

# Notice

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of members of ESSAR OIL LIMITED will be held at the Registered Office of the Company at Refinery Complex, Khambhalia Post (39th km. stone on Jamnagar-Okha Highway), Dist. Devbhumi Dwarka-361305, Gujarat on **Wednesday, December 24, 2014 at 3:00 p.m.** to transact, with or without modifications, as may be permissible, the following business:

## Ordinary Business:

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P S Ruia (DIN:01187548) who retires from office by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naresh Nayyar (DIN: 00045395) who retires from office by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. **To appoint auditors and fix their remuneration**  
To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Deloitte Haskins & Sells Chartered Accountants, Ahmedabad (Firm Registration number 117365W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

## Special Business:

5. **To reappoint Mr. D J Thakkar as an Independent Director of the Company**  
To consider and if thought fit to pass the following resolution as an Ordinary Resolution:  
  
"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and clause 49 of the listing agreement with stock

exchanges, Mr. D J Thakkar (DIN 00007339), a non-executive Director of the Company, who was appointed as a Director liable to retire by rotation under section 256 of the Companies Act, 1956 and who retires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for a period of one year commencing from the date of this Annual General Meeting."

6. **To appoint Mr. S V Venkatesan as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and clause 49 of the listing agreement with stock exchanges, Mr. S V Venkatesan (DIN 00004010), who was appointed as an Additional Director by the Board of Directors with effect from October 10, 2014 pursuant to section 161(1) of the Act and who holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of one year from the date of appointment."

7. **To appoint Mr. D K Varma as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and clause 49 of the listing agreement with stock exchanges, Mr. D K Varma (DIN 00213394), who was appointed as an Additional Director by the Board

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of Directors with effect from October 10, 2014 pursuant to section 161(1) of the Act and who holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of one year from the date of appointment."

**8. To appoint Mr. T S Narayanasami as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and clause 49 of the listing agreement with stock exchanges, Mr. T S Narayanasami (DIN 01786981), who was appointed as an Additional Director by the Board of Directors with effect from October 10, 2014 pursuant to section 161(1) of the Act and who holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of one year from the date of appointment."

**9. To approve increase in remuneration payable to Mr. L K Gupta, Managing Director & CEO**

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

"RESOLVED THAT in partial modification to special resolution passed by the members at the Annual General Meeting of the Company held on December 20, 2012 and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof from time to time), and subject to approval of Central Government, if required, approval of the Company be and is hereby given for revision in the terms of remuneration of Mr. L K Gupta, Managing

Director & CEO of the Company with effect from April 1, 2014 for the remaining period of his term in office upon the terms and conditions as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with authority to the Board of Directors (herein after referred to as "the Board" which term shall include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions including period in office as may be agreed to between the Board of Directors and Mr. L K Gupta, in the best interest of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**10. To approve remuneration payable to Cost Auditors**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Chandra Wadhwa & Co. Cost Accountants appointed as the Cost Auditors of the Company by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year ending on March 31, 2015, be paid remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Mumbai  
November 21, 2014

**Registered Office:**

Khambhalia Post, P. O. Box 24,  
Dist. Devbhumi Dwarka - 361305, Gujarat.  
Phone: 91 02833 661444, Fax: 91 02833 662929  
e-mail: eolinvestors@essar.com • website: <http://essaroil.co.in>

**Sheikh S. Shaffi**  
Company Secretary

**Notes:**

1. The statement pursuant to section 102 of the Companies Act, 2013 setting out material facts is annexed hereto
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, i.e. before 3:00 p.m. of December 22, 2014.**
3. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as proxy on behalf of not more than 50 (fifty) members and holding in the aggregate not more than ten percent (10%) of the total share capital of the company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company between 10:00 am to 1:00 p.m. provided that not less than three days of notice in writing of the intention so to inspect the proxies is given to the Company.
5. The annual report for 2013-14 along with the notice of annual general meeting, attendance slip and proxy form is being sent by electronic mode to all the shareholders who have registered their email ids with the depository participants (DP) / Registrar and Share transfer agent (STA) unless where any member has requested for the physical copy. Physical copies of said documents are being sent by permitted mode to members who have so not registered their email ids. Members may further note that the said documents will also be available on the Company's website <http://essaroil.co.in> and at <https://www.evoting.nsdl.com> for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours i.e. from 10:00 a.m. to 1:00 p.m. on any working day, excluding Saturday and Sunday. For any communication, the shareholders may also send requests to the Company's investor email id viz. [eolinvestors@essar.com](mailto:eolinvestors@essar.com).
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 10:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting.
7. Pursuant to Section 101 of the Companies Act, 2013 and rules made there under, the companies are allowed to send communication to shareholders electronically. We thus, request you to kindly register/update your email ids with your respective depository participant and Company's registrar and share transfer agent (in case of physical shares) and make this initiative a success.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 18, 2014 to Wednesday, December 24, 2014 (both days inclusive).
9. Members / proxies should bring the attendance slip duly filled in for attending the meeting.
10. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
11. Members desiring any information with regard to Accounts / Reports are requested to write to the Company at least ten days before the date of the meeting, so as to enable the management to keep the information ready.
12. Directors retiring by rotation:
  - a. **Mr. P S Ruia, Chairman** is a prominent Indian industrialist and is part of the Ruia family, founders of Essar. He has been involved with the Essar's operations and management since 1985 and has been a key member of the company's growth story. He has been involved in the Essar's growth and

diversification both within India and internationally. He is known for his project execution skills, financial expertise and people management capabilities. He was instrumental in commissioning of the Vadinar refinery.

He holds several key positions on various regulatory and professional boards. He is a member of the Audit Committee of World Steel Association and the Energy Board Room at the World Economic Forum. He has also served as Chairman of the Hydrocarbons Committee of the Confederation of Indian Industries in 2008 and as member of the Prime Minister of India's Advisory Council on Trade & Industry in 2007.

The other companies in which Mr. P S Ruia is a Director are Essar Steel India Limited, Karna-Schachter Jewelry Private Limited, Essar Steel Algoma Inc., Essar Capital Limited and Essar Steel Limited. He is not member of any Committee in the Company and does not hold any shares in the Company. Mr. P S Ruia retires by rotation at the Annual General Meeting and offers himself for re-appointment.

- b. **Mr. Naresh Nayyar, Dy. Chairman**, has close to 40 years of experience in the Energy market in India. He has been actively involved in Energy Policy making and energy security initiatives of India. He has vast experience of energy markets in Asia and other emerging markets. He started his career with Indian Oil (India's largest downstream Oil Company) in 1975 and rose to become its Director in October 2002, after having handled several key assignments in finance, treasury, international trade and business strategy. Mr. Naresh Nayyar joined Essar Oil Limited in October 2007 as Managing Director. Later he took over larger role as CEO of Essar Energy Plc in April 2010 and held this position till 2013. Prior to joining Essar Oil, Mr. Naresh Nayyar was the CEO of ONGC Mittal Energy Limited. Mr. Naresh Nayyar's previous directorships include Indian Oil Corporation, Oil & Natural Gas Corporation, Petronet LNG Ltd; IBP, and Lanka IOC Limited where he served as

Chairman. He was also Chairman of the Indian Oil Marubeni Panipat Power Project between March 2003 and November 2005.

The other companies in which Mr. Naresh Nayyar is a Director are Essar Oil (UK) Ltd. And SNS Creations Private Limited. He is a member of Audit & Risk Management Committee, Investors' Relations Committee, Nomination & Remuneration Committee, Business Management Committee, E&P Business Committee, Banking & Finance Committee and Committee of Directors (Capital Issues) of the Company. He holds 8000 shares in the Company. Mr. Naresh Nayyar retires by rotation at the Annual General Meeting and offers himself for re-appointment.

13. The retiring auditors M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 117365W) have been the Auditors of the Company since 2010-11 and have completed a term of four years. Prior to this, associates of DHS, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai and the firm that existed prior to its reorganization in 1999-2000 were the Auditors of the Company since the financial year 1996-97 till the financial year 2009-10. As per the provisions of section 139 of the Companies Act, 2013, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. Accordingly, it is proposed to re-appoint M/s. Deloitte Haskins & Sells as auditors for a period of one year.
14. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to M/s. Datamatics Financial Services Ltd. The prescribed form in this regard may also be obtained from Datamatics Financial Services Ltd.
15. Pursuant to sections 205C of the Companies Act, 1956 all unclaimed principal amount on debentures remaining unpaid or unclaimed for a period of seven years from the

date they became due for payment during the financial year 2004-05, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

### Voting through Electronic Means

1. Pursuant to Section 108 of Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and clause 35 of the equity listing agreement, the Company will provide e-voting facility as an option to the members. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.

It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period:

Commencement of e-voting:	From 8.00 a.m. (IST) on December 18, 2014
End of e-voting :	Up to 5.00 p.m. (IST) on December 20, 2014

E-Voting shall not be allowed beyond 5:00 p.m. of December 20, 2014. During the e-voting period, Shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the recorded date may cast their vote electronically. The record date for the purpose of e-voting is November 21, 2014.

Those shareholders who do not have access to e-voting facility can send their assent or dissent in writing by returning the ballot form which has been sent along with the instructions for e-voting, separately with this Notice.

2. The notice of annual general meeting will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on Friday, November 21, 2014 and any recipient of the notice whose name does not appear as a Member in relation to the shares as on the aforesaid date should treat the same as an intimation only.

3. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
4. The Board of Directors of the Company has appointed Mr. Prakash Pandya, Practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner.
5. The scrutinizer will submit his final report to Chairman of the Company within three working days after the conclusion of e-voting period.
6. The results of annual general meeting shall be declared by the Chairman or his authorized representative or anyone of the Directors of the Company on/or after the date of the annual general meeting within the prescribed time limits.
7. The result of the e-voting will also be placed at the website of the Company viz. <http://essaroil.co.in>
8. The scrutinizer's decision on the validity of e-voting will be final.

### Instructions for E-Voting

Members are requested to follow the instructions below to cast their vote through e-voting:

- a. For members who have not registered their e-mail IDs with the Company or their Depository participants, User ID and Password for e-voting have been sent to them along with the along with this Notice. Please note that the Password is an Initial Password for new users.
- b. The Login IDs and Passwords have been forwarded by National Securities Depository Ltd. by e-mail to all those members who have registered their e-mail IDs with the Company or their respective Depository Participants.
- c. Launch the internet browser by typing the following <https://www.evoting.nsdl.com>
- d. Click on "Shareholder-Login:

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- e. New users please put user ID and Password noted in step (a) or (b) above, as the case may be, as the initial password. Click login. If you are already registered with NSDL for e-voting then use your existing User ID and Password for Login.
- f. If you are logging in for the first time, Password Change Menu appears. Change the Password of your choice with minimum 8 digits / characters or a combination thereof. Please note the new Password for all the future e-voting cycles offered on NSDL e-voting Platform. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
- g. Existing users have to put your existing User ID and password.
- h. Home page of "e-voting" opens. Click on "e-voting" : Active Voting Cycles.
- i. Select "EVEN (E-Voting Event Number)" of Essar Oil Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution during the voting period.
- j. Now you are ready for "e-voting" as "Cast Vote" Page opens.
- k. Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted.
- l. Upon confirmation, the message "Vote cast successfully" will be displayed
- m. Kindly note that vote once casted cannot be modified.
- n. Institutional members (i.e. members other than individuals, HUF, NRIs, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant board resolution / authority letter, etc. together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through email at : [info@pkpandya.com](mailto:info@pkpandya.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). You can also forward the documents at the Company's email ID: [eolinvestors@essar.com](mailto:eolinvestors@essar.com).
- o. Shareholders holding multiple folios / demat account have to vote separately for each folio / demat account.
- p. In case of any queries you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- q. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- r. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the record Date.

### Instructions for ballot in lieu of e-voting

1. Shareholders who do not have access to e-voting facility can send their assent or dissent in writing by returning the ballot form in lieu of e-voting which has been sent along with instructions for e-voting separately with this Notice.
2. The ballot form must be completed and signed by the Member as per the specimen signature registered with the Company / Depository Participant. In case of joint-holding, the ballot form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his absence, by the next named Member.
3. The votes of a Member will be considered invalid on any of the following grounds:
  - if the Member's signature does not tally;
  - if the Member has marked his/ her/ its vote both 'FOR' and also 'AGAINST' the 'Special Resolution(s)' in such a manner that the aggregate Shares voted 'FOR' and 'AGAINST' exceeds total number of Shares held under Serial No. 4 appearing on the reverse of the Ballot Form;
  - if the Ballot Form is unsigned, incomplete or incorrectly filled;

- if the Ballot Form is received torn or defaced or mutilated such that it is difficult for the Scrutinizer to identify either, the Member, or the number of votes, or as to whether the votes are 'FOR' or 'AGAINST', or if the signature could not be verified or one or more of the above grounds.
4. The Scrutinizer's decision on the validity of the Ballot Form shall be final.
  5. The vote shall not be exercised by a proxy.
  6. Duly completed Ballot Forms should reach the Scrutinizer not later than the close of working hours (5:00 p.m.) on Saturday, December 20, 2014. All Ballot Forms received after this date and time will be strictly treated as if the reply from such Member has not been received.
  7. The voting rights shall be reckoned in proportion to the paid-up value of the equity shares registered in the name of the Members as on November 21, 2014.
  8. Where the ballot form has been signed by an authorized representative of a body corporate, trust or society, a certified true copy of the resolution of its board of directors / governing body authorizing such representative to vote on the resolution on behalf of the body corporate, trust or society should accompany the Ballot Form. If the Ballot Form is signed by a 'Power of Attorney' holder for and on behalf of the Member, it must be accompanied by an attested true copy of such 'Power of Attorney'.
  9. Members are requested not to send any extraneous/ additional papers along with the ballot form in the enclosed postage pre-paid envelope.
  10. There will be one ballot form for every 'Registered Folio' / 'Client ID', irrespective of the number of joint holders.
  11. A Member need not cast all his/ her votes in the same manner.
  12. A Member may request a duplicate ballot form, if so required. However, the duly filled in duplicate ballot form should reach the Scrutinizer, not later than the date specified at item 6 above.
  13. Members are requested to fill the ballot form with indelible ink and not by any erasable writing mode.
  14. If a Member has voted through the e-voting facility, he/ she is not required to send the Ballot Form. If a Member votes through the e-voting facility and also sends his vote through the Ballot Form, then voting done through e-voting shall prevail and voting done by ballot form will be treated as invalid by the Scrutinizer.

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### Annexure to Notice

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 10 of the accompanying Notice:

#### Item no. 5 to 8

In accordance with the provisions of Section 149 of the Companies Act, 2013 read with Clause 49 of the equity listing agreement, the Company is required to have at least one-half of the total number of directors as Independent Directors who are not liable to retire by rotation and who shall hold office for a term of up to five years. They may be appointed for a maximum of two consecutive terms.

Mr. D J Thakkar, a Non-Executive, Independent Director, joined the Board of Directors of the Company in November 1994. Mr. D J Thakkar retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of section 149 of the Companies Act, 2013 (Act) being eligible, it is proposed to re-appoint Mr. D J Thakkar as an Independent Director for a period of one year commencing from the date of this Annual General Meeting.

Further Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami have been appointed as Additional Director on October 10, 2014 pursuant to section 161(1) of the Companies Act, 2013 read with Article 82 of the Articles of Association of the Company in the capacity of Independent Directors and hold office of Director up to the date of the ensuing Annual General Meeting.

It is proposed to appoint Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami as Independent Directors of the Company for a term of one year from the date of their appointment as Directors. The Company has received consent from these Independent Directors and also declaration confirming that they are not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

In this regard requisite notice in writing from a member has been received, proposing appointment of Mr. D J Thakkar, Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami as candidate for the office of Independent Director of the Company.

The terms and conditions of appointment of Mr. D J Thakkar, Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

A brief profile along with other details of the Independent Directors is set out below:

- a. **Mr. D J Thakkar** is 78 years old. He is a practicing Chartered Accountant with 53 years' experience in Taxation and FEMA matters. The other companies in which Mr. D J Thakkar is a Director are: Ameya Logistics Pvt. Ltd., Blueberry Trading Company Pvt. Ltd., Essar Ports Ltd., Hamlet Constructions India (P) Ltd., Himatsingka Seide Ltd., Skidata (India) Pvt. Ltd., Indo Count Industries Ltd., Premier Ltd., Rajasvi Properties Holdings Pvt. Ltd., Starrock Investments & Trading Pvt. Ltd., Township Real Estate Developers Pvt. Ltd., Universal Trustees Pvt. Ltd., Westlife Development Ltd., Walchandnagar Industries Ltd., Provenance Land Private Limited; Windmere Hospitality (India) Pvt. Ltd. and Omega Management Services Limited. He is Chairman of the Audit & Governance Committee and member of Investors' Relations Committee, Banking & Finance Committee and Committee of Directors (Capital Issues) of the Board of the Company. He holds 300 shares in the Company.
- b. **Mr. S V Venkatesan** is 75 years old. He has extensive experience in banking industry and finance functions. Mr. Venkatesan is a B Com gold medalist from Madras University. Having started his career with State Bank of India, he worked with the Bank for over 24 years where he held important responsibilities in India and abroad. He was associated with the Committee appointed by the Bank to aid in the formulation of corporate credit policies. In 1986, Mr. Venkatesan joined the Essar Group spearheading the finance function and rose to the position of Director Finance. He also became Director in various Essar Group Companies. In 2001, he relinquished executive responsibilities in Essar Group. The other companies in which Mr. S V Venkatesan is a Director are: Lancor Holdings Limited; Essar Projects (India) Limited; Best & Crompton Engg. Limited; Edelweiss Trustee Services Limited; Essar Power MP Limited; Essar Power Gujarat Limited; Essar Power (Orissa) Limited; Essar Power Transmission Company Limited and Essar Securities Limited. He is not a member of any of the committees of the Board. He holds 400 shares in the Company.



c. **Mr. D K Varma** is 72 years old. He has rich and extensive experience in the fields of Construction and Project Implementation in Marine, Shipping, Shipbuilding & Offshore Construction activities, Manufacturing sector including Steel, Chemical and Fertilizer/Petrochemical and Communication. In his career, he has held senior executive positions in Steel Authority of India Ltd. He has served as CMD of Hindustan Shipyard Ltd., Cochin Shipyard Ltd., RCF Ltd., and Fertilizers & Chemicals (Cochin). He was also the Chairman of the Standing Conference of Public Enterprises, the Apex Body of all Central PSUs. He has also held the post of Managing Director of National Ship Design & Research Centre and has been Director & Group Leader of Oman India Fertilizers (OMIFCO). Mr. Varma is BE (Mechanical) and an MBA. The other companies in which Mr. D K Varma is a Director are: Essar Ports Limited; Matix Fertilisers and Chemicals Limited; Essar Bulk Terminal Limited; Essar Bulk Terminal Paradip Limited and Broad Vision Management Consulting Private Limited. He is not a member of any of the Committees of the Board and does not hold any shares in the Company.

d. **Mr. T S Narayanasami** is 65 years old. Having extensive experience as a banker with over four and a half decades, he has served as MD and CEO of United Stock Exchange of India, and Chairman of Experian Credit Information Company of India. In his long stint with the Indian banking sector, he has held the position of CMD of Bank of India, Indian Overseas Bank and Andhra Bank. He was the Executive Director of Punjab National Bank and also Chairman of Indian Banks' Association's Managing Committee. The other companies in which Mr. T S Narayanasami is a Director are: Axis Asset Management Company Limited, Essar Ports Limited, Central Depository Services (India) Limited, Siddhivinayaka Advisory Services Private Limited, LICHFL Asset Management Company Limited, Indraprastha Medical Corporation Limited, Empee Hotels Limited, RAOS Investment Private Limited and Viraj Profiles Limited. He is not a member of any of the Committees of the Board and does not hold any shares in the Company.

The Board is of the opinion that Mr. D J Thakkar, Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami are Independent of management of the Company and fulfill the conditions under the Act and the Rules framed thereunder and those of the listing agreement with stock exchanges for appointment as Independent Directors.

The Board is of the opinion that continued association of Mr. D J Thakkar, a Practicing Chartered Accountant, as Independent Director and appointment of Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami who have extensive experience in their respective professions would be beneficial for the Company.

In terms of sections 150, 152 and other applicable provisions of the Act, the appointment Mr. D J Thakkar, Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami as Independent Directors is subject to approval of shareholders in General Meeting. Accordingly, approval of shareholders is being sought by passing resolution Nos. 5 to 8 of the Notice.

Other than Mr. D J Thakkar, Mr. S V Venkatesan, Mr. D K Varma and Mr. T S Narayanasami, who are interested in the respective resolutions relating to their appointment, none of the Directors, key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the proposed Resolutions as set out in Item Nos. 5 to 8 of this Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges. The Board recommends the Ordinary Resolutions as set out at item Nos. 5 to 8 of the Notice for approval by the shareholders.

#### Item No. 9

Mr. L K Gupta was appointed as Managing Director & CEO of the Company for a period of 5 years with effect from December 2, 2011. The shareholders at the 22nd Annual General Meeting held on December 20, 2012 approved his appointment and terms of remuneration.

Taking into consideration the increased business activities and also the contributions made by Mr. L K Gupta as Managing Director & CEO, the Board of Directors has deemed it fit to increase the remuneration of Mr. L K Gupta. Under the provisions of Section 197 of the Companies Act, 2013 increase in remuneration payable to Mr. L K Gupta will require approval of shareholders. In first six months of the current financial year ended September 30, 2014, the Company earned profits after tax of ₹ 910 Crore. Since the profits for the entire financial year 2014-15 can not be ascertained, at this stage and therefore as a matter of abundant caution; it is proposed to seek approval of shareholders by passing special resolution.

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Additional information about the Company and Mr. L K Gupta, Managing Director & CEO is a under:

### I General Information

(1) Nature of Industry:

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

(2) Commencement of commercial production:

The Company is an operating entity. With the completion of Refinery Expansion Project in March, 2012 and Optimisation Project in June, 2012, the refining capacity of the Refinery at Vadinar, Gujarat stands enhanced to 20 MMTPA.

(3) Financial performance:

(₹ in crore)

Financial parameters	Financial year ended March 31		
	2012	2013	2014
Gross sale	63,339.52	96,796.88	<b>107,189.69</b>
Earnings before finance cost, depreciation and amortization, exceptional items and tax (EBIDTA)	2,100.76	3,650.68	<b>4,702.63</b>
Net profit/(loss) after tax as per Statement of Profit & Loss	(1,285.48)	(1,180.44)	<b>125.80</b>

(5) Foreign investments and collaborations, if any:

Essar Energy Holdings Ltd. Foreign Co-Promoter, has made Foreign Direct Investment of ₹ 5,443 crore in the Company and post inter-se acquisition of shares from other Promoter Group companies and conversion of Foreign Currency Convertible Bonds presently holds 354,714,547 (24.47%) equity shares and 1,843,724 Global Depository Shares represented by 223,030,854 (15.39%) underlying equity shares of the Company.

### II Information about Mr. L K Gupta

Mr. L K Gupta is the Managing Director & CEO and is responsible for all the day to day operations of the Company's Refinery and Marketing Business subject to super intence and control of the Board of Directors. Under his leadership the Company expanded the refining capacity to 20 MMTPA by implementing the Expansion and Optimization projects. The performance of your Company has substantially improved under his leadership His brief profile is set out below:

Mr. L K Gupta is 54 years old. A rank holder Chartered Accountant, Mr. L K Gupta is also a Company Secretary and holds a Bachelor's Degree in Commerce (Gold Medalist) from Jiwaji University, Gwalior. Mr. Gupta has 34 years of leadership experience in core sectors of Energy (Oil & Gas), Utilities (Power) and Steel. He was CEO and Joint Managing Director of JSW Energy Ltd. from June 2010 till November 2011. Prior to this from May 2006 he was Director (Finance) with Mangalore Refinery & Petrochemicals Ltd., an ONGC subsidiary. He was recognised by CNBCTV18 as the Best Performing CFO in the Indian Oil & Gas sector in 2008-2009.

During the previous financial year 2013-14, Mr. L K Gupta received a remuneration of approximately ₹ 3.93 crore.

The revised remuneration payable to Mr. L K Gupta with effect from April 1, 2014 for the remaining period of his term in office as Managing Director & CEO are ₹ 3.00 crore comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of vehicle operating, entertainment, telephone, professional pursuit, leave travel allowance and medical expenses as per Company rules. He will be paid annual performance linked incentive of ₹ 2.00 crore which depending on performance of the Company and his performance assessed as per Company policy can range from 100% to 200% as may be decided by the Board / Nomination and Remuneration Committee. He will also be covered under Company's Provident Fund/Gratuity/Hospitalisation/Health Insurance/Group Personal Accident Scheme and mobile reimbursement policy. The total of salary/perquisites/allowances/performance linked incentives/other benefits (excluding /Gratuity/Hospitalisation/Health Insurance/Group Personal Accident Scheme and mobile reimbursement policy) as may be decided by the Board of Directors or the Nomination & Remuneration Committee during his tenure in office, will not exceed ₹ 7.00 crore per annum. The perquisite value of the facilities/benefits/allowances and bonus shall be evaluated, wherever applicable, as per the Income Tax Act,

1961 and the Rules framed thereunder. The Employee Stock Options granted/to be granted to Mr. L K Gupta from time to time are not to be included for the purpose of computation of overall ceiling of remuneration.

In the event of loss and inadequacy of profits in any financial year during the period of appointment, the remuneration payable by way of salary, perquisites, allowances and performance linked incentive as aforesaid, will be paid to Mr. L K Gupta as specified above, subject to the approval of the Central Government, as may be required.

In the event of termination of employment, except in circumstances of fraud or gross misconduct on his part, he will be entitled to be paid remuneration for a maximum period of three months.

Subject to as aforesaid, he shall be governed by such of the existing service rules of the Company as may be in force from time to time.

The remuneration proposed to be paid to the Managing Director & CEO is comparable with his professional qualification, relevant industry experience and the remuneration being paid for similar assignments in the Oil & Gas industry.

Mr. L K Gupta does not have director in direct pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Managing Director & CEO of the Company. Mr. L K Gupta is also Managing Director of Vadinar Power Company Ltd. The shareholders have already approved acquiring balance 76.01% equity share capital in VPCL making it a 100% subsidiary of Essar Oil Ltd. He does not draw any remuneration from VPCL. He does not hold any shares in Essar Oil Limited. He is a member of the Business Management Committee, Investors' Relations Committee, Banking & Finance Committee, and the Committee of Directors (Capital Issues) of the Company.

### III Other information

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

With a full year of operation post completion of the Refinery expansion and optimization projects the Company in 2013-14, returned to profitability generating profits after tax of ₹ 126 crore. Further in the half year ended September 30, 2014 for financial year 2014-15, the Company earned profit after tax of ₹ 910 crore.

#### (2) Steps taken or proposed to be taken for improvement:

The Company completed and commissioned the Expansion Project in March, 2012 enhancing the refining capacity to 18 MMTPA and simultaneously improved the complexity from 6.1 to 11.8. In addition, an Optimization project was completed and commissioned four months ahead of schedule in June 2012 enhancing the refining capacity to 20 MMTPA. The completion of these projects has given the Refinery the capability and advantage to process low cost heavy crudes and still produce high value added products. Despite the expansions, the Company continues to operate its Refinery at more than 100% capacity on a consistent basis and has achieved the highest ever throughput during the year. Further, the refinery gets its power and steam requirements from a coal based power plant which has helped in reducing its operating costs. The Company has also implemented/is implementing a number of cost reduction, cost optimization and Gross Refinery Margin (GRM) boosting measures to improve the profitability. On the marketing side, the company continues to expand its retail outlets network to take advantage of market de-regulation. The Company has currently about 1400 retail outlets operating across the Country and in addition approximately 300 outlets are under construction. With deregulation of Diesel w.e.f. October 19, 2014 the retail operations of the Company are expected to see quantum jump in the future. The Company has started dollarization of its balance sheet through ECB /Currency Swap/foreign currency loans to reduce interest cost. The above measures are expected to have a positive effect on the profitability and cash flows of the Company.

#### (3) Expected increase in productivity and profits:

With commissioning of the Refinery Expansion and Optimisation projects and improvement in complexity there is an increase in volume of production, improvement of the product profile and enhanced ability to process low cost sour and tough crudes, thus significantly improving the margins, profitability and cash flows. Further, the Company has initiated dollarization of its balance sheet which will result in benefits like reduction in interest cost and enhancement in liquidity position. In addition with the deregulation of Diesel prices the retail operations are

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also expected to contribute significantly to the Company's profitability from now onwards. The performance of the Company has further improved during the current financial year (2014-15). The Gross sale /income from operations and the net profit after tax for the six month period ended September 30, 2014 were ₹ 47,182 crore and ₹ 910 crore respectively.

The Board of Directors is of the opinion that payment of proposed remuneration to Mr. L K Gupta as Managing Director & CEO of the Company would be in the interest of your Company.

Accordingly, the Directors recommend the resolution at Item No.9 of the Notice for your approval.

Except for Mr. L K Gupta, none of the other Directors / Key managerial personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

### Item No.10

The Board, on the recommendation of the Audit & Governance Committee (renamed as Audit & Risk Management Committee), has approved the appointment of M/s. Chandra Wadhwa & Co., Cost Accountants as Cost Auditors of the Company for the financial year ending on March 31, 2015 and the Cost Audit fees has been fixed

at ₹ 6.00 lakh excluding service tax and cess thereon, reimbursement of out of pocket expenses and filing of cost records with Ministry of Corporate Affairs.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending on March 31, 2015.

None of the Directors, Key Managerial Personnel (KMP) and their relatives are in any way, concerned or interested in the said Resolution.

By Order of the Board of Directors

Mumbai  
November 21, 2014

**Registered Office:**

Khambhalia Post, P. O. Box 24,  
Dist. Devbhumi Dwarka - 361305, Gujarat.  
Phone: 91 02833 661444, Fax: 91 02833 662929  
e-mail: [edinvestors@essar.com](mailto:edinvestors@essar.com) • website: <http://essaroil.co.in>

**Sheikh S. Shaffi**  
Company Secretary