to "upon this Scheme becoming effective" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" or "effectiveness of the Scheme" shall be construed to be a reference to the Effective Date.
- 1.8 Headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.
- 1.9 Words directly or indirectly mean directly or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and direct or indirect have the correlative meanings.
- 1.10 The words "include" and "including" are to be construed without limitation.
- 1.11 The terms "hereof", "herein", "hereby", "hereto" and derivative or similar words shall refer to this entire Scheme or specified Clauses of this Scheme, as the case may be.
- 1.12 Unless the context provides otherwise, any reference to the Preamble, Recital, Clause or Schedule shall be a reference to the preamble, or recital, clause or schedule of this Scheme.
- 1.13 The Schedules hereto shall form an integral part of this Scheme.

2. DATE OF TAKING EFFECT

- 2.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunals shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1. The share capital of the Transferor Company as on March 31, 2019 is as under:

Particulars	Amount in Rs.
Authorised	
900,00,00,000 equity shares of ₹ 10/- each	90,000,000,000
Total	90,000,000,000
Issued Subscribed & Paid-up	
32,19,47,075 equity shares of ₹ 10/- each	3,219,470,750
Total	3,219,470,750

3.2. The share capital of the Transferee Company as on March 31, 2019 is as under:

Particulars	Amount in Rs.
Authorised	
800,06,80,000 equity shares of Rs. 10 each	80,006,800,000
100,00,00,000 preference shares of Rs. 10 each	10,000,000,000
Total	90,00,68,00,000
Issued	
1,552,487,155 equity shares of Rs. 10 each	15,524,871,550
Subscribed & Paid-up	
1,490,561,155 equity shares of Rs. 10 each fully paid-up	14,905,611,550
Total	14,905,611,550

PART II

4. AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEE COMPANY

- 4.1. Upon coming into effect of the Scheme and with effect from the Appointed Date and subject to the provisions of the Scheme, the Undertaking shall, pursuant to the sanction of the Scheme by the Tribunals and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, be and stand transferred to and vested in and/ or deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, deed, instrument, matter so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.
- 4.2. All the movable assets of the Transferor Company and the assets which are otherwise capable of transfer by physical delivery or endorsement and delivery, shall be so transferred to the Transferee Company and deemed to have been physically handed over by physical delivery or by endorsement and delivery, as the case may be, without the need to execute any separate instrument, to the Transferee Company to the end and intent that the property and benefit therein passes to the Transferee Company with effect from the Appointed Date. Such delivery shall be made on a date which shall be mutually agreed upon between the Transferor Company and the Transferee Company on or after the Effective Date.
- 4.3. Upon this Scheme becoming effective, the secured creditors of the Transferor Company and/or other holders of security over the properties of the Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company and the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights,

benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company, (a) the secured creditors of the Transferor Company and/or other holders of security over the properties of the Transferor Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets of the Transferor Company which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company and (b) the secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company and therefore, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.

- 4.4. Upon the Scheme coming into effect and with effect from the Appointed Date, in respect of any assets of the Transferor Company other than those mentioned in Clause 4.2 above, including actionable claims, sundry debtors, outstanding loans and advances, if any, all kind of banking accounts including but not limited to current and saving accounts, term deposits, recoverable in cash or kind or for value to be received and deposits, if any, with any person including any Governmental Authority, semi-Government, local and other authorities and bodies and customers, shall, without any further act, instrument or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company. The Transferee Company shall upon sanction of the Scheme be entitled to the delivery and possession of all documents of title of such movable property in this regard.
- 4.5. Upon the Scheme coming into effect and with effect from the Appointed Date, all immovable property (including but not limited to freehold and leasehold properties, and any work-in-progress) of the Transferor Company, and any document of title, rights, interest and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, as a successor of the Transferor Company, without any act or deed to be done or executed by the Transferor Company and/ or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay appropriate rent, rates, taxes and charges and fulfil all obligations, in relation to or applicable to all such immovable properties. The mutation and/or substitution of the title to the immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate Governmental Authorities and third parties pursuant to the sanction of the Scheme by the Tribunals and upon the Scheme becoming effective in accordance with the terms hereof without any further act or deed to be done or executed by the Transferor Company and/ or the Transferee Company. It is clarified that the Transferee Company shall be entitled to engage in such correspondence and make such representations as may be necessary for the purposes of the aforesaid mutation and/or substitution pending sanction of the Scheme.
- 4.6. Upon coming into effect of the Scheme and with effect from the Appointed Date, all Transferor Company Liabilities, and duties and obligations of the Transferor Company, as on or after the Appointed Date whether provided for or not in the books of accounts of the Transferor Company, and all other Transferor Company Liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall, pursuant to the Tribunal Order(s) or such other Governmental Authority as may be applicable under the provisions of the Act, without any further act or deed, be transferred or deemed to be transferred to and vested in the Transferee Company, so as to become as from the Appointed Date the Transferor Company Liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- 4.7. Without prejudice to the above provisions, upon the Scheme coming into effect and with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes. For the avoidance of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, obligations, balances or other outstanding as between the Transferor Company inter-se and/or the Transferee Company, the obligations in respect thereof shall

come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

- 4.8. Without prejudice to the above provisions, upon the Scheme coming into effect and with effect from the Appointed Date, all inter-se contracts solely between the Transferor Company and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Appointed Date, there will be no accrual of income or expense on account of any transactions, including *inter-alia* any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Appointed Date, there will be no accrual of interest or other charges in respect of any inter se loans, deposits or balances between the Transferor Company and the Transferee Company.
- 4.9. Without prejudice to the above provisions, upon the Scheme coming into effect and with effect from the Appointed Date, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not, including compulsorily convertible debentures and optionally convertible debentures) issued by Transferor Company shall, pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed, become the debt securities of the Transferee Company on the same terms and conditions except to the extent modified under the provisions of this Scheme and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company as if it was the issuer of such debt securities, so transferred and vested. Provided that all such debt securities and instruments issued by the Transferor Company so transferred and vested in the Transferee Company, and held by the Transferee Company, shall be cancelled and shall be deemed to be cancelled without any further application, act or deed.
- 4.10. Upon coming into effect of the Scheme, all taxes (including but not limited to income tax, sales tax, excise duty, service tax, VAT, GST) paid or payable by the Transferor Company in respect of their respective operations and/or the profits of businesses, on account of the Transferor Company and, in so far as it relates to tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the operations and/or the profits of the business after the Appointed Date shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- 4.11. Upon coming into effect of the Scheme, all the profits or income, taxes (including any carry forward accumulated losses, unabsorbed depreciation, advance tax, tax deducted at source, foreign tax credit and MAT credit as per applicable tax laws) or any costs, charges, expenditure accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purposes be treated and deemed to be and accrue from the Appointed Date as the profits or income, taxes (including any carry forward of accumulated tax losses, unabsorbed depreciation, advance tax, tax deducted at source, foreign tax credit, MAT credit in terms of applicable tax laws), costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 4.12. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme and with effect from the Appointed Date, in accordance with the provisions of relevant Laws, consents, approvals, permissions, licenses including EPCG licenses, registrations, certificates, grants, concessions, authorities (including for the operation of bank accounts and demat accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, and the rights and benefits and liabilities under the same shall, in so far as they relate to the Transferor Company and all quality certifications and approvals, permits, quotas, rights, entitlements, tenancies, immovable properties, patents and domain names, copyrights, brands, trade secrets, product registrations and other intellectual and industrial property and all other interests relating to the goods or

services being dealt with by the Transferor Company, shall without any further act or deed be transferred to and vested in the Transferee Company under the same terms and conditions as were applicable to the Transferor Company immediately prior to the coming into effect of this Scheme. In so far as the various incentives, sales tax, deferral benefits, subsidies (including applications for subsidies), available tax credits (including MAT credit, if any), rehabilitation schemes, grants, permissions, approvals, sanctions, remissions, special reservations, income tax benefits and exemptions, all tax holiday, including its continued benefits, incentives, exemptions, concessions and other benefits or privileges, concessions, special status and other benefits or privileges enjoyed, granted by any person (including any Governmental Authority), or availed of or to be availed of by the Transferor Company is concerned, the same shall, without any further act or deed, in so far as they relate to the Transferor Company, vest with and be available to the Transferee Company on the same terms and conditions as were applicable immediately prior to the coming into effect of this Scheme. The Transferee Company may apply for the endorsement of the Governmental Authorities as may be required under Applicable Law and shall file the relevant intimations, if any, for the record of the Governmental Authorities who shall take them on file, pursuant to the Scheme coming into effect.

- 4.13. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Transferor Company in favour of the Transferee Company, the Board of Directors of the Transferee Company shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the Tribunal Order(s) and shall be considered as an integral part of this Scheme. Further, the Transferee Company shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable, on behalf of the Transferor Company and to carry out or perform all such formalities or compliance required for the purpose of implementation of the provisions of the Scheme.
- 4.14. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts, demat accounts, if any, of the Transferor Company and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.
- 4.15. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that with effect from the Effective Date and till such time the name of the bank accounts of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, deposit slips, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.

5. CONSEQUENTIAL TAX MATTERS

- 5.1. Upon the Scheme becoming effective, the Transferee Company shall have the right to revise their respective tax returns along with prescribed forms, filings and annexures under the IT Act (even in a case

where the due date to revise the income tax returns have expired under the provisions of the IT Act), and laws in relation to the GST, central sales tax, applicable State VAT, entry tax, service tax, excise duty and other tax laws, and to claim refunds and/or credit for taxes paid (including advance tax, self-assessment tax, tax deducted at source, MAT, foreign tax credit, dividend distribution tax, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.

- 5.2. All tax assessment/adjudication proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- 5.3. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 5.4. Any refund, under the IT Act and laws in relation to service tax, excise duty, central sales tax, applicable state VAT, entry tax, customs, foreign trade policy, GST, State industrial and incentive policies and schemes or other Applicable Laws or regulations dealing with taxes or duties or levies due to Transferor Company consequent to the assessment made on Transferor Company (including any refund for which no credit is taken in the accounts of the Transferor Company) as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company upon this Scheme becoming effective.
- 5.5. The tax payments (including, without limitation income tax, dividend distribution tax, service tax, excise duty, central sales tax, applicable state VAT, entry tax, customs, GST etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by the Transferor Company after the Appointed Date, shall be deemed to be paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 5.6. Further, any tax deducted at source by Transferor Company or the Transferee Company on transactions with the Transferee Company or the Transferor Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax / advance tax deducted at source paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 5.7. Upon the Scheme coming into effect, any obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 5.8. All intangible assets (including but not limited to goodwill) belonging to but not recorded in the books of account of the Transferor Company and all intangible assets (including but not limited to goodwill) arising or recorded in the process of the amalgamation in books of account of Transferee Company shall, for all purposes, be regarded as an intangible asset in terms of Explanation 3(b) to Section 32(1) of the IT Act and Transferee Company shall be eligible for depreciation on the same at the prescribed rates.
- 5.9. For the period after the Appointed Date, all its continued benefits, incentives, exemptions, concessions and other benefits or privileges enjoyed by the Transferor Company granted by any government body, regulatory authority, local authority, by any other person or law or availed of by the Transferor Company, the same shall without any other further act or deed shall vest with and be available to the Transferee Company on the same terms and conditions.
- 5.10. Without prejudice to the generality of the above, all benefits, incentives, losses (including but not limited to book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciation, credits (including, without limitation income tax, MAT, tax deducted at source, foreign tax credit, dividend distribution tax, wealth tax, service tax, excise duty, central sales tax, applicable state VAT, customs duty, foreign trade policy benefits, State industrial policy and incentive schemes, drawback, etc.) to which the Transferor

Company is entitled to, shall be available to and vest in the Transferee Company, in terms of Applicable Laws, upon this Scheme coming into effect.

- 5.11. Upon the coming into effect of this scheme, all tax compliances under any tax laws by the Transferor Company on or after Appointed Date shall be deemed to be made by the Transferee Company.

6. LEGAL PROCEEDINGS

- 6.1. If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the “**Legal Proceedings**”) by or against the Transferor Company are pending on the Effective Date, the same shall not abate / be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but on and from the Effective Date, the Legal Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.
- 6.2. It is clarified that until this Scheme comes into effect, the Transferor Company shall in consultation with the Transferee Company continue and enforce the Legal Proceedings whether pending or initiated pending the coming into effect of this Scheme.

7. CONTRACTS, DEEDS, BONDS, APPROVALS AND OTHER INSTRUMENTS

- 7.1. For avoidance of doubt and without prejudice to the generality of Clause 4 above, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date and without any further act of the Transferor Company and the Transferee Company, all memoranda of understanding, contracts, approvals including approvals of port authorities, no objection certificates, rights, consents, permissions, quotas, deeds, bonds, agreements, arrangements, mortgages, indemnity, incentives, engagements, registrations, schemes, assurances, licenses, insurance policies and claims, guarantees, powers of attorney, authorities given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and other interests relating to the Undertaking and other instruments (including all tenancies, leases (other than leases entered into between the Transferor Company and the Transferee Company), and other assurances in favour of the Transferor Company or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be transferred to and vested in the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the rights and benefits under the same shall be available to the Transferee Company and, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.
- 7.2. It is hereby clarified that by virtue of the provisions of the Scheme and pursuant to the Tribunal Order(s) sanctioning the Scheme, upon the Scheme coming into effect, all rights, services, obligations, liabilities, responsibilities undertaken by or in favour of the Transferor Company under any contractual arrangements shall automatically stand transferred to and vested in and/ or shall be deemed to have been transferred to and vested in the Transferee Company and all benefits to which the Transferor Company is entitled to shall be available to and vested in and/ or shall be deemed to have been available to and vested in the Transferee Company, as a successor-in-interest and the Transferee Company shall be entitled to deal with the same in place and stead of the Transferor Company, as if the same were originally performed or conferred upon or given or issued to or executed in favour of the Transferee Company, and the rights and benefits under the same will be available to the Transferee Company, without any further act or deed. The Transferee Company shall discharge its obligation in respect of the services to be performed/ provided or in respect of payment of service charges under any contractual arrangements instead of the Transferor Company.

- 7.3. Without prejudice to the above, the Transferee Company shall, if so desirable or required or as may be necessary, upon the coming into effect of this Scheme and with effect from the Appointed Date, issue writings to the extent that the Transferor Company is required prior to the Effective Date to issue such writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company, as the case may be. Further, the Transferee Company shall be deemed to be authorized to issue any such writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company.
- 7.4. Without prejudice to the above, it is further clarified that with respect to approvals including approvals of port authorities, permissions, licenses, registrations, consents that may require amendment for the purpose of giving effect to this Scheme and to ensure that there is no change in the entitlements otherwise available to the Transferor Company in the absence of this Scheme, the Transferee Company shall be permitted to use the name and approvals, permissions, licenses, registrations, consents of the Transferor Company till such approvals, permissions, licenses, registrations, consents are so amended and updated, so as to enable the Transferee Company to continue to avail the entitlements otherwise available to the Transferor Company.

8. SAVING OF CONCLUDED TRANSACTIONS

- 8.1. The transfer of the assets and liabilities of the Transferor Company under Clause 4 above, the continuance of Legal Proceedings under Clause 6 above and the effectiveness of contracts, deeds, bonds, approvals and other instruments under Clause 7 above, shall not affect any transaction or Legal Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

9. EMPLOYEES

- 9.1. Upon the coming into effect of this Scheme, all the employees of Transferor Company, if any, who are in service on the date immediately preceding the date on which the Scheme finally takes effect, (i.e. the Effective Date) on and from the Effective Date, shall become the employees of the Transferee Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions than those on which they are engaged by the Transferor Company immediately preceding the Effective Date.
- 9.2. Transferee Company agrees that the service of all employees of the Transferor Company immediately prior to the coming into effect of this Scheme shall be taken into account from the date of their respective appointment with the Transferor Company for the purposes of all retirement benefits to which they may be eligible in Transferee Company immediately prior to the coming into effect of this Scheme. Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, gratuity or other terminal benefits, such past service with Transferor Company, shall also be taken into account and agrees and undertakes to pay the same as and when payable.
- 9.3. Upon the coming into effect of this Scheme, the Transferee Company shall make all the necessary contributions for such transferred employees and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. Transferee Company will also file relevant intimations to the Governmental Authorities concerned who shall take the same on record and substitute the name of the Transferor Company for the Transferee Company.
- 9.4. In so far as the existing provident fund, gratuity fund and pension and /or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by Transferor Company for employees, shall be transferred to the necessary funds, schemes or trusts of Transferee Company and till the time such necessary funds, schemes or trusts are created by Transferee Company, all contribution shall continue to be made to the existing funds, schemes or trusts of Transferor Company.

10. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 10.1. With effect from the Appointed Date and up to and including the Effective Date:
 - 10.1.1. The Transferor Company shall be deemed to have been carrying on and shall carry on its businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Company for and on account of, and in trust for, the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
 - 10.1.2. All the profits or income, taxes (including any carry forward accumulated losses, unabsorbed depreciation, advance tax, tax deducted at source, foreign tax credit and MAT credit) or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be, and will be available to the Transferee Company for being disposed of in any manner as it thinks fit, post the Effective Date.
- 10.2. With effect from the date of the Board of the Transferee Company approving the Scheme and up to and including the Effective Date:
 - 10.2.1. The Transferor Company shall carry on its businesses and activities with reasonable diligence, business prudence and shall not, without the prior written consent of the Transferee Company, venture into new businesses, invest in shares, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertaking or any part thereof, except in the ordinary course of business.
 - 10.2.2. The Transferor Company shall not without prior written consent of the Transferee Company undertake any new business.
 - 10.2.3. The Transferor Company shall not take any major policy decisions in respect of its management and for its business and shall not change its present capital structure without the prior written consent of the Transferee Company.

11. DISSOLUTION OF THE TRANSFEROR COMPANY

- 11.1. On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up without any further act by the Transferor Company and the Transferee Company.
- 11.2. On and with effect from the Effective Date, the name of the Transferor Company shall be struck off from the records of the RoC. The Transferee Company shall make all necessary filings in this regard.
- 11.3. Any obligations or steps which need to be undertaken by the Transferor Company pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company.

12. CONSIDERATION

- 12.1. The shares held by the Transferee Company in the Transferor Company shall stand automatically cancelled with effect from the Effective Date without any further application, act or deed and no consideration shall be issued against the same.
- 12.2. Upon coming into effect of this Scheme, and in consideration of the transfer and vesting of the Undertaking in the Transferee Company, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to all the resident equity shareholders of the Transferor Company (other than the Transferee Company), whose names appears in the register of members as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or successors as the case may be, fully paid up NCDs in the following manner:

1 (One) NCD of INR 350/- each in the Transferee Company for every 1 (One) equity share of INR 10/- each fully paid-up held by such equity shareholder in the Transferor Company.

- 12.3. In view of the provisions of the Applicable Laws which do not permit issuance of NCDs to non-residents, as consideration of the transfer and vesting of the Undertaking in the Transferee Company, the non-resident equity shareholders of the Transferor Company, whose names appear in the register of members on the Record Date or to their respective heirs, executors, administrators or other legal representatives or successors as the case may be, shall be paid an amount of INR 350/- for every 1 equity share having a face value of INR 10/- each, fully paid-up, of the Transferor Company.
- 12.4. BSR & Associates, Chartered Accountants has issued a report on the valuation of shares and the consideration payable to the resident and non-resident public shareholders ("**Valuation Report**"). SBI Capital Markets Limited, an independent category I Merchant Banker, has provided its fairness opinion on the Valuation Report ("**Fairness Opinion**"). The Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Transferee Company and the Transferor Company.
- 12.5. The NCDs to be issued by the Transferee Company pursuant to Clause 12.2 above shall be issued to the resident public shareholders of the Transferor Company in dematerialized form and will be credited in the demat accounts of the respective resident public shareholders in which the shares of the Transferor Company are held as on the Record Date or in case the NCDs do not get credited to such account then to such other demat account as may be intimated by the respective resident public shareholders of the Transferor Company to the Transferee Company and/or its registrar and transfer agent. In accordance with the provisions of the Applicable Law which prohibit issuance of securities in physical form by an unlisted public company, no physical certificate in relation to NCDs shall be issued by the Transferee Company to the resident public shareholders of the Transferor Company who hold shares in physical form. Such NCDs shall be allotted to a trustee/custodian/escrow agent, as may be nominated by the Transferee Company, who shall hold the NCDs in trust for the benefit of resident public shareholders holding shares in physical form of Transferor Company (such resident public shareholders holding shares in physical form shall hereinafter be referred to as "**holders of benefits in NCDs**"). The Transferee Company shall seek from such holders of benefits in NCDs, the details of their demat account and such further confirmation, information and details as may be required by the Transferee Company to enable it to transfer the NCDs pursuant to Clause 12.2 above. On receipt of necessary information and details from the holders of benefits in NCDs, such NCDs shall be transferred to the demat accounts of the resident public shareholders of the Transferor Company in proportion to their respective entitlement. Provided that pending transfer of NCDs in electronic form and till such time the trustee/custodian/escrow agent holds the NCDs, the holders of benefits in NCDs shall be entitled to receive payment of annual interest and redemption amount on the terms set out in Schedule I to this Scheme.
- 12.6. The consideration payable under Clause 12.2 and 12.3 above shall be subject to withholding taxes as may be applicable as per the IT Act.
- 12.7. The NCDs to be issued by the Transferee Company pursuant to Clause 12.2 above in respect of such equity shares of the Transferor Company which are held in abeyance under the provisions of Section 126 of the Act (erstwhile Section 206A of the Companies Act, 1956) or otherwise shall, pending allotment or settlement of the dispute by order of a court or otherwise, also shall be kept in abeyance by the Transferee Company.
- 12.8. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Transferor Company, the Stakeholders Relationship Committee of the Transferor Company, shall be empowered prior to the Record Date, to effectuate such transfers in Transferor Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the NCDs issued pursuant to Clause 12.2 after the Scheme is effected. The Scheme Implementation Committee of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme on account of difficulties faced in the transition period.

- 12.9. The NCDs to be issued pursuant to Clause 12.2 above, shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company, and the terms and conditions given in **Schedule I** to this Scheme.
- 12.10. Upon the Scheme becoming effective and upon the issuance of NCDs pursuant to Clause 12.2 above and payment of cash consideration pursuant to Clause 12.3 above, the equity shares of the Transferor Company, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the date of allotment.
- 12.11. It is clarified that upon the approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company under Sections 230 and 232 of the Act, the shareholders shall be deemed to have approved this Scheme under Sections 71 and any other applicable provisions under the Act and rules framed thereunder, and that no separate approval from the shareholders to that extent shall be required to be sought by the Transferor Company and the Transferee Company for the matters specified in this Scheme.

13. ACCOUNTING TREATMENT

- 13.1. Notwithstanding anything in the other parts of the Scheme, the amalgamation of the Transferor Company with the Transferee Company shall be accounted for in the books of account of the Transferee Company in accordance with 'Pooling of Interest Method' of accounting as per Indian Accounting Standard (In AS) 103 (Business Combination) prescribed under Section 133 of the Act, which is applicable to the Transferee Company since this is a common control business combination.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

- 14.1. Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the shareholders and the Board of Directors of Transferor Company, including resolutions of any committees authorized by and comprising *inter-alia* of members of the Board of Directors of Transferor Company, as are considered necessary by the Board of Directors of Transferee Company and which are validly subsisting, shall be considered as resolutions of Transferee Company.
- 14.2. With effect from the Effective Date, the security creation, borrowing and investment limits of the Transferee Company under the Act shall be deemed without any further act or deed to have been enhanced by the security creation, borrowing and investment limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company.
- 14.3. Any corporate approvals obtained by the Transferor Company, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.

PART III

15. CONSOLIDATION OF AUTHORISED SHARE CAPITAL

- 15.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorized share capital of the Transferor Company shall be deemed to be combined with the authorized share capital of the Transferee Company, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to the RoC and the stamp duty and fees paid by the Transferor Company on its authorized share capital shall be set-off against any stamp duty and fees payable by the Transferee Company on any increase in the authorized share capital of the Transferee Company pursuant to the Scheme.
- 15.2. It is clarified that the approval of the Scheme by the members of the Transferee Company shall be deemed approval of the alteration of the memorandum and articles of association of the Transferee Company as required under Sections 13, 14, 61, 64 and other applicable provisions of the Act, and Clause V of the memorandum of association of the Transferee Company and Article 3 of the articles of association of the

Transferee Company shall respectively stand substituted by virtue of the Scheme to read as follows:

- 15.2.1. Clause V of the memorandum of association of the Transferee Company shall stand substituted by virtue of the Scheme to be read as follows:

“V. The authorised Share Capital of the Company is Rs. 18,000,68,00,000/- (Rupees Eighteen Thousand Crore Sixty Eight Lakh only) divided into 1,700,06,80,000 (One Thousand Seven Hundred Crore Six Lakh Eighty Thousand) Equity Shares of Rs.10/- each and 100,00,00,000 (One Hundred Crore) Preference Shares of Rs. 10/- each.”

- 15.2.2. Article 3 of the articles of association of the Transferee Company shall stand substituted by virtue of the Scheme to be read as follows:

“3. The authorised Share Capital of the Company is Rs. 18,000,68,00,000/- (Rupees Eighteen Thousand Crore Sixty Eight Lakh only) divided into 1,700,06,80,000 (One Thousand Seven Hundred Crore Six Lakh Eighty Thousand) Equity Shares of Rs.10/- each and 100,00,00,000 (One Hundred Crore) Preference Shares of Rs. 10/- each, with the power to increase or reduce the same in accordance with the provisions of the Companies Act, 2013.”

- 15.3. For the avoidance of doubt, it is hereby clarified that if the authorized share capital of the Transferor Company or the Transferee Company undergoes any change, either as a consequence of any corporate action or otherwise, then this Clause 15 shall automatically stand modified to take into account the effect of such change.

16. APPLICATIONS TO THE NCLT

- 16.1. The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make applications (as may be applicable) to the National Company Law Tribunal, Ahmedabad Bench for sanctioning this Scheme under Sections 230 to 232 of the Act for an order or orders thereof for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.
- 16.2. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Law for such Governmental Approvals which the Transferee Company may require to own the Undertaking of the Transferor Company and to carry on the business of the Transferor Company.

17. MODIFICATIONS/ AMENDMENTS TO THE SCHEME

- 17.1. Subject to the approval of Tribunal, the Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee of the Board or persons, may consent, to any modifications or amendments of the Scheme or to any conditions or limitations that the Tribunals or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Tribunal or such other Governmental Authority for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme, whether in pursuance of a change in Law or otherwise. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 17.2. For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and/ or Director(s) of Transferor Company and the Transferee Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or

directions, as the case may be, shall be binding on the Transferor Company and the Transferee Company, in the same manner as if the same were specifically incorporated in this Scheme.

18. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

- 18.1. The transfer of the Undertaking to the Transferee Company is and shall be conditional upon and subject to the following approvals, sanctions, orders and consents:
- 18.1.1. The Scheme being approved by the requisite majority both by value and number by such classes of shareholders and/or creditors (where applicable) of the Transferor Company and the Transferee Company as may be directed by the Tribunals, as required under Applicable Law.
 - 18.1.2. Tribunal Order(s) under the provisions of Section 230 read with Section 232 of the Act being obtained by each of the Transferor Company and the Transferee Company from the Tribunal.
 - 18.1.3. The certified/ authenticated copies of the Tribunal Order(s) sanctioning the Scheme being filed with the RoC by the Transferor Company and the Transferee Company.
 - 18.1.4. Receipt of any other Governmental Approval to the transfer of the Undertaking and/or the Scheme, if required under Applicable Law.

19. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION AND WITHDRAWAL OF THE SCHEME

- 19.1. In the event of any of the said approvals or conditions referred to in Clause 18 above not being obtained and/ or complied with and/or satisfied and/or the Scheme not being sanctioned by the Tribunals and/ or Tribunal Order(s) not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect. The Transferor Company and the Transferee Company shall, in such event, *inter se* bear and pay their respective costs, charges, expenses in connection with the Scheme.
- 19.2. In the event of revocation under Clause 19.1, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* to the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Laws and in such case, each company shall bear its own costs unless otherwise mutually agreed.
- 19.3. The Board of Directors of the Transferor Company and the Transferee Company shall be entitled to withdraw this Scheme prior to the Effective Date.
- 19.4. The Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme with effect from the Appointed Date could have adverse implications on the combined entity post-amalgamation.

20. SEVERABILITY

- 20.1. If any provisions or part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of Transferor Company and Transferee Company in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

21. COSTS

- 21.1. All past, present and future costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto, shall be borne by the Transferee Company, till the Effective Date. It is further clarified

that any costs arising or accruing to the Transferor Company in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto, as on or after the Effective Date, shall for all purpose be treated and be deemed to be arising or accruing as costs of the Transferee Company.

22. NO CAUSE OF ACTION

- 22.1. No third party claiming to have acted or changed his position in anticipation of this Scheme taking effect, shall get any cause of action against the Transferor Company or the Transferee Company or their directors or officers, if the Scheme does not take effect or is withdrawn, amended or modified for any reason whatsoever.

SCHEDULE I

TERMS AND CONDITIONS OF THE NON-CONVERTIBLE DEBENTURES

Sr. No.	Particulars	Description
1.	Issuer	Transferee Company
2.	Object of the issue	Consideration for the resident public shareholders of Transferor Company (other than the Transferee Company) on account of amalgamation of the Transferor Company with Transferee Company
3.	Instrument	Rated, unlisted, secured non-convertible debentures (NCD)
4.	Listing	Unlisted
5.	Form of Issuance	To be issued in dematerialized form
6.	Aggregate Amount	Up to INR 267 crores
7.	Face Value of NCDs	INR 350 per NCD
8.	Tenor / Maturity / Redemption Date	5 Years from the date of allotment
9.	Issue Price	At par i.e. at face value 1 NCD will be issued for every 1 share held in the Transferor Company
10.	Redemption	At par
11.	Annual Coupon	8% p.a. payable annually in arrears
12.	Early Redemption	Transferee Company shall have the option to redeem the NCDs at each anniversary from the date issuance of NCDs until the maturity at face value
13.	Settlement mode	The payment of interest or principal shall be done by RTGS/cheque to the holders of the NCDs or the holders of benefits in NCDs as the case may be, as on the record date, net of any applicable withholding taxes
14.	Debenture Trustee	To be appointed

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Mumbai – 400 011, India
Telephone: +91 22 3989 6000
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Nayara Energy Limited
5th Floor, Jet Airways Godrej BKC,
Plot No. C-68, G Block,
Bandra Kurla Complex,
Bandra East, Mumbai – 400 070,
Maharashtra, India.

15 March 2019

Project Petroleo: Valuation Report

Dear Sir,

This is in accordance with the terms of reference set out in our Letter of Engagement dated 10 September 2018 and addendum dated 31 January 2019 (together referred to as “LoE”), wherein B S R & Associates LLP (“BSR”, “Us” or “We”) has been appointed as an independent valuer by Nayara Energy Limited and Vadinar Oil Terminal Limited (“VOTL” or “the Company”) (together referred to as (“the Clients”) in relation to carrying out a valuation of the equity shares of VOTL (“Engagement”). We understand that the management of Nayara Energy Limited and VOTL (“Management”) is contemplating suitable corporate action under the Companies Act, 2013 in relation to the shares held by the Minority Shareholders in VOTL and in this regard the Management has approached BSR to undertake a valuation of the equity shares of VOTL (“Transaction”).

The date for the valuation is 31 December 2018 ("Valuation Date"). This Valuation Report ("Report") includes the valuation analysis and conclusions by BSR with respect to valuation of equity shares of VOTL.

Vadinar Oil Terminal Limited
Nayara Energy Refinery Site,
39 KM Stone,
Okha Highway (SH-25),
Khambhalia, Jamnagar-361305,
Gujarat, India.

This Report has been prepared in accordance with the LoE and is based on the information provided by the Management. In arriving at our conclusions, BSR has applied generally accepted valuation methodologies as on the Valuation Date.

We understand that the Report is confidential to the Clients and will be used by the Clients for abovementioned purpose only. Except as provided under the LoE, it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without BSR's prior written consent.

We will not accept any responsibilities to any other party to whom the report may be shown or who may acquire a copy of the Report.

This Report does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in, or the other business or assets or liabilities of the Company. This letter forms an integral part of the Report.

Yours faithfully,
For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W

Mahek Vikamsey
Partner
Membership No. 108235



Glossary of terms

VOTL	Vadinar Oil Terminal Limited	LoE	Letter of Engagement
CAGR	Compounded Annual Growth Rate	Mn	Million
Capex	Capital Expenditure	Management	Management of VOTL
CoCo	Comparable Companies	MBP	Management Business Plan
CoTrans	Comparable Transactions	NAV	Net Asset Value
COGS	Cost of goods sold	NWC	Net Working Capital
DCF	Discounted Cash Flows	P&L	Profit and Loss
EBIT	Earning Before Interest and Tax	PAT	Profit After Tax
EBITDA	Earning Before Interest Tax Depreciation and Amortisation	PBT	Profit Before Tax
EV	Enterprise Value	Prov.	Provisional
FCFF	Free Cash Flows to the Firm	PV	Present Value
FY	Financial Year	TY	Terminal Year
INR	Indian Rupee	TTM	Trailing Twelve Months
Ke	Cost of Equity	WACC	Weighted Average Cost of Capital
Kd	Cost of Debt	y-o-y	Year on Year
		YTD	Year to date

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Scope and limitations

Terms of engagement

- Nayara Energy Limited and Vadinar Oil Terminal Limited ("VOTL" or "the Company") (together referred to as "the Clients", or "You") have appointed B S R & Associates LLP ("BSR") in relation to carrying out a valuation of equity shares of VOTL, as on the agreed date of the valuation ("Engagement").
- We understand that the management of the Clients ("Management") is contemplating suitable corporate action under the Companies Act, 2013 in relation to the shares held by the Minority Shareholders in VOTL and in this regard the Management has approached BSR to undertake a valuation of the equity shares of VOTL ("Transaction")
- The terms of the engagement are set out in our Letter of Engagement dated 10 September 2018 and Addendum dated 31 January 2019 (together referred to as "LoE").
- The date for the valuation is 31 December 2018 ("Valuation Date"). This Valuation Report ("Report") includes the valuation analysis and conclusions by BSR with respect to fair valuation of the equity shares of VOTL.
- We understand that the Report is confidential to the Clients and will be used by the Clients for abovementioned purpose only. Except as provided under the LoE, it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party or used for any other purpose without BSR's prior written consent.
- This Report is based on the information provided by the Clients and has been confirmed by the Clients. We have not independently verified or checked the accuracy or timeliness of the same.

Scope and limitations

- This Report is based on and relies on business plan of the Company as provided by the Management for the period from 1 January 2019 to 31 March 2040 ("Business Plan"). BSR has carried out a valuation analysis of the Company. Any changes in the assumptions or methodology in the Business Plan may significantly impact our analysis and therefore the valuation.
- Any decision by the Clients regarding whether or not to proceed with the Transaction shall rest solely with the Clients.
- BSR has read, analyzed and discussed but not independently verified the underlying data and assumptions and accordingly provided no opinion on the factual basis of the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, this may have a material effect on our findings.
- We have carried out the Valuation based on the Business Plan received. Our scope of work does not include any commercial/ legal/ technical due diligence or carrying out any environmental/ technical feasibility analysis or comparison of the Business Plan with approved budgets/ annual operating plans of the Company. We have relied on Management's representation on such considerations and any changes in the same may significantly impact our analysis and therefore the Valuation.

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Scope and limitations

Scope and limitations (cont'd)

- Our work did not constitute an audit of the financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position as indicated in this Report. Our work did not constitute a validation of the financial statements of VOTL, and accordingly, we do not express any opinion on the same.
- The realization of the projections in the Business Plan will be dependent on the continuing validity of assumptions on which it is based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the future plans. Since the projections relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected and the differences may be material. Although we will extensively rely upon the information provided to us by the Clients, we will not carry any validation procedures or due diligence or scrutiny with respect to the information or carry out any verification of the assets.
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Clients. We have not independently verified the accuracy or timeliness of the same.
- Neither BSR nor any of its affiliates are responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report. Except as provided under the LoE, any updates or second opinions in this Report cannot be sought by the Management from external agencies without the prior written permission of BSR.
- BSR has not considered any finding made by other external agencies in carrying out the valuation analysis.
- We have based our analysis on the financial statements of VOTL for the period 1 April 2016 to 31 March 2018 and provisional financial statements of VOTL for the period from 1 April 2018 to 31 December 2018 ("Historical Period"). BSR has not performed any procedures to establish reasonableness or appropriateness of these financial statements and have relied upon them for the valuation exercise.
- For the purpose of this engagement and report, we have made no investigation of, and assume no responsibility for the title to, or liabilities against the Company. Our conclusion of value assumes that the title to the assets and liabilities of the Company reflected in the financial statements as on 31 March 2018 is intact as at the date of this report. For the purposes of this engagement, we are not required to carry out a valuation of tangible/ intangible assets of the Company.

Management representation

- This Report is prepared on the basis of the sources of information listed in Annexure 2. BSR has relied upon the representation provided by the Management that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.
- The information presented in this report does not reflect the outcome of any due diligence procedures. The reader is cautioned that the outcome of due diligence process could change the information herein and our valuation, and that change could be material.

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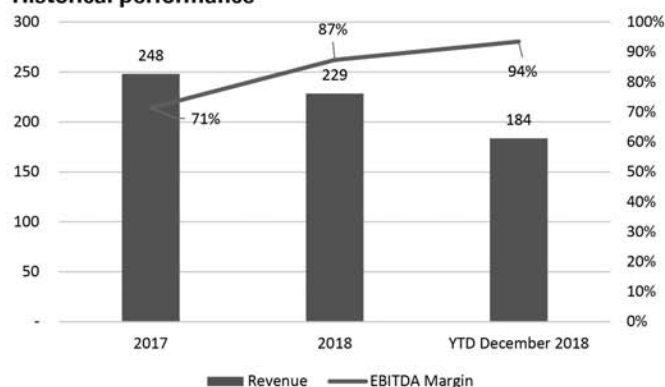
Company Overview

Company Overview

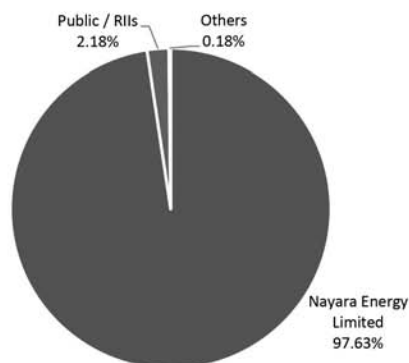
- VOTL, founded in 1993, is an unlisted public company incorporated in India, and owns and operates integrated port and terminal facilities in the Deendayal Port Trust, to handle the receipt, storage, and dispatch of crude oil and petroleum products for captive use of the refinery owned by Nayara Energy located in Vadinar, Gujarat.
- VOTL provides services to only one customer, i.e., Nayara Energy Limited. VOTL is a captive port and its volume growth depends on the requirement of Nayara Energy Limited's refinery.
- VOTL provide services to Nayara Energy Limited through short term contract which in getting renewed on the same terms

- Nayara Energy holds majority shareholding in VOTL with a stake of 97.63% and the rest is held by minority shareholders
- We understand that the Management is contemplating suitable corporate action under the Companies Act, 2013 in relation to the shares held by the Minority Shareholders and in this regard the Management has approached BSR to undertake a valuation of the equity shares of VOTL ("Transaction").

Historical performance



Shareholding pattern



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Valuation Aanalysis

Valuation Methodologies

Approach	Methodology	Yes/No	Basis
Income Approach	DCF	Yes	Considering the availability of historical financial information and Management's visibility of the Forecast Period cash flows, we have used this approach based on Management Business Plan and inputs from the Clients.
Market Approach	Comparable Companies	No	We analyzed comparable companies in the industry operating in India and across globe. There are no listed companies comparable to VOTL, hence we have not adopted comparable company method.
	Comparable Transactions	No	We shortlisted transactions in the ports sector but have not used comparable transactions due to limited availability of transactions, lack of availability of data relating to premiums/discounts involved in such transactions and different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts embedded in the transaction values.
	Market Price Method	No	Since VOTL's shares are not listed on any stock exchange, this method has not been used for the valuation of VOTL.
Cost Approach	Net Asset Value	No	A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. Hence, we have not used this approach for valuation of VOTL.

Weighted average cost of capital

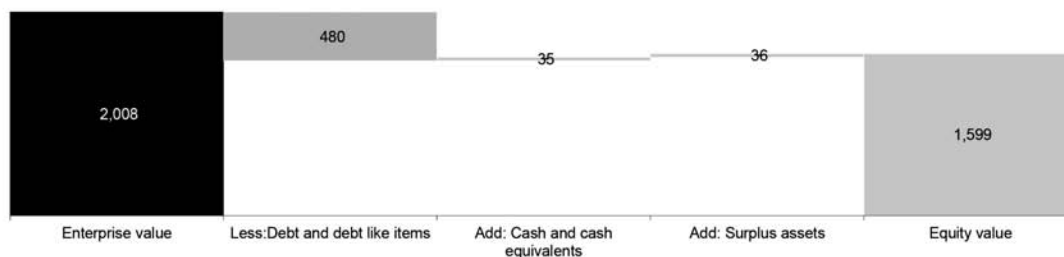
Cost of equity		Cost of debt		WACC	
Risk Free Rate of Return	2.9%	Cost of Debt	8.7%	Debt/Equity	48.9%
Return on Market	8.9%	Tax Rate	34.9%	Debt to Capital %	32.9%
Risk Premium	6.0%	After Tax Cost of Debt	5.7%	Equity to Capital %	67.1%
Beta (Median 3 yr relevered beta)	1.02			Weighted Average Cost of Capital	10.4%
Country Risk Premium	2.6%				
Alpha	1.0%				
Cost of Equity	12.7%				

Source: Business Plan, BSR analysis

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Valuation Conclusion

Valuation Conclusion



USD million
Source: Bloomberg, Capital IQ, BSR analysis

Key Points

- The equity value of VOTL as on 31 December 2018 is USD 1,599 million.
- We have considered a WACC of 10.4% and a terminal growth rate of 2% .
- VOTL has 322 mn equity shares outstanding on 31 December 2018.
- Exchange rate on 6 March 2019 is 70.58.

On the basis of the above, the equity value per share of VOTL as on 31 December 2018 is INR 350.

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Company Overview

Port/Terminal and Storage facilities

Port and Terminal facilities	Capacity (MMTPA)
SBM (crude intake capacity)	27.0
2 Jetties (product offtake)	14.0
Rail (product evacuation)	5.5
Road (product evacuation)	4.6
GAIL pipeline	0.5
Intermediate handling	6.4
Total Capacity	58.0

- VOTL provides services to only one customer, i.e., Nayara Energy Limited. VOTL is a captive port and its volume growth depends on the requirement of Nayara Energy Limited's refinery.
- VOTL has short term contract to provide services to Nayara Energy Limited which gets renewed as required.

Storage capacity	MMBBL	No. of days
Crude tanks	7.15	18
Product and intermediate tanks	12.50	17-product 8-intermediate
Total	19.65	43

Recent transaction details

Date	Percent of equity shares acquired	Consideration paid (INR mn)	Value per share (INR)
29 June 2017	61.25%	102,728	327
29 June 2017	26.58%		
20 July 2017	9.80%		

- Nayara Energy Limited completed the acquisition of VOTL during FY 2018.
- Nayara Energy acquired shares of VOTL from Essar Steel Jharkhand Limited and Essar Ports and Shipping Limited as part of the larger deal wherein Rosneft and Trafigura acquired Nayara Energy (Formerly known as Essar Oil Limited) from Essar Group.
- Nayara Energy now holds majority shareholding in VOTL with a stake of 97.63% and the rest is held by minority shareholders.

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8

Transaction Background

Nayara Energy Limited

- Nayara Energy, headquartered in Mumbai is primarily engaged in the business of refining crude oil and marketing of petroleum products in domestic and overseas markets.
- Nayara Energy owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20MMTPA. It is one of the world's most modern and complex refineries with a complexity of 11.8, which is amongst the highest globally.

VOTL

- VOTL, founded in 1993, is an unlisted public company incorporated in India, and owns and operates integrated port and terminal facilities in the Deendayal Port Trust (formerly known as Kandla Port Trust), to handle the receipt, storage, and dispatch of crude oil and petroleum products for captive use of the refinery owned by Nayara Energy located in Vadinar, Gujarat.
- Nayara Energy holds majority shareholding in VOTL with a stake of 97.63% and the rest is held by minority shareholders.

Proposed Transaction

- We understand that the Management of the Companies is contemplating suitable corporate action under the Companies Act, 2013 in relation to the shares held by the Minority Shareholders of VOTL ("Transaction").
- Management has represented to us that as part of amalgamation of VOTL into Nayara Energy, Nayara Energy has proposed the following consideration:
 - For resident public shareholders, issue 1 secured Non-convertible Debenture (NCD) having a face value equal to the equity value per share of VOTL for each equity share having a face value of INR 10/- held in VOTL. This NCD shall carry a coupon of 8% per annum and shall mature at the end of 5 years from date of allotment.
 - For non-residents public shareholders, make a cash payout equal to the equity value per share of VOTL for each share having a face value of INR 10/- held in VOTL

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Statement of Profit & Loss - Historical

Summary profit and loss			
FYE 31 March	2017	2018	Apr - Dec 2018
USD million	12m Audited	12m Audited	9m Provisional
Crude and petroleum product storage revenue	2	147	117
Crude and petroleum product handling services	77	76	52
Other operating income	① 169	5	15
Total revenue	248	229	184
y-o-y growth		-7.9%	7.2%
Operating expenses	(13)	(12)	(9)
% of revenue	-5.1%	-5.4%	-5.1%
Employee cost	(3)	(2)	(1)
% of revenue	② 1.2%	0.7%	0.5%
Other expenses	(55)	(15)	(2)
% of revenue	22.4%	6.6%	0.9%
EBITDA	177	200	172
EBITDA%	71.4%	87.4%	93.5%
Depreciation	(0)	(37)	(26)
% of revenue	0%	-16%	-14.1%
EBIT	177	163	146
EBIT%	71.3%	71.3%	79.4%
Finance cost	(158)	(125)	(36)
Other income	33	14	1
PBT	(92)	29	111
PBT%	-36.9%	12.5%	60.5%
Tax	23	(17)	(39)
PAT	(69)	12	72
PAT%	-27.9%	5.1%	39.4%

① • The Cargo Handling Agreement (CHA) dated 31 March 2016 (amended and restated on 18 July 2016) with Nayara Energy Limited was a long-term contract (arrangement in the nature of finance lease pertaining to the Terminal Facilities) for a period of 30 years effective from 1 April 2016. Vide an amendment agreement dated 30 March 2017, the term of the CHA was reduced from 30 years to 3 years. This resulted in the reclassification of the arrangement from finance lease to operating lease.

② • Salary costs decreased as a percent of revenue in FY 2018 mainly because most of the VOTL employees were retained in Essar Group post deal in FY 2018; Up to July 17 they were on VOTL payroll.

Source: Management

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Balance Sheet

Summary balance sheet as presented			
FYE	31-Mar-17	31-Mar-18	31-Dec-18
USD million	Audited	Audited	Provisional
Assets			
Share capital	50	50	46
Reserve & surplus	(38)	(4)	69
Total shareholders funds	12	46	115
Long term borrowings	800	535	456
Other long term liabilities	263		
Deferred tax liability	47	63	78
Total sources of funds	1,122	645	649
Application of funds			
Gross block	696	696	657
Less: Accumulated depreciation	(0)	(37)	(60)
Net block	696	659	597
Capital work in progress	7	12	4
Deferred tax asset			
Non current investments	0.01		0.2
Other non current assets	2	0	2
Advance tax/ TDS	11	15	34
Loans and advances	3		
Net current assets			
Current assets			
Inventory	1	1	0.1
Sundry debtors	19	8	13
Cash and bank	0	6	35
Short term loans and advances	0.0	0.2	0.2
Other financial current assets	90	4	2
Other current assets	478	5	2
Total current assets	589	23	53
Short term borrowings		0.002	
Current maturities of long term c	128	5	5
Trade payables	23	3	2
Other current liabilities	35	55	14
Short term provisions	0.2	0.2	0.1
Current tax liabilities		0.1	20
	186	64	40
Net working capital	403	(41)	12
Total	1,122	645	649

VOTL has 321,947,075 equity shares outstanding on 31 December 2018.

Surplus assets	
FYE	31-Dec-18
USD million	Provisional
Investments	0.2
Advance tax TDS	34
Receivables from related parties	2
Total surplus assets	36

Debt and debt like items	
FYE	31-Dec-18
USD million	Provisional
Long term borrowings	456
Current maturities of long-term debt	5
Provision for taxes	20
Total debt and debt like items	480

Source: Management

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Overview of Management Business Plan

Overview of the Business Plan

- This Report is based on and relies on the Business Plan of VOTL as provided by the Management from 1 January 2019 to 31 March 2040 ("Business Plan").
- BSR has read, analyzed and discussed but not independently verified the financial projections and underlying data and assumptions and accordingly provided no opinion on the factual basis of the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, this may have a material effect on our findings.
- This Report is prepared on the basis of the sources of information listed in Annexure 2. BSR has relied upon Management representation that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

Build up of Business Plan		
<ul style="list-style-type: none"> • Revenue: Revenue includes handling charges and storage and facility charges. • Storage and facility charges are a function of volume and throughput charges. • Handling charges are subject to a specified minimum tankage capacity which VOTL is entitled to receive as per the Cargo Handling Agreement. 	Build up of Business Plan	<ul style="list-style-type: none"> • Working Capital : Working capital forecasts are based on historical (FY 2018 and YTD December 2018) level of inventory, debtors, other current assets and trade payables which Management of VOTL expects to continue in the forecast period.
<ul style="list-style-type: none"> • Expenses: Operating expenses include amounts paid to operate and maintain the Jetty, lease rent, hire charges, etc. • Operating expenses are expected to increase by 2% per annum and lease rent is expected to increase by 4.75% per annum and Employee costs are expected to increase by 4.5% per annum 		<ul style="list-style-type: none"> • Capex: Capex includes Routine capex and Turnaround capex. • Routine capex includes M&I which is incurred every year and SPM floating hoses which is incurred every 5 years. • Turnaround capex is incurred every three years

Source: Management

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Statement of Profit & Loss (1/2)

Summary profit and loss												
FYE 31 March	Jan - Mar 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
USD million	3m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast
Total revenue	43	242	253	252	268	277	277	293	302	303	320	
y-o-y growth	-24.8%	6.9%	4.2%	-0.1%	6.3%	3.2%	0.1%	5.9%	3.0%	0.3%	5.8%	
Operating expenses	(8)	(16)	(15)	(16)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	
% of revenue	-18.6%	-6.6%	-6.1%	-6.5%	-5.7%	-5.5%	-5.5%	-5.2%	-5.0%	-4.9%	-4.6%	
Employee cost	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
% of revenue	1.2%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Other expenses	1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
% of revenue	-2.1%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
EBITDA	35	224	235	234	251	259	260	276	285	286	304	
EBITDA%	82.3%	92.5%	93.0%	92.7%	93.5%	93.7%	93.8%	94.1%	94.3%	94.4%	94.7%	
Depreciation	(11)	(36)	(37)	(36)	(36)	(35)	(34)	(34)	(33)	(33)	(29)	
% of revenue	-24.5%	-14.8%	-14.6%	-14.4%	-13.3%	-12.6%	-12.4%	-11.5%	-11.1%	-10.9%	-9.0%	
EBIT	25	188	198	197	215	225	225	242	252	253	275	
EBIT%	57.8%	77.7%	78.5%	78.3%	80.2%	81.2%	81.4%	82.6%	83.3%	83.5%	85.7%	
Finance cost	(11)	(45)	(43)	(41)	(39)	(36)	(34)	(31)	(29)	(27)	(24)	
Other income	19	-	-	-	-	-	-	-	-	-	-	
PBT	33	143	155	156	176	188	192	211	223	226	250	
PBT%	77.4%	59.1%	61.3%	61.9%	65.7%	68.1%	69.3%	72.0%	73.8%	74.7%	78.1%	
Tax	(12)	(50)	(54)	(55)	(62)	(66)	(67)	(74)	(78)	(79)	(87)	
PAT	22	93	101	102	115	123	125	137	145	147	163	
PAT%	50.2%	38.4%	39.9%	40.3%	42.7%	44.3%	45.1%	46.8%	48.0%	48.6%	50.8%	

Revenue:

- Storage and facility charges is a function of volume and throughput charges. Handling charges are subject to a specified minimum tankage capacity which VOTL is entitled to receive as per the Cargo Handling Agreement.
- Nayara Energy is the only customer of VOTL. VOTL bills Nayara Energy at a fixed USD rate which is converted to INR at the monthly average exchange rate.
- The fixed USD rate is expected to escalate by 3% y-o-y as per the agreement with Nayara Energy
- Operating Expenses:** are expected to increase approximately by 2% per annum and lease rent is expected to increase by 4.75% per annum in the forecast period.
- Exchange Rate:** The projections used for the analysis are in USD. The model is based on an exchange rate of USD 1 = INR 69.66 as on 31 December 2018 and a INR depreciation of 2.8% per annum

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Statement of Profit & Loss (2/2)

Summary profit and loss											
FYE 31 March	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
USD million	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast	12m Forecast
Total revenue	330	331	351	361	361	383	395	395	418	431	432
y-o-y growth	3.0%	0.2%	6.0%	2.9%	0.2%	5.9%	3.1%	0.1%	5.9%	3.0%	0.3%
Operating expenses	(15)	(15)	(15)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
% of revenue	-4.5%	-4.4%	-4.2%	-4.0%	-4.0%	-3.7%	-3.6%	-3.6%	-3.4%	-3.3%	-3.2%
Employee cost	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
% of revenue	0.5%	0.5%	0.5%	0.4%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Other expenses	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
% of revenue	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITDA	313	314	334	344	345	366	378	379	402	414	416
EBITDA%	94.9%	94.9%	95.2%	95.4%	95.4%	95.7%	95.8%	95.8%	96.1%	96.2%	96.2%
Depreciation	(25)	(24)	(24)	(23)	(23)	(23)	(22)	(22)	(21)	(21)	(18)
% of revenue	-7.5%	-7.4%	-6.8%	-6.5%	-6.4%	-5.9%	-5.6%	-5.5%	-5.1%	-4.9%	-4.1%
EBIT	288	290	310	321	322	343	356	357	380	393	398
EBIT%	87.4%	87.6%	88.4%	88.9%	89.0%	89.8%	90.2%	90.3%	90.9%	91.3%	92.1%
Finance cost	(22)	(20)	(18)	(17)	(15)	(13)	(10)	(6)	(2)	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-
PBT	266	269	291	304	307	331	346	351	379	393	398
PBT%	80.6%	81.4%	83.1%	84.3%	84.9%	86.4%	87.6%	88.6%	90.5%	91.3%	92.1%
Tax	(93)	(94)	(102)	(106)	(107)	(116)	(121)	(123)	(132)	(137)	(139)
PAT	173	175	190	198	200	215	225	228	246	256	259
PAT%	52.5%	53.0%	54.1%	54.8%	55.2%	56.2%	57.0%	57.7%	58.9%	59.4%	59.9%

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Working capital

Operating working capital											
FYE	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
USD million	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Net working capital	(2)	(1)	(0)	(0)	1	1	1	2	2	2	3
(Increase)/decrease	3	(1)	(1)	0	(1)	(0)	(0)	(1)	(0)	(0)	(1)
Days of revenue	(3)	(1)	(0)	(0)	1	1	1	2	3	3	4
% of revenue	-0.7%	-0.3%	-0.1%	-0.1%	0.2%	0.4%	0.4%	0.7%	0.8%	0.8%	1.1%

Operating working capital											
FYE	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34	31-Mar-35	31-Mar-36	31-Mar-37	31-Mar-38	31-Mar-39	31-Mar-40
USD million	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Net working capital	4	4	5	6	6	7	7	7	9	9	9
(Increase)/decrease	(1)	(0)	(1)	(1)	(0)	(1)	(1)	(0)	(1)	(1)	(0)
Days of revenue	4	4	5	6	6	6	7	7	8	8	8
% of revenue	1.2%	1.2%	1.4%	1.6%	1.6%	1.8%	1.9%	1.9%	2.1%	2.2%	2.2%

Source: Management

- Working capital forecasts are based on historical (FY 2018 and YTD December 2018) level of inventory, debtors, other current assets and trade payables which Management of VOTL expects to continue in the forecast period.

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Capital expenditure

Capex												
FYE 31 March	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	
USD million	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Total	14	19	16	14	7	6	7	10	35	8	6	

Capex												
FYE 31 March	31-Mar-30	31-Mar-31	31-Mar-32	31-Mar-33	31-Mar-34	31-Mar-35	31-Mar-36	31-Mar-37	31-Mar-38	31-Mar-39	31-Mar-40	
USD million	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Total	6	12	6	6	8	7	10	8	7	7	8	

Source: Management

- Turnaround capex is incurred every three years.
- We understand from Management that the VOTL Port has substantial life beyond the term of the Concession Agreement which expires in October 2027 and renewal of the agreement beyond that may requires VOTL to pay an amount equal to the book value of assets as on that date.
- VOTL is in the process of constructing a VR/VGO tank (90KL) which is expected to be commissioned in FY 2021. Apart from this, there are three main categories of capex - (i) M&I for repair and maintenance of storage tanks - around 14-15 tanks will be taken up for M&I every year (ii) SPM floating hoses for which replacement expected every 5 years; and (ii) turnaround expense every 3 years in line with the refinery turnaround schedule.
- Floating hoses linked to SPM are to be replaced every 5 years. New floating hoses were not procured in last few years which company procured in 2018 (INR 220 mn) and plans to procure balance worth INR 200 mn in Q4 FY19. Thereafter, floating hoses will be replaced every 5 years starting from 2021.
- M&I expense increases gradually year on year. As mentioned above, expense for SPM floating hoses is considered in 2018 and 2019 then in 2021. Thereafter it is considered every 5 years. Turnaround expense is considered every 3 years in line with the refinery shutdown plan. Company also plans to undertake other expense (up to FY 2023) which couldn't be taken up in last few years. Therefore, there is a volatility in capex in initial years.

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Basis of valuation – Standard of value

Basis of valuation – Standard of Value

- This Valuation has been prepared on the basis of “Fair Value” as at 31 December 2018.
- The generally accepted definition of “Fair Value” is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

Valuation approaches

- “Fair Value” is commonly derived by applying one or more of the following valuation approaches:
 - Income approach
 - The income approach recognizes that the value of an investment is premised on the receipt of future economic benefits. These benefits can include earnings, cost savings, tax deductions and the proceeds from disposition. Discounted Cash Flow Method is a form of the income approach that is commonly used to value businesses or equity interests. Discounted cash flow approach is normally the primary approach.
 - Market approach
 - The market approach assumes that companies operating in the same industry will share similar characteristics and the company values will correlate to those characteristics. Therefore, a comparison of the subject company to similar companies whose financial information is publicly available may provide a reasonable basis to estimate the subject company’s value. There are three forms of the Market Approach –the Comparable Companies approach (“CoCos”), the Comparable Transactions approach (“CoTrans”) and the Market Price Method. Market Approach is typically used to provide a market cross-check to the conclusions reached under a theoretical Discounted Cash Flow approach.
 - Cost approach discounted
 - The cost approach considers reproduction or replacement cost as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the cost approach is normally best suited for use in valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings. The cost approach either considers book value or replacement cost or realisable value as an indicator of value.

Approach and Methodology

Valuation Methodologies		
Approach	Methodology Used	Rationale
Income Approach <ul style="list-style-type: none"> Discounted Cash Flows ("DCF") 	✓	<ul style="list-style-type: none"> Under the DCF method, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business. A Discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. The "constant growth model", which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples. The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is either Cost of Equity ("Ke") or Weighted Average Cost of Capital ("WACC"), reflecting an optimal as opposed to actual financing structure. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. The DCF approach has been applied in the fair valuation of the equity shares of VOTL.
Markets Approach <ul style="list-style-type: none"> Market Price Method 	×	<ul style="list-style-type: none"> Under this approach, the value of the business is arrived at considering the market price of the company based on the daily moving averages of the last six month volume traded weighted average of closing price on the stock exchange where the company's shares are most frequently traded. VOTL is not listed on the BSE and NSE. We have not used the market price approach for our valuation analysis.

Source: BSR Analysis

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Approach & Methodology

Valuation Methodologies		
Approach	Methodology Used	Rationale
Markets Approach ■ Comparable Companies ("Coco")	✕	<ul style="list-style-type: none"> Under Comparable Companies Method, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size. VOTL is a captive port and its volume growth depends on the requirement of Nayara Energy Limited's refinery. There are no listed companies comparable to VOTL, hence we have not adopted the Comparable Companies method for carrying out the fair valuation of equity shares of VOTL.
Markets Approach ■ Comparable Transactions ("CoTrans")	✕	<ul style="list-style-type: none"> Under Comparable Transaction Method, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. We have not adopted the Comparable Transaction Method for carrying out the fair valuation of equity shares of VOTL on account of limited availability of transactions, different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts embedded in transaction values.
Cost Approach ■ Net Asset Value	✕	<ul style="list-style-type: none"> Under the net asset value approach, total value is based on the sum of net asset value as recorded on the balance sheet. A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. Considering the above, this approach is not appropriate in the fair valuation of the equity shares of VOTL.

Source: BSR Analysis

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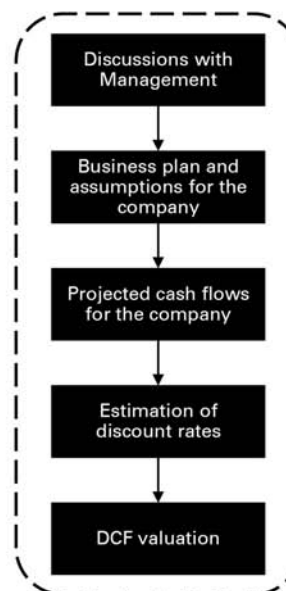
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Discounted cash flow method

Discounted Cash Flow Method

- The valuation has been carried out based on the Discounted Cash flow methodology ("DCF").
- Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.
- A Discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.
- The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. The discount rate most generally employed is Weighted Average Cost of Capital ("WACC") or Cost of Equity ("Ke"), reflecting an optimal as opposed to actual financing structure.
- In calculating the terminal value, regard must be given to the business' potential for further growth beyond the explicit forecast period. The "constant growth model", which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples.
- The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental

Summary of the DCF Methodology



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Discount rate and terminal value

Discount rate

In order to determine the discount rate, we have used the WACC methodology as set out below:

$$WACC = K_e * (E/(D + E)) + K_d * (1-T) * (D/(D + E))$$

Where:

K_e	=	cost of equity
E	=	market value of equity
K_d	=	cost of debt
D	=	market value of debt
T	=	corporate taxation rate

The cost of equity is derived using the Capital Asset Pricing Model ("CAPM") as follows:

Where:

K_e	=	$R_f + \beta * (R_m - R_f) + \alpha$
R_f	=	the current return on risk-free assets
R_m	=	the expected average return of the market
$(R_m - R_f)$	=	the average risk premium above the risk-free rate that a "market" portfolio of assets is earning
β	=	the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets
α	=	company specific risk factor (alpha)

Terminal Value

- At the end of the Forecast Period, it is assumed that the net profits and hence the corresponding cash flows generated by the company will continue indefinitely.
- The most common approach to calculating terminal value is to apply a constant growth model, utilising the following formula:
- $FV \text{ of terminal value} = [FCFF_n] \times (1+g) / (WACC-g)$
- $PV \text{ of terminal value} = FV \text{ of terminal value} / (1+WACC)^n$
 FCF = free cash flow for the last year
 g = long term growth rate

DCF Analysis - Discount Rate (WACC) - (1/2)

Risk Free Rate (Rf) 2.9 per cent	<ul style="list-style-type: none"> The nominal risk-free rate is derived based on the long-term bond yield rates. The nominal risk-free rate is derived based on 20 year federal treasury bond yield rates as of 30 January 2019 in the United States of America (USA) (Source: Bloomberg).
Equity risk premium 6.0 per cent	<ul style="list-style-type: none"> The equity risk premium in the United States of America is 6.0 per cent (Source: Damodaran).
Beta 1.02	<ul style="list-style-type: none"> Beta is a measure of the risk of the shares of a company. β is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor, consideration must be given either to the market beta of the comparable quoted companies. The median beta of the publicly listed comparable companies is 1.02. (Refer Annexure 1)
Country risk premium 2.6 per cent	<ul style="list-style-type: none"> The country risk premium for India over the United States of America is 2.6 per cent (Source: Damodaran).
Alpha 1.0 per cent	<ul style="list-style-type: none"> Alpha is company specific risk premium. Based on our understanding of the risks associated with the business, We have considered a company specific risk premium for the Company of 1.0 per cent.
Cost of Equity (Ke) 12.7 per cent	<ul style="list-style-type: none"> Based on above parameters, Ke is 12.7 per cent. $Ke = Rf + \beta * (ERP + CRP) + \alpha$

Source : Bloomberg, Capital IQ and BSR analysis

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DCF Analysis – Discount Rate (WACC) – (2/2)

Cost of Debt 8.7 per cent	<ul style="list-style-type: none"> As discussed with the Management, we have considered the cost of debt as 8.7% as applicable to VOTL on dollar denominated loans.
Tax Rate 34.94 per cent	<ul style="list-style-type: none"> We have considered the prevailing corporate tax rate of 34.94 per cent.
Post-tax cost of debt (Kd) 5.7 per cent	<ul style="list-style-type: none"> Post-tax cost of debt is arrived at by multiplying pre-tax cost of debt by (1-Tax Rate)
Debt Equity Ratio 48.9 per cent	<ul style="list-style-type: none"> We have considered the debt equity ratio of 48.9 per cent (Debt/ Capital ratio of 32.9 per cent) (Please refer Annexure 1).
WACC 10.4 per cent	<ul style="list-style-type: none"> Based on the industry capital structure of 48.9 per cent debt to equity, cost of equity of 12.7 per cent and post-tax cost of debt of 5.7 per cent, the Weighted Average Cost of Capital (WACC) is 10.4 per cent. $WACC = ((D/D+E) \times Kd \times (1 - t)) + ((E/D+E) \times Ke)$.

Source : Bloomberg, Capital IQ and BSR analysis

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Discounted Cash Flow Analysis

Discounted cash flow											
FYE 31 March	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
USD million	3 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Revenue	43	242	253	252	268	277	277	293	302	303	320
y-o-y growth		6.9%	4.2%	(0.1)%	6.3%	3.2%	0.1%	5.9%	3.0%	0.3%	5.8%
EBITDA	35	224	235	234	251	259	260	276	285	286	304
EBITDA margin (%)	82.3%	92.5%	93.0%	92.7%	93.5%	93.7%	93.8%	94.1%	94.3%	94.4%	94.7%
Less: Depreciation	(11)	(36)	(37)	(36)	(36)	(35)	(34)	(34)	(33)	(33)	(29)
EBIT	25	188	198	197	215	225	225	242	252	253	275
EBIT margin (%)	57.8%	77.7%	78.5%	78.3%	80.2%	81.2%	81.4%	82.6%	83.3%	83.5%	85.7%
Less: Taxes on EBIT	(5)	(41)	(43)	(63)	(82)	(86)	(86)	(92)	(95)	(96)	(102)
(Increase)/decrease in net working capital	3	(1)	(1)	0	(1)	(0)	(0)	(1)	(0)	(0)	(1)
Less: Capital expenditure	(10)	(19)	(16)	(14)	(7)	(6)	(7)	(10)	(35)	(8)	(6)
Free cash flows to the firm	24	164	176	156	161	167	166	173	154	182	194
Period factor - mid year discounting	0.125	0.750	1.750	2.750	3.750	4.750	5.750	6.750	7.750	8.750	9.750
Discount factor - mid year discounting	0.988	0.928	0.841	0.762	0.690	0.625	0.566	0.513	0.465	0.421	0.381
Present value of cash flows to the firm	24	153	148	119	111	105	94	89	72	77	74

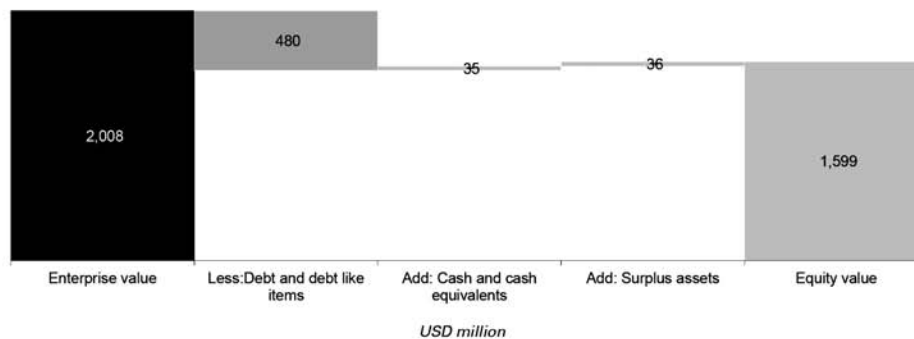
Discounted cash flow												
FYE 31 March	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	TY
USD million	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Revenue	330	331	351	361	361	383	395	395	418	431	432	436
y-o-y growth	3.0%	0.2%	6.0%	2.9%	0.2%	5.9%	3.1%	0.1%	5.9%	3.0%	0.3%	
EBITDA	313	314	334	344	345	366	378	379	402	414	416	419
EBITDA margin (%)	94.9%	94.9%	95.2%	95.4%	95.4%	95.7%	95.8%	95.8%	96.1%	96.2%	96.2%	96.2%
Less: Depreciation	(25)	(24)	(24)	(23)	(23)	(23)	(22)	(22)	(21)	(21)	(18)	(18)
EBIT	288	290	310	321	322	343	356	357	380	393	398	401
EBIT margin (%)	87.4%	87.6%	88.4%	88.9%	89.0%	89.8%	90.2%	90.3%	90.9%	91.3%	92.1%	92.1%
Less: Taxes on EBIT	(106)	(106)	(113)	(117)	(117)	(125)	(129)	(129)	(137)	(142)	(142)	(140)
(Increase)/decrease in net working capital	(1)	(0)	(1)	(1)	(0)	(1)	(1)	(0)	(1)	(1)	(0)	(1)
Less: Capital expenditure	(6)	(12)	(6)	(6)	(8)	(7)	(10)	(8)	(7)	(7)	(8)	(18)
Free cash flows to the firm	200	196	213	220	219	233	238	241	256	265	265	260
Period factor - mid year discounting	10.750	11.750	12.750	13.750	14.750	15.750	16.750	17.750	18.750	19.750	20.750	20.750
Discount factor - mid year discounting	0.345	0.313	0.283	0.257	0.232	0.210	0.191	0.173	0.156	0.142	0.128	0.128
Present value of cash flows to the firm	69	61	60	56	51	49	45	42	40	38	34	33

Source: Management, BSR Analysis

We have considered a WACC of 10.40 per cent and a terminal growth rate of 2 per cent.

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Valuation Conclusion



Equity value of VOTL
USD 1,599 million

Exchange rate on 6 March 2019
USD 1 = INR 70.58

Number of equity shares =
322 million

On the basis of the above, the equity value per share of VOTL as on 31 December 2018 is **INR 350**.

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Annexure 1

Beta

Beta computation										
INR million	Country	Market Capitalization	Total Debt	Debt / Equity	Final Beta	Tax Rate	Unlevered Beta	Target's Debt Equity	Target's Tax Rate	Re Levered Beta
Indian Oil Corporation Limited	India	1,341,157	642,434	47.9%	1.00	34.94%	0.77	48.9%	34.94%	1.01
Bharat Petroleum Corporation Limited	India	753,373	376,594	50.0%	0.98	34.94%	0.74	48.9%	34.94%	0.97
Hindustan Petroleum Corporation Limited	India	363,083	219,520	60.5%	1.09	34.94%	0.78	48.9%	34.94%	1.03
Reliance Industries Limited	India	7,687,709	2,341,160	30.5%	1.05	34.94%	0.88	48.9%	34.94%	1.16
Bangchak Corporation Public Company Limited	Thailand	44,075	44,751	101.5%	0.95	20.00%	0.52	48.9%	34.94%	0.69
PTT Global Chemical Public Company Limited	Thailand	300,774	91,202	30.3%	1.31	20.00%	1.06	48.9%	34.94%	1.40
S-Oil Corporation	South Korea	11,438,798	6,393,695	55.9%	0.96	25.00%	0.68	48.9%	34.94%	0.89
Showa Shell Sekiyu K.K.	Japan	590,691	126,495	21.4%	0.95	30.86%	0.83	48.9%	34.94%	1.09
Thai Oil Public Company Limited	Thailand	140,541	75,325	53.6%	1.16	20.00%	0.81	48.9%	34.94%	1.07
Esso (Thailand) Public Company Limited	Thailand	36,541	17,351	47.5%	1.18	20.00%	0.86	48.9%	34.94%	1.13
Oil Refineries Ltd.	Israel	1,554	1,568	100.9%	0.83	23.00%	0.47	48.9%	34.94%	0.62
SK Innovation Co., Ltd.	South Korea	16,921,659	7,207,957	42.6%	1.01	25.00%	0.77	48.9%	34.94%	1.01
Idemitsu Kosan Co., Ltd.	Japan	774,293	973,279	125.7%	0.99	30.86%	0.53	48.9%	34.94%	0.70
Mangalore Refinery and Petrochemicals Limited	India	119,340	149,210	125.0%	1.05	34.94%	0.58	48.9%	34.94%	0.76
Star Petroleum Refining Public Company Limited	Thailand	46,108	8,935	19.4%	1.06	20.00%	0.92	48.9%	34.94%	1.21
Chennai Petroleum Corporation Limited	India	35,870	38,565	107.5%	1.14	34.94%	0.67	48.9%	34.94%	0.88
Adani Ports and Special Economic Zone Limited	India	706,509	230,519	32.6%	1.34	34.94%	1.11	48.9%	34.94%	1.46
Gujarat Pipavav Port Limited	India	42,264	-	0.0%	0.81	34.94%	0.81	48.9%	34.94%	1.07
Median				48.9%	1.03		0.78			1.02

All amounts in the company's filing currency

Source : Bloomberg, Capital IQ and BSR analysis

Notes:

- Considering the unavailability of pure play companies for VOTL, we have not relied on comparable companies method to value VOTL.
- VOTL provides services to only one customer, i.e. Nayara Energy . VOTL is a captive port and its volume growth depends on the requirement of Nayara Energy's refinery. Hence we have included comparable companies from both Refinery and Port segment.

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Annexure 2

Sources of information

- The following information, including not limited to, provided to BSR by Management was used in preparation of the Report:
 - Financial statements for FY 2017 and FY 2018; provisional financials for the period ended December 2018;
 - Management Business Plan of VOTL for the period 1 January 2019 to 31 March 2040;
 - In addition to reviewing the above information, we also held discussions with key members of the Management
- The following external sources were used in the preparation of the Report:
 - External databases such as Bloomberg, Capital IQ, VCC Edge, Crisil Research, Damodaran.
 - Relevant information made available to us by Management at our request.
 - Publicly available information and secondary information.
 - Tax related information from the management.

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27

Nayara Energy Limited Vadinar Oil Terminal Limited

Fairness Opinion Certificate on the proposed amalgamation of
Vadinar Oil Terminal Limited (VOTL) into Nayara Energy Limited
(Nayara Energy)



SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade, Mumbai – 400 005

25 March 2019

Disclaimer

This fairness opinion certificate ("Certificate" or "This Certificate" or "this certificate") contains proprietary and confidential information regarding Nayara Energy Limited (formerly known as Essar Oil Limited) (the "Company" or "Nayara Energy") and its subsidiary Vadinar Oil Terminal Limited ("VOTL"). Nayara Energy and VOTL are together referred to as the "Companies". This Certificate is issued for the exclusive use and benefit of the Companies as per the Letter of Offer dated 28th February, 2019 and the Addendum Letter of Offer dated 17th March, 2019 (together referred to as the "Letters of Offer").

This Certificate has been issued by SBI Capital Markets Limited ("SBICAP") on the basis of the information available in the public domain and sources believed to be reliable and the information provided by the Companies, the Valuer (as defined hereinafter) and for the sole purpose as defined in the Letters of Offer and it shall not be valid for any other purpose or as at any other date. This Certificate is issued by SBICAP in the capacity of an Independent merchant banker, on the valuation of assets/shares of the Company done by M/s. BSR & Associates LLP (the "Valuer").

This Certificate is issued by SBICAP without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein. Nothing in these materials is intended by SBICAP to be construed as legal, accounting, technical or tax advice. Past performance is not a guide for future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors. This certificate has not been or may not be approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This Certificate may not be all inclusive and may not contain all of the information that the recipient may consider material.

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SBICAP has not carried out any due – diligence independently in verifying the accuracy or veracity of data provided by the Companies and/or the Valuer and SBICAP assumes no liability for the accuracy,

authenticity, completeness or fairness of the data provided by the Companies and/or the Valuer. SBICAP has also assumed that the business continues normally without any disruptions.

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This Certificate is divided into chapters and sub-sections only for the purpose of reading convenience. Any partial reading of this Certificate may lead to inferences, which may be at divergence with the conclusions and opinions based on the entirety of this Certificate.

The opinion of SBICAP ["Fairness Opinion"] under this Certificate is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the scheme or any matter related therein. The opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation/merger scheme with the provisions of any law including company law, taxation and capital market related laws or as regards any legal implications or issues arising thereon. SBICAP assumes no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. SBICAP does not express any opinion as to the price at which securities of the transferee entity may trade at any time, including subsequent to the date of this opinion. In rendering the Opinion, SBICAP has assumed, that the scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders.

In the past, SBICAP may have provided, and may currently or in the future provide, investment banking services to the entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders, for which services SBICAP has received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of SBICAP may actively trade securities of the entities under the scheme and / or its holding or subsidiaries or affiliates and their respective shareholders for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. SBICAP engagement and the opinion expressed herein are for the benefit of the Board of Directors of the entities only to fulfill the intended purpose as set out in the Letters of Offer and for no other purposes. Neither SBICAP, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us,



based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

This Certificate is furnished on a strictly confidential basis and is for the sole use of the person to whom it is addressed and for the intended purpose as set out in the Letters of Offer. Neither this Certificate, nor the information contained herein, may be reproduced or passed to any person or used for any purpose other than stated above, without the prior written approval from SBICAP and as provided in para 1.5 (Intended Purpose) of this certificate. By accepting a copy of this certificate, the recipient accepts the terms of this notice, which forms an integral part of this certificate.

The Companies agree and understand that SBICAP is not a Registered Valuer pursuant to section 247 of the Companies Act, 2013 and Rules made thereunder. The fairness opinion issued by SBICAP, under this document, cannot be used by the recipient for the purposes that specifically require valuation from a Registered Valuer under the Companies Act, 2013 or any other law that requires valuation from such Registered Valuer.

1. Background

1.1 About Companies

Nayara Energy Limited ("Nayara Energy"; formerly known as Essar Oil Limited) is an integrated oil refining and marketing company with strong presence in refinery value chain from oil refining to retail and marketing of petroleum products. Nayara Energy owns India's second largest single site refinery at Vadinar, Gujarat with a current capacity of 20 MMTPA. The refinery has state-of-the-art technologies and is one of the most complex refineries, with a complexity of 11.8, which is amongst the highest globally. The refinery is capable of processing heavy, ultra-heavy and tough crudes and producing high quality products compliant with Euro IV / Euro V grades. Nayara Energy has a strong retail business chain with 5,000 operational retail stations spread across India as on Dec-18.

In August 2017, Nayara Energy, along with its investment in entities owning and operating captive port and power assets, was acquired by Rosneft Singapore Pte. Limited (49.13%), a company owned by Rosneft Oil Company (a leader of Russia's petroleum industry and second largest company in the world in terms of hydrocarbon production and reserves) and Kesani Enterprises Company Limited (49.13%), an investment consortium comprising of global commodity trading firm Trafigura Pte. Ltd., UCP PE Investments Ltd., and Oil Holding Limited at an enterprise value of USD 12.9 billion.

The port assets are housed under Vadinar Oil Terminal Limited ("VOTL"), a subsidiary of Nayara Energy. VOTL owns and operates integrated port and terminal facilities in Vadinar, Gujarat to handle Crude and Petroleum products for the captive use of the Refinery of Nayara Energy. The facilities held by VOTL comprises of one Single Buoy Mooring (SBM) unit, two Product Jetties, six Road Gantries, one Rail Gantry and Crude Oil, Product & Intermediate storage tankages. The port facilities are capable of catering to all the requirements of Nayara Energy's refinery for handling and storage of crude and petroleum products.

The shareholding pattern of VOTL as on 31st December, 2018 is as below:

Category	Total Number of Shares	% Shareholding
Nayara Energy	31,43,23,454	97.63%
Institutions / MFs / Banks	65,219	0.02%
Other Bodies Corporate	2,68,032	0.08%
FII's	9,221	0.00%
NRIs	2,50,776	0.08%
Public / RII's	70,30,373	2.18%
Total	32,19,47,075	100.00%

1.2 Transaction Overview

We understand that the management of the Companies viz. Nayara Energy and VOTL are considering a proposal for the merger / amalgamation of VOTL into Nayara Energy pursuant to a scheme of amalgamation (hereinafter referred to as the "Transaction") and is undertaking an exercise for the valuation of VOTL to arrive at the fair market value of equity shares of VOTL and requires a fairness opinion on the valuation exercise carried out by the Valuer. With the intent to consummate the Transaction, Nayara Energy has proposed the following:

- For resident public shareholders, issue 1 secured Non-convertible Debenture (NCD) having a face value of INR 350/- for each equity share having a face value of INR 10/- held in VOTL. This NCD shall carry a coupon of 8% per annum payable and shall mature at the end of 5 years from date of allotment.
- For non-residents public shareholders, make a cash pay-out of INR 350 for each share having a face value of INR 10/- per share held in VOTL.

1.3 Role of SBI Capital Markets Ltd.

Through Letter of Offer dated 28th February 2019 and Addendum Letter of Offer dated 17th March 2019, SBI Capital Markets Limited ("SBICAP") was appointed by Nayara Energy and VOTL to issue a fairness opinion certificate ("Fairness Opinion") for the Transaction. The Certificate has been issued on the valuation report provided by an independent third-party valuer, M/s. BSR & Associates LLP (referred as the "Valuer") dated 15th March, 2019.

1.4 Sources of Information

We have relied upon the following sources of information provided by the management of the Companies, for the purpose of this Fairness Opinion.

- a) Valuation Report from the Valuer
- b) Audited financial statements of VOTL for the financial year ended on March 31, 2018.
- c) Provisional and Unaudited financial statements of VOTL for 9-month period ended on December 31, 2018.
- d) Financial Projections of VOTL for FY 2018-19 to FY 2039-40.
- e) Other relevant details regarding VOTL such as its history, promoters, past and present activities, future plans and prospects, other relevant information and data including information in the public domain.
- f) Such other information and explanations as we required and which have been provided by the management of the Companies.

We have not carried out any independent verification or diligence of the above information.

1.5 Intended Purpose

The proposed scheme of amalgamation between VOTL and Nayara Energy also entails settlement of public shareholders of VOTL which was once of a subsidiary of a listed entity. In view of this, we

understand that the Companies may be required to submit the aforesaid fairness opinion to NCLT, Regional Director, Official Liquidator and Registrar of Companies.

2. SBICAP view on the fairness of the Transaction

The Valuer has used the Income approach for valuing the equity shares of VOTL. Under Income approach, Discounted Cash Flow (DCF) method has been used to value equity shares of VOTL. Given the absence of pure play comparable companies for VOTL, the comparable company has not been used. Considering the fact that, after the Transaction, the business of the merged port assets is intended to be continued on a "going concern" basis, to arrive at the value of its merging subsidiary VOTL, it may be considered appropriate to value the shares under the "income approach" in our opinion.

Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and estimated tax liability have been discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows is the value of the business.

The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to earnings before interest and tax (i) depreciation and amortizations (non-cash charge), and (ii) any non-operating item. The cash flow is further adjusted for outflows on account of capital expenditure, tax and change in working capital requirements.

While calculating the free cash flows, the Valuer has calculated all the cash flows for VOTL in US Dollars as VOTL's revenues are based in US Dollar terms, and hence the discount rate used for valuation is also US Dollar based. The assumptions used for valuation of VOTL relating to revenue, operating expenses, capital expenses and working capital among other, relies on the business plan for VOTL provided by management to the Valuer and the same are reasonable in our opinion. The cash flows are projected for the period of FY2019 to FY2040 and as the port assets are expected to be operational beyond 2040 as well, a moderate terminal growth rate is also considered for arriving at all the future cash flows.

WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of an entity. In other words, WACC is the weighted average of the entity's cost of equity and debt. The WACC for VOTL has been arrived at by considering an appropriate target mix between debt and equity of comparable companies, which is then used for discounting the Free Cash Flows of VOTL.

Total Value for equity shareholders is arrived at after making adjustment for surplus assets available including cash & cash equivalents and outstanding debt and debt like items. The equity value so



arrived at is divided by the outstanding number of equity shares to arrive at the value per equity share.

Based on (2) above and the facts, information and explanations given to us, we are of the opinion that the proposed valuation of VOTL equity shares at INR 350 per share as envisaged for the Transaction, carried out by independent Valuer, is fair and reasonable.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Narayan Subramaniam', written over a horizontal line.

For SBI Capital Markets Limited

Name: NARAYAN SUBRAMANIAM

Designation: VICE PRESIDENT .

NAYARA ENERGY LIMITED (Formerly known as ESSAR OIL LIMITED) STANDALONE BALANCE SHEET AS AT SEPTEMBER 30, 2019 [Management Accounts]	
Particulars	As at September 30, 2019
	INR in million
ASSETS	
1) Non-current assets	
(a) Property, plant and equipment	4,36,904
(b) Capital work-in-progress	5,314
(c) Goodwill	10,324
(d) Intangible assets	26,632
(e) Financial assets	
(i) Investments	1,05,104
(ii) Other financial assets	6,189
(e) Other non-current assets	2,837
(f) Non-current tax assets	7,019
2) Current assets	
(a) Inventories	84,009
(b) Financial assets	
(i) Investments	-
(ii) Trade receivables	31,796
(iii) Cash and cash equivalents	15,311
(iv) Bank balances other than (iii) above	8,136
(v) Loans	15
(vi) Other financial assets	17,176
(c) Other current assets	4,437
TOTAL ASSETS	7,61,203
EQUITY AND LIABILITIES	
(a) Equity share capital	15,072
(b) Other equity	1,79,342
LIABILITIES	
1) Non-current liabilities	
(a) Financial liabilities	
(i) Borrowings	81,299
(ii) Other financial liabilities	1,80,980
(b) Deferred tax liabilities (Net)	51,757
(c) Other non current liabilities	29,031
2) Current liabilities	
(a) Financial liabilities	
(i) Borrowings	24,608
(ii) Trade payables	
-Total Outstanding dues of micro and small enterprises	13
-Total Outstanding dues of creditors other than micro and small enterprises	87,603
(iii) Other financial liabilities	77,235
(b) Other current liabilities	33,411
(c) Provisions	767
(d) Current tax liabilities	85
TOTAL EQUITY AND LIABILITIES	7,61,203

MUMBAI

30 JAN 2020



For Nayara Energy Limited


 Anup Vikal
 Chief Financial Officer

NAYARA ENERGY LIMITED (Formerly known as ESSAR OIL LIMITED)

STATEMENT OF STANDALONE PROFIT AND LOSS

[Management Accounts]

Particulars	For the period ended September 30, 2019
	INR in million
Income	
Revenue from operations	5,00,677
Other income	3,700
Total Income	5,04,377
Expenses	
Cost of raw materials consumed	3,26,595
Excise duty	70,139
Purchases of stock-in-trade (trading goods)	60,308
Changes in inventory of finished goods, stock-in-trade and work-in-progress	(8,637)
Employee benefits expense	3,499
Finance costs	13,065
Depreciation and amortisation expense	14,764
Other expenses	22,977
Total expenses	5,02,710
Profit / (Loss) before exceptional items and tax	1,667
Exceptional items	-
Profit / (Loss) after share of (loss) / profit of associates but before tax	1,667
Tax expense	(17,002)
Profit / (Loss) from continuing operations	18,669
Loss from discontinued operations (after tax)	-
Profit / (Loss) for the period	18,669
Other Comprehensive Income	
A. Items that will not be reclassified to profit or loss	(20)
Actuarial valuation reserve (net of taxes)	(20)
B. Items that will be reclassified to profit or loss	(4,659)
Cash flow hedge reserve (net of taxes)	(4,663)
Foreign currency monetary item translation difference account (net of taxes)	4
Total Comprehensive Income for the period	13,990

MUMBAI



30 JAN 2020

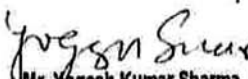



For Nayara Energy Limited

Anup Vikal
Chief Financial Officer

[Handwritten signature]

VADINAR OIL TERMINAL LIMITED STANDALONE BALANCE SHEET AS AT SEPTEMBER 30, 2019 [Management Accounts]	
(₹ in million)	
Particulars	As at September 30, 2019
ASSETS	
1) Non-current assets	
(a) Property, plant and equipment	40,673
(b) Capital work-in-progress	249
(c) Other intangible assets	2
(d) Financial assets	
(i) Investments	0
(ii) Loans	332
(iii) Other financial assets	132
(e) Other non-current assets	652
(f) Non-current tax assets (net)	1,852
2) Current assets	
(a) Inventories	15
(b) Financial assets	
(i) Investments	218
(ii) Trade receivables	594
(iii) Cash and cash equivalents	1,324
(iv) Bank balances other than (iii) above	2,887
(v) Other financial assets	995
(c) Other current assets	182
Total Assets	50,107
EQUITY AND LIABILITIES	
EQUITY	
(a) Equity share capital	3,219
(b) Other equity	7,730
LIABILITIES	
1) Non-current liabilities	
(a) Financial liabilities	
(i) Borrowings	28,863
(ii) Other financial liabilities	2,824
(b) Deferred tax liabilities (net)	6,270
2) Current liabilities	
(a) Financial liabilities	
(i) Trade payables	
(A) Total Outstanding dues of micro and small enterprises	-
(B) Total Outstanding dues of creditors other than micro and small enterprises	71
(ii) Other financial liabilities	2,876
(b) Other current liabilities	246
(c) Provisions	14
(d) Current tax liabilities (net)	194
Total equity and liabilities	50,107
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> NEW DELHI 02 DEC 2019 </div> <div> For Vadinar Oil Terminal Limited  Mr. Yogesh Kumar Sharma Chief Financial Officer </div> <div>  </div> </div>	

VADINAR OIL TERMINAL LIMITED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 [Management Accounts]	
(₹ in million)	
Particulars	For the six months ended September 30, 2019
Income	
Revenue from operations	9,390
Other Income	871
Total Income	10,261
Expenses	
Operating expenses	463
Employee benefits expense	52
Other expenses	159
Depreciation and amortisation expense	1,338
Finance costs	2,022
Total expenses	4,034
Profit before tax	6,227
Tax expense:	
Current tax expenses	1,173
Deferred tax expenses	977
Total tax expenses	2,150
Total Comprehensive Income for the period (comprising profit for the period)	4,077
<div style="text-align: right;"> For Vadinar Oil Terminal Limited  Mr. Yogesh Kumar Sharma Chief Financial Officer </div> <div style="text-align: right;">  </div> <div style="text-align: center; margin-top: 20px;"> NEW DELHI 02 DEC 2019 </div>	



**REPORT ADOPTED BY THE BOARD OF DIRECTORS
OF NAYARA ENERGY LIMITED AT ITS MEETING HELD
ON JULY 24, 2019 EXPLAINING THE EFFECT OF THE
SCHEME OF AMALGAMATION ON SHAREHOLDERS,
PROMOTER AND NON-PROMOTER SHAREHOLDERS
AND KEY MANAGERIAL PERSONNEL**

1. Background

- 1.1 The proposed Scheme of Amalgamation of Vadinar Oil Terminal Limited ("**Transferor Company**") with Nayara Energy Limited ("**Company**" or "**Transferee Company**") and their respective shareholders (the "**Scheme**") was approved by the Board of Directors of the Company (the "**Board**") vide resolution dated July 24, 2019. The Transferor Company is a subsidiary of the Transferee Company and the activities of the Transferor Company form an inherent part of the larger business of the Transferee Company.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("**Act**") requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders and creditors or class of creditors at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law of Tribunal ("**NCLT**").
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
 - 1.4.1 Draft Scheme duly initialed by the Company Secretary for the purpose of identification;
 - 1.4.2 Certificate dated March 15, 2019 issued by B S R & Associates, Chartered Accountants, on the valuation of shares and the consideration payable to the resident and non-resident public shareholders ("**Valuation Report**") ;
 - 1.4.3 Fairness opinion dated March 25, 2019 issued by M/s. SBI Capital Markets Limited, an independent Category-I Merchant Banker, on the valuation of shares and the consideration payable to the resident and non-resident public shareholders as mentioned in the Valuation Report; and
 - 1.4.4 Certificate issued by the Statutory Auditor, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, on the accounting treatment prescribed in the Scheme.

2. Effect of the Scheme of Amalgamation on equity shareholders (promoter and non-promoter shareholders), employees and Key Managerial Personnel of the Company:

- 2.1 Equity Shareholders: Pursuant to the Scheme, the entire Undertaking (as defined in the Scheme) of the Transferor Company shall be transferred to and vested in the Company and the Transferor Company shall be dissolved without winding up. In consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Company, the Company shall issue and allot, to the resident public shareholders of the Transferor Company, 1 secured non-convertible debenture, having a face value of INR 350/- each ("**NCDs**"), of the Company for every 1 equity share having a face value of INR 10/- each, fully paid up, of the Transferor Company not exceeding INR 267 crores on the terms and conditions set out in Schedule I of the Scheme. In view of the provisions of

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

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E CompanySec@nayaraenergy.com

Registered Office:
Khambhalia, Post Box No.24, Dist. Devbhumi Dwarka, Gujarat 361 305, India
T +91 2833 661444 | F +91 2833 662929

CIN: U11100GJ1989PLC032116
www.nayaraenergy.com

the applicable laws which do not permit issuance of NCDs to non-residents, as consideration for the amalgamation of the Transferor Company into and with the Company, the non-resident public shareholders of the Transferor Company, shall be paid an amount of INR 350/- for every 1 equity share having a face value of INR 10/- each, fully paid up, of the Transferor Company. Upon the Scheme coming into effect, i.e. transfer and vesting of the Undertaking into the Company, and with effect from the Effective Date (as defined in the Scheme), the equity shares held by the Company in the Transferor Company shall stand cancelled without any further act, application or deed.

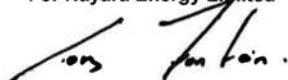
- 2.2 Promoter and non-promoter shareholders: As the Transferor Company is a subsidiary of the Company, with the Company holding 97.63% stake in equity share capital of the Transferor Company, the Company is the promoter of the Transferor Company. Upon the Scheme coming into effect, the Transferor Company shall be dissolved without winding up and the Company shall cease to be the promoter of the Transferor Company. The shareholding of the existing shareholders of the Company (including the public shareholders of the Company) will not be diluted pursuant to the Scheme.
- 2.3 Key managerial personnel: Under Clause 9 of the Scheme, on and from the Effective Date of the Scheme, all the employees of the Transferor Company shall become the employees of the Company, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date. All the Directors of the Transferor Company and Key Managerial Personnel of the Transferor Company, as the case may be, would cease to be Directors and Key Managerial Personnel of the Transferor Company on and from the Effective Date. Further, the rights of the employees of the Company would in no way be affected by the Scheme. Upon the Scheme becoming effective, the Transferor Company will stand dissolved. No special benefit or compensation would be payable to any key managerial personnel of the Transferor Company.

The directors of the Company do not hold any shares of the Company or the Transferor Company. Further, none of the key managerial personnel and relatives of the Directors of the Company is concerned or interested, financially or otherwise in the proposed Scheme except to the extent of the equity shares, if any, held by the key managerial personnel in the Company or the Transferor Company. None of the Directors of the Company have any material interest in the proposed Scheme.

- 2.4 No special valuation difficulties were reported.
- 2.5 There would be no adverse impact on the creditors of the Company pursuant to the amalgamation under the proposed Scheme.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board
For Nayara Energy Limited



Charles Anthony Fountain
Executive Chairman
DIN: 07719852

Dated this 24th day of July 2019 at Mumbai



**REPORT ADOPTED BY THE BOARD OF DIRECTORS
OF VADINAR OIL TERMINAL LIMITED AT ITS
MEETING HELD ON AUGUST 7, 2019 EXPLAINING
THE EFFECT OF THE SCHEME OF AMALGAMATION
ON SHAREHOLDERS, PROMOTER AND NON-
PROMOTER SHAREHOLDERS AND KEY
MANAGERIAL PERSONNEL**

1. Background

- 1.1 The proposed Scheme of Amalgamation of Vadinar Oil Terminal Limited ("**Transferor Company**") with Nayara Energy Limited ("**Nayara**" or "**Transferee Company**") and their respective shareholders (the "**Scheme**") was approved by the Board of Directors of the Company (the "**Board**") vide resolution dated August 7, 2019. The Transferor Company is a subsidiary of the Transferee Company and the activities of the Transferor Company form an inherent part of the larger business of the Transferee Company.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 ("**Act**") requires the directors to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders and creditors or class of creditors at the time of seeking their approval to the Scheme as may be directed by the Hon'ble National Company Law of Tribunal ("**NCLT**").
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
 - 1.4.1 Draft Scheme duly initialed by the Company Secretary for the purpose of identification;
 - 1.4.2 Certificate dated March 15, 2019 issued by B S R & Associates, Chartered Accountants, on the valuation of shares and the consideration payable to the resident and non-resident public shareholders ("**Valuation Report**");
 - 1.4.3 Fairness opinion dated March 25, 2019 issued by M/s. SBI Capital Markets Limited, an independent Category-I Merchant Banker, on the valuation of shares and the consideration payable to the resident and non-resident public shareholders as mentioned in the Valuation Report; and
 - 1.4.4 Certificate issued by M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, on the accounting treatment prescribed in the Scheme.

2. Effect of the Scheme of Amalgamation on equity shareholders (promoter and non-promoter shareholders), employees and Key Managerial Personnel of the Company:

- 2.1 **Equity Shareholders:** Pursuant to the Scheme, the entire Undertaking (as defined in the Scheme) of the Transferor Company shall be transferred to and vested in Nayara and the Transferor Company shall be dissolved without winding up. In consideration of the transfer and vesting of the Undertaking of the Transferor Company in Nayara, Nayara shall issue and allot, to the resident public shareholders of the Transferor Company, 1 secured non-convertible debenture, having a face value of INR 350/- each ("**NCDs**"), of Nayara for every 1 equity share having a face value of INR 10/- each, fully paid up, of the Transferor Company not exceeding INR 267 crores on the terms and conditions set out in Schedule I of the Scheme. In view of the provisions of the applicable laws which do not permit issuance of NCDs to non-residents, as consideration for the amalgamation of the Transferor Company into and with Nayara, the non-resident public

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

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Registered Office:
Nayara Energy Refinery Site, 39KM Stone, Okha Highway (SH-25),
Khambhalia, Dist. Devbhumi Dwarka, Gujarat 361305, India
T +91 2833 661444 | F +91 2833 662929

CIN: U35111GJ1993PLC053434
www.nayaraenergy.com

shareholders of the Transferor Company, shall be paid an amount of INR 350/- for every 1 equity share having a face value of INR 10/- each, fully paid up, of the Transferor Company. Upon the Scheme coming into effect, i.e. transfer and vesting of the Undertaking into Nayara, and with effect from the Effective Date (as defined in the Scheme), the equity shares held by Nayara in the Transferor Company shall stand cancelled without any further act, application or deed.

- 2.2 Promoter and non-promoter shareholders: As the Transferor Company is a subsidiary of Nayara, with Nayara holding 97.63% stake in equity share capital of the Transferor Company, Nayara is the promoter of the Transferor Company. Upon the Scheme coming into effect, the Transferor Company shall be dissolved without winding up and Nayara shall cease to be the promoter of the Transferor Company. The shareholding of the existing shareholders of Nayara (including the public shareholders of Nayara) will not be diluted pursuant to the Scheme.
- 2.3 Key managerial personnel: Under Clause 9 of the Scheme, on and from the Effective Date of the Scheme, all the employees of the Transferor Company shall become the employees of Nayara, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date. All the Directors of the Transferor Company and Key Managerial Personnel of the Transferor Company, as the case may be, would cease to be Directors and Key Managerial Personnel of the Transferor Company on and from the Effective Date. Further, the rights of the employees of Nayara would in no way be affected by the Scheme. Upon the Scheme becoming effective, the Transferor Company will stand dissolved. No special benefit or compensation would be payable to any key managerial personnel of the Transferor Company.

The directors of the Company do not hold any shares of Nayara. Further, none of the key managerial personnel and relatives of the Directors of the Company is concerned or interested, financially or otherwise in the proposed Scheme except to the extent of the equity shares, if any, held by the key managerial personnel in the Company or Nayara. None of the Directors of the Company have any material interest in the proposed Scheme.

- 2.4 No special valuation difficulties were reported.
- 2.5 There would be no adverse impact on the creditors of the Company pursuant to the amalgamation under the proposed Scheme.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

**By Order of the Board
For Vadinar Oil Terminal Limited**



**Capt Alok Kumar
Whole time Director
DIN: 07151716**

Dated this 7th Day of August 2019 at Vadinar

NAYARA ENERGY LIMITED

(FORMERLY KNOWN AS ESSAR OIL LIMITED)

Corporate Identity No. (CIN): U11100GJ1989PLC032116

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

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

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

ATTENDANCE SLIP

**MEETING CONVENED BY THE NATIONAL COMPANY LAW TRIBUNAL OF
THE SECURED CREDITORS ON WEDNESDAY, MARCH 18, 2020 at 3:00 p.m. (IST)**

I/We hereby record my/our presence at the Meeting of the secured creditors of the Company, convened pursuant to an Order dated December 20, 2019 of the Hon'ble National Company Law Tribunal, Ahmedabad Bench at Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar – Okha Highway), District Devbhumi Dwarka, Gujarat 361305 on Wednesday, March 18, 2020 at 3:00 p.m. (IST).

Name and address of the secured creditor(s) (IN BLOCK LETTERS) : _____

Signature : _____

Name of the Proxy* (IN BLOCK LETTERS) : _____

Signature : _____

* (To be filled in by the Proxy in case he/she attends instead of the secured creditor)

Notes:

1. Only secured creditor /proxy holder can attend the Meeting.
2. Please complete the name of the secured creditor / proxy holder sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. A secured creditor / proxy holder attending the meeting should bring copy of the Notice for reference at the meeting.

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NAYARA ENERGY LIMITED

(FORMERLY KNOWN AS ESSAR OIL LIMITED)

Corporate Identity No. (CIN): U11100GJ1989PLC032116

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

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

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

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT AHMEDABAD

CA(CAA) No. 117/NCLT/AHM/2019

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Scheme of Amalgamation of Vadinar Oil Terminal Limited ("**Transferor Company**") with Nayara Energy Limited (formerly known as Essar Oil Limited) ("**Transferee Company**" or "**Company**" or "**Applicant Transferee Company**")

Nayara Energy Limited (formerly known as Essar Oil Limited) [CIN: U11100GJ1989PLC032116], a company incorporated under the Companies Act, 1956 having its registered office at Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305

...Applicant Transferee Company

PROXY FORM

Name of secured creditor(s) : _____

Registered address : _____

E-mail ID : _____

Reg. Folio No. / Client ID : _____

DP ID No. : _____

I/We, being the undersigned secured creditor(s) of Nayara Energy Limited, hereby appoint:

1. Name :
Address:
E-mail ID:
Signature: or failing him
2. Name :
Address:
E-mail ID:
Signature: or failing him

3. Name :
 Address:
 E-mail ID:
 Signature:

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Meeting of the secured creditors convened by the Hon'ble National Company Law Tribunal, Ahmedabad Bench to be held at Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar – Okha Highway), District Devbhumi Dwarka, Gujarat 361305 on Wednesday, March 18, 2020 at 3:00 p.m. (IST) and at any adjournment or adjournments thereof in respect of such resolution as is indicated below:

Resolution No.	Resolution	For	Against
1.	Approval of the Scheme of Amalgamation of Vadinar Oil Terminal Limited with Nayara Energy Limited (formerly known as Essar Oil Limited) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013		

Signed this _____ day of _____ 2020

Affix Re. 1
revenue
stamp

(Signature across the stamp)

Signature of the Secured Creditor(s) _____

Signature of the Proxy Holder(s) _____

Notes:

- This proxy form in order to be effective should be duly completed and deposited at the registered office of the Company at Nayara Energy Refinery Complex, Khambhalia Post (39th KM stone on Jamnagar – Okha Highway), District Devbhumi Dwarka, Gujarat 361305, not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.**
- All alterations in the proxy form should be initialled.
- Please affix appropriate revenue stamp before putting signature.
- Proxy need not be a secured creditor of the Company.
- No person shall be appointed as a proxy who is a minor.
- For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the Secured Creditors of the Company.

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