



# NAYARA

ENERGY

Nayara Energy Limited  
Annual Report 2023-24

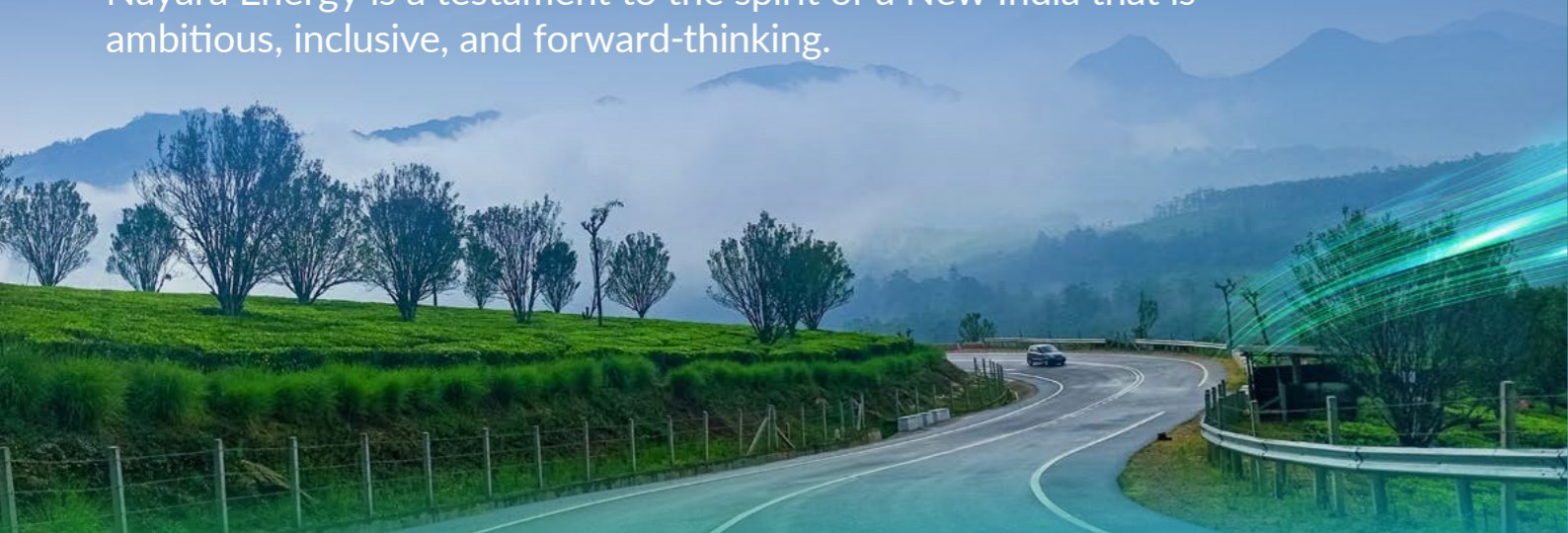


**Naye India Ka Nayara**

# Naye India ka Nayara

It encapsulates the country's aspirations for a transformative and inclusive growth trajectory and how Nayara Energy is fuelling the world's fifth-largest economy. Throughout the Annual Report, the flowing energy waves symbolise the collective spirit and energy driving New India.

Nayara Energy is a testament to the spirit of a New India that is ambitious, inclusive, and forward-thinking.



## We are Nayara Energy

Our name truly stands for the vision of bringing in a new era in the energy sector riding on a wave of excellence. We, at Nayara, are passionate about unleashing the true potential of tomorrow while staying committed to delivering value for our stakeholders, and society at large, each day, every day.

### Our Values

<b>E</b>	<b>X</b>	<b>C</b>	<b>E</b>	<b>L</b>
<b>Energetic</b> Constantly looking at better ways to shape tomorrow	<b>Xtraordinary</b> Constantly asks the question, is there a better way of doing things?	<b>Courageous</b> Succeed in the ever-changing market landscape	<b>Ethical</b> Honour commitments with integrity, consistency and transparency.	<b>Lead</b> Taking ownership of our actions and lead by example

### Securing Energy for 'Naya India'

India is becoming one of the most critical drivers of global petroleum consumption, and to fulfil the nation's energy needs, we continue to emerge as a catalyst for change. We secured consistent and affordable energy supplies from various geographies and ensured that most of our products were consumed in India for India. We contribute ~8% of India's refining output and are vital to empowering India's energy security.

### Fuelling the Fifth-largest Economy

India continues to invest in building national highways and modernising transportation systems to improve urban mobility and connectivity between economic hubs. Our extensive fuel retail network across the country provides quality fuel to all our customers while supporting the country's transportation infrastructure. We are planning to set up two new ethanol plants in India to reduce crude oil imports and improve supply reliability.

### Forward Integration

India's demand for petrochemicals has been growing steadily, driven by economic growth and rising consumption patterns. We are well on track to complete the Phase 1 polypropylene plant and continue to work on our vision of becoming one of the nation's largest integrated refining and petrochemical complexes. We believe our expansion will significantly contribute to the national and state economies by increasing employment potential and providing opportunities for the establishment of numerous allied industries.

### Holistic Upliftment

To address the multifaceted needs of our communities, we have strategically aligned our initiatives. We have embraced a comprehensive approach to community development and social impact. We are revitalising communities by focusing on key areas such as health, sanitation, waste management, sustainable livelihoods, education, and skilling.

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# Corporate Portrait

Nestled within the Gulf of Kutch lies Vadinar, a quaint coastal town situated in the Devbhumi Dwarka district. It is here that our illustrious journey unfolds, anchored by the presence of one of the world's most intricate refineries. Renowned for its exceptional safety standards, unwavering reliability, and remarkable efficiency, Nayara Energy's Vadinar refinery is India's second largest single-site refinery, capable of handling a diverse range of crude.

The increasing population, growing automobile sales and focus on infrastructure are some of the demand generating levers for India. To ensure optimum crude mix procurement for India's energy security, we navigate volatile markets through clearly defined strategies, and foresight, while ensuring a reliable and uninterrupted flow of crude. Nayara Energy is committed to fuelling our nation's growing demand for energy and strive to manufacture products that uphold our organisational values and position us as a reliable business partner.

We operate India's largest private fuel station network offering quality products to our customers across the country. Nayara Energy is fully focused on innovating and developing products that our customers want. We have adopted a phase-wise asset development strategy to enter into the petrochemicals sector, which will be a significant step in our crude to chemicals journey.

Highlights of FY 2023-24

# Measuring Our Growth



## Refinery

20.32 MMT

Crude oil processed

101.6%

Capacity utilisation achieved

95%

Processed ultra-heavy and heavy crude oils



## Trading

144.5 MM BBL

Crude procured

225 MMSCM

Natural Gas purchased

1.85 MMT

Coal purchased



## Marketing

7.5 Mn KL

Highest-ever sales achieved through retail outlets

5,000+

Nayara branded outlets

80%

Increase in domestic bulk HSD consumption



## Petrochemicals

98.3%

Completion achieved under Phase 1 construction



## CSR

>54,000

Medical consultations conducted in 20 villages of Jamnagar and Devbhumi Dwarka districts

722

Youth (including 70% girls) trained in soft skills, beauty and wellness, and IT/ITeS trades

5

Gram panchayats in Bhanvad block declared 'malnutrition-free' due to efforts undertaken under Project Tushti



## Workplace safety

28 Mn

Safe man-hours of work completed at polypropylene project site

## HSE Vision

Launched during the National Safety Week

## Awards and Recognitions

### ET Edge Best Brands 2023

- 10<sup>th</sup> Corporate Social Responsibility Summit and Awards 2024 by UBS Forums Innovations in CSR Practices
- National Awards for Excellence - Best CSR Practices
- AIMA 10<sup>th</sup> Business Responsibility Summit and Project Excellence Contest and Recognition - Project Tushti and EXCEL
- Economic Times Energy and Leadership Awards 2023 - Project Tushti
- FICCI Water Awards 2023 - Community Initiatives by Industry for Project Gram Samruddhi
- Mahatma Award 2023 - Corporate Social Responsibility (CSR) Excellence
- Indian CSR Award 2023 - Impactful Projects
- Asian Leadership Awards and Middle East Leadership Awards 2023 - Best Corporate Social Responsibility Practices
- CII National Award for Excellence in Water Management under the Beyond the Fence category for Project Gram Samruddhi
- CSR Journal Excellence Awards 2023 - Project Tushti
- Appreciation Plaque by US Aid and The Union - CSR Practices
- Most Trusted Brands of India by Marksmen
- Arogya World Healthy Workplace Award 2023 - World Healthy Workplace
- CHRO Conference and Awards 2023 - Best Use of AI in Learning
- CII National Award for Excellence in Energy Management 2023
- Golden Peacock HR Excellence Award 2023



## Consolidated Balance Sheet

As at 31<sup>st</sup> March 2024

(₹ in million)

Particulars	As at 31st March 2024
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, plant and equipment	4,09,601
Other non-current assets	1,87,636
<b>Total non-current assets</b>	<b>5,97,237</b>
<b>Current assets</b>	<b>2,80,253</b>
<b>Total assets</b>	<b>8,77,490</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Equity</b>	
Share capital	15,072
Retained earnings	
Other equity components	4,19,838
<b>Total equity</b>	<b>4,34,910</b>
<b>Non-current liabilities</b>	<b>1,95,301</b>
<b>Current liabilities</b>	<b>2,47,279</b>
<b>Total liabilities and equity</b>	<b>8,77,490</b>

## Consolidated Statement of Profit or Loss

For the year ended 31<sup>st</sup> March 2024

Particulars	(₹ in million)
	For the year ended 31st March 2024
<b>Income</b>	
Revenue from Operations	15,50,915
Other income	9,390
<b>Total Income</b>	<b>15,60,305</b>
<b>Expenses</b>	
Production and operating expenses	13,20,300
Depreciation, amortisation and impairment expense	19,982
Other costs and expenses	55,726
<b>Total Expenses</b>	<b>13,96,008</b>
<b>Profit before tax</b>	<b>1,64,297</b>
Tax expense	41,087
<b>Profit for the year</b>	<b>1,23,210</b>
Other comprehensive (loss) / income for the year, net of tax	6,369
<b>Total comprehensive income for the year</b>	<b>1,29,579</b>

## Consolidated Statement of Cash Flows

For the year ended 31<sup>st</sup> March 2024

Particulars	(₹ in million)
	For the year ended 31st March 2024
<b>Cash flow from operating activities</b>	
Profit before tax	1,64,297
<i>Adjustments to reconcile profit before tax to net cash provided by operating activities</i>	<i>(1,29,744)</i>
<b>Net cash generated from operating activities</b>	<b>34,553</b>
<b>Cash flow from investing activities</b>	
Capital expenditures	(18,630)
Other proceeds from investing activities	(45,197)
<b>Net cash (used in) investing activities</b>	<b>(63,827)</b>
<b>Cash flow from financing activities</b>	
Proceeds from loans and borrowings	21,658
Repayment of loans and borrowings	(25,228)
Other financing repayment	(21,986)
<b>Net cash used in financing activities</b>	<b>(25,556)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(54,830)</b>



## Industry Overview

# 3.2%

IMF estimates for CY 2024  
global economy growth



### Global Market

The global economy continued to grow in calendar year (CY) 2023, albeit at a slower pace, amid persistent geopolitical conflicts, even as the central banks combatted decades-high inflation with unprecedented tightening of monetary policy across major economies. As per the International Monetary Fund's (IMF) estimates, the global economic growth stood at 3.2% in CY 2023 vs 3.5% in CY 2022, with divergences witnessed across economies.

The United States economy displayed surprising resilience, with aggregate demand supported by stronger-than-expected private consumption and the additional budgetary support estimated at 2% of GDP, leading to a revision in CY 2023 GDP growth to 2.5%, the highest among all developed economies. Economic activity growth in the EU did not mirror the same, it was pegged at 0.4% for CY 2023. Economic growth in emerging markets, including India (7.8% as per IMF) surprised on the upside, except

for China which faced headwinds from its real estate crisis and weakening consumer confidence, resulting in growth being pegged at 5.2% for CY 2023.

**As per the International Monetary Fund's (IMF) estimates, the global economic growth stood at 3.2% in CY 2023 vs 3.5% in CY 2022, with divergences witnessed across economies.**

The global inflation rate decelerated faster than market expectations, from 8.7% in CY 2022, on a year-on-year basis, to 6.8% in CY 2023 as per IMF and is forecasted to fall further to 5.9% in CY 2024 and to 4.5% in CY 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The driver for lower inflation differed from country

to country but generally was a result of tight monetary conditions, a decline in energy prices and relatively softer labour markets. The central banks remained cautious as interest rates were held at multi-year highs to ensure price stability and maintain a path towards acceptable inflation levels. The decline in inflationary pressures was reflected in global treasury yields, especially for longer tenor maturities which fell significantly during the second half of CY 2023, from levels last seen during the 2008 Global Financial Crisis, as the market assessed future interest rate outlook. However, stickier inflation expectations in the first quarter of CY 2024 have raised expectations of interest rates remaining high for long across the US and European Union, stemming the decline in yields.

Benchmark crude oil prices remained volatile during the past year, impacted by macroeconomic factors, supply/demand and geopolitical risks. Crude oil prices remained subdued in the first half of CY 2023, as the deepening of voluntary supply cuts from OPEC+

countries were overshadowed by increasing crude oil production from other non-OPEC producers and persistently pessimistic economic data leading to recessionary concerns. Subsequent extension of voluntary production cuts by OPEC+ members and escalation of geopolitical risks due to the conflict in the Gaza strip, pushed Brent oil price to touch year high level of USD 97.69/bbl in September 2023. However, the demand sapping interest rate hike cycle coupled with concerns around economic growth continued to push oil prices lower, to close the year at nearly unchanged levels from a year ago.

Refinery margins fell from CY 2022 highs yet remained higher than pre-pandemic levels as the price of oil products stabilised amid re-adjusted trade flows and geopolitical upheavals. Continued recovery in the demand for transportation fuels ensured refinery margins remained strong with refiners having an incentive to postpone maintenance. Middle distillate margins remained strong on account of healthy

jet fuel demand as international travel continued to improve vis-à-vis the previous year, coupled with strong diesel margins as inventories remained near 5-year lows.

The uptick in seasonal Chinese oil demand despite concerns around its economic health alongside weather-related unplanned refinery outages and reduced runs pushed Singapore diesel cracks to touch USD 35/bbl during the year. Russia's restrictions on its diesel and gasoline exports due to strong seasonal domestic demand coinciding with higher freight rates in the Red Sea also resulted in a push for product margins. The refinery margins have currently moderated from the historic highs achieved over the past two years as the demand rebound from the post-COVID surge moderates and the refinery capacity additions coming online this year improve transportation fuel supplies.

Natural Gas prices came off from record highs witnessed during the previous year, correcting to pre-pandemic levels as the US gas

production and exports set new milestones during the year. The gas stockpile situation in Europe also improved significantly as it entered winter with relatively healthy storage volumes. A milder winter across the northern hemisphere coupled with self-rationing of consumption by European nations led to lower gas withdrawals from storage, resulting in a fall in prices. Lower prices of LNG spurred demand for spot cargoes among Asia's price sensitive buyers, helping them switch back from other fuels like oil and LPG.

The global economy is currently predicted to grow at 3.2% in CY 2024 basis IMF estimates as risks to global growth remain broadly balanced. The upside to global growth may emerge from expansionary fiscal policies to stimulate growth. Downside risks to the global economy, however, may emerge from commodity price spikes due to geopolitical shocks, persistent inflation leading to tighter monetary conditions and worsening economic conditions in China, which remains a key driver for global growth.



### Domestic Market

FY 2023-24 was another year of economic growth for India. As per the advance estimates by the National Statistical Office (NSO) GDP growth in FY 2023-24 was estimated at 7.6%. FY 2023-24 also marks a milestone with 11.7% growth in total gross GST collection of ₹ 20.18 lakh crore. The National Sample Survey Office (NSSO) indicates a significant increase in monthly household consumer spending in India with consumption in rural areas growing faster than in urban areas, thereby narrowing the gap.

The allocation of 3.3% of GDP to the infrastructure sector by the Government of India in FY 2024-25 is a very critical indicator of overall growth and provides a boost to the Oil & Gas sector. The total budgetary outlay for infrastructure-related ministries increased from around ₹ 3.7 lakh crore in FY 2022-23 to ₹ 5 lakh crore in FY 2023-24.

Automobile sales, which is one of the prime growth indicators for the Oil & Gas Industry, is witnessing robust growth. FY 2023-24 registered sales of 23.9 million vehicles witnessing a year-on-year growth of 12.5%. The passenger segment recorded sales of 4.22 million vehicles in FY 2023-24, a jump of 8.45%. About 60% of these passenger vehicles are SUVs indicating their dominance over cars. Two-wheelers, which have a lion's share of sales in the country, registered a sale of 18 million units in FY 2023-24, a growth of 13.3%. A growth of 0.6% was recorded in commercial vehicles sales in FY 2023-24.

**11.7%**

Growth in total gross GST collection of ₹ 20.18 lakh crore in FY 2023-24

**233.3 MMT**

Highest-ever consumption of petroleum products in FY 2023-24

Another key indicator for growth in the Oil & Gas sector is road infrastructure and for this, the Government is focused on developing a national highway network of approximately 0.2 million kilometres by 2025.

This excellent growth is riding on strong public sector investment and is supported by the private sector in the country's infrastructure development along with a gradual improvement in consumer demand which also reflects in demand for petroleum products. India witnessed growth of 4.6% in the consumption of petroleum products during FY 2023-24 with a volume of 233.3 MMT compared to the volume of 223 MMT during FY 2022-23. This growth was led by 6.4% growth in Motor Spirit (MS)/Petrol, 4.4% in High-Speed Diesel (HSD) and 11.8% in Aviation Turbine Fuel (ATF) consumption besides Fuel Oil (FO)/ Low Sulphur Heavy Stock (LSHS), Petcoke, Liquefied Petroleum Gas (LPG) and others during the period.

This consumption of petroleum products of 233.3 MMT in FY 2023-24 has been the highest-ever. India's favourable demographic is helping drive domestic consumption. With this growth, demand has surpassed pre-pandemic levels of FY 2019-20 and acquired back its long-term CAGR trends with a decadal CAGR of 3.9%.

**Allocation of 3.3% of GDP to the infrastructure sector by the Government of India in FY 2024-25 is a very critical indicator of overall growth and provides a boost to the Oil & Gas sector.**





Refinery

99.74%

Overall operational availability for major process units during FY 2023-24



The Vadinar Refinery continued its journey of operational excellence during FY 2023-24, after a mega turnaround in the previous year.

The Refinery has processed 20.32 MMT of Crude Oil in FY 2023-24. Your Refinery had maximised the processing of alternate grades of crude oil in both of its Crude Distillation Units (CDUs) based on the availability of economically beneficial crude grades. It has achieved capacity utilisation of 101.6% with an overall operational availability of 99.74% for major process units during FY 2023-24. As a testimony of performance, the Refinery was one of the best in various parameters in a global benchmarking study by a reputed international agency (Solomon Associates) conducted for CY 2022 for which results were received in CY 2023.

Further expanding the crude basket, since commissioning, your Company processed 129 grades of crude oil at its Refinery during FY 2023-24.

Single Point Mooring (SPM) handled the highest-ever crude cargo volume during FY 2023-24. Further, your Refinery has processed 95% ultra-heavy and heavy crude oils and produced 88% of high-margin light and middle distillates while minimising the yield of low-value products like Naphtha and Petcoke.

The production of LPG, Domestic MS/Petrol and Domestic Diesel (including Light Diesel Oil (LDO) & High Flash High Speed Diesel (HFHSD)) were at a record level of 1.2 MMT, 3.3 MMT and 6.6 MMT respectively, which is the highest-ever production for any financial year. ATF production was maximised by undertaking various in-house optimisation initiatives and was again the highest quantity produced in any financial year (1.9 MMT).

While maximising the primary and secondary unit capacities, energy intensity was minimised and was the lowest ever while achieving approximately 6% reduction in energy intensity compared to the previous financial year.

During FY 2023-24, your Company also introduced two new grades of MS-Ethanol Blended Motor Spirit (E12 & E20) and one new grade of Bio-Fuel blended Diesel on an experimental basis to test the market acceptance. This enhanced percentage of ethanol blending in MS/Petrol during FY 2023-24 has helped increase sustainability in our transportation fuels.

**The Vadinar Refinery continued its journey of operational excellence during FY 2023-24, after a mega turnaround in the previous year.**

~6%

Reduction in energy intensity compared to the previous financial year

Your Company will foray into Petrochemicals with the commissioning of its Polypropylene (PP) Unit in FY 2024-25. As a prerequisite, the Fluidised Catalytic Cracker (FCC) unit was revamped, and a new Propylene Recovery Unit was constructed. Performance trials of both these units were successfully conducted and technology has been absorbed during FY 2023-24. We have made significant progress on our Petrochemical entry by establishing the performance of propylene-producing units which is the raw material for our PP unit.

As part of our continuous efforts for facility augmentation and process improvements many initiatives were taken during FY 2023-24:

- Vapor Recovery Unit was successfully commissioned in the White Oil Loading Gantries.
- The storage facility of Ethanol and Ethanol Blending Motor Spirit (EBMS) were also augmented by carrying out in-house modifications in two storage tanks.

Your Refinery received its first-ever Indian Patent for developing a Novel method for separation of Oil from Water and Sediments in Effluent Treatment Plant as part of its Research & Development initiatives.

20.32 MMT

Crude oil processed in FY 2023-24 in Refinery

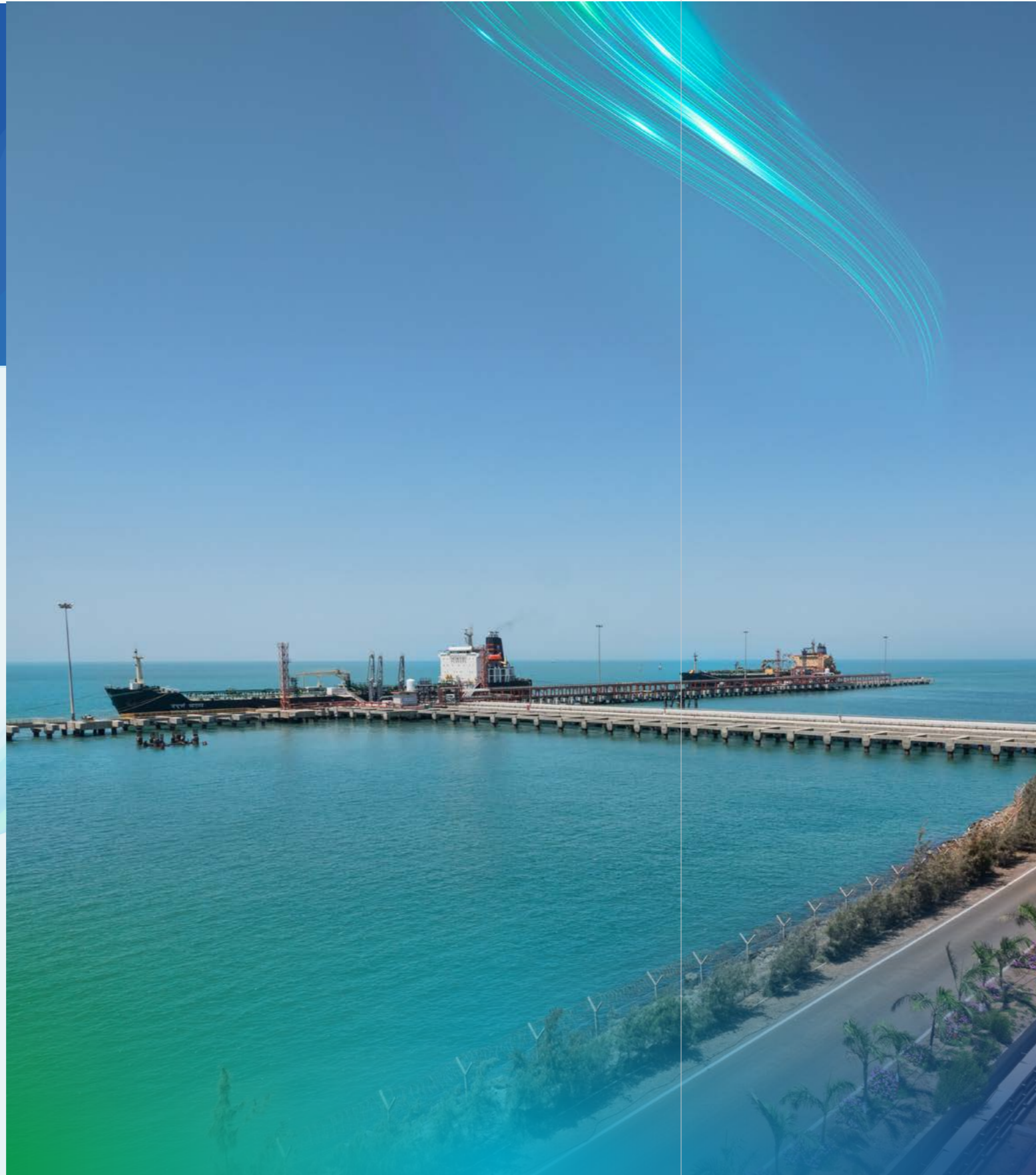
**Your Refinery received its first-ever Indian Patent for developing a Novel method for separation of Oil from Water and Sediments in Effluent Treatment Plant as part of its Research & Development initiatives.**



## International Supply & Trade (IST) and Economic Planning & Scheduling (EPS)

# 129

Total distinct crude grades processed



Various geopolitical events drove volatility in crude and product prices for much of FY 2023-24. Nayara Energy was able to overcome numerous challenges on the back of robust internal frameworks, and well-planned strategies, which have evolved through excellent back-casting processes.

In the quest to bolster Nayara Energy's refining margins, your Company continued to manoeuvre through the intertwined realms of economics, strategic planning, and international commerce. FY 2023-24 stood out as a pivotal chapter, with achievements that included securing valuable crude oil supplies, maximisation of jet fuel sales to 3 Long Range Vessel (LRs) per month and optimising fuel costs by utilising Nayara Energy's flexibility in processing various feedstocks for Hydrogen production, while never losing sight of the mission 'In India, For India'. As a committed partner to India's energy needs, your Company's strategy was instrumental in refining its product lineup to cater to the domestic market's demands and maximise overall value across the organisation.

The concerted efforts of your Company have helped overcome dependence on specific crude grades, while ensuring safe and reliable operation of the two crude units at the Vadinar Refinery at the most optimal throughput levels. While your Company increases its presence in the domestic market, it continues to outperform by achieving strong premiums for your Company's export barrels and ensuring better realisation against relevant netbacks and benchmarks. Despite unforeseen global challenges, an uninterrupted supply of crude to the Refinery was ensured to sustain the desired throughputs. Timely hiring of crude and product time charters have further helped achieve significant savings against spot vessel hires. The hedging strategies applied have helped save costs significantly as well as lock gains.

The target of maximising refining margins was possible by your Company's constant endeavour to adopt newer technologies. A better trade capture system was introduced, which will improve the analysis of trading exposures and take margin enhancement measures. Your Company ensured decisions of deriving maximum economic value in sourcing of crudes and processing of products are up to date, by enhancing the latest Linear Programming tool as well as ensuring proper health of our LP model through a third-party audit.

As Nayara Energy looks to the future, its outlook remains positive. With increasing oil demand through the advancement of local refining capabilities, new trading channels and chances for arbitrage are emerging. This makes trading an increasingly attractive proposition. The subsidiary in Singapore is broadening its portfolio, and plans are underway to further expand its influence as a global trader. These strategic moves will allow your Company to further optimise the margins through a careful selection of feedstocks, and strategic placement of its products in international markets, thus strengthening Nayara Energy's role in the global Oil & Gas sector.

**Nayara Energy was able to overcome numerous challenges on the back of robust internal frameworks, and well-planned strategies, which have evolved through excellent back-casting processes.**

#### Milestones

- Procured crude from various geographies, which added significant value to Nayara Energy's EBITDA
- 129 total distinct crude grades processed



## Marketing

Achieved historic milestone of

# 5,000

Nayara branded outlets through our outlets rebranding project



### Retail

Your Company has undertaken multiple market interventions and successfully bounced back to its highest-ever volume in sales through retail outlets with 7.5 million KL sales in FY 2023-24 and stellar financial performance. In FY 2023-24, your Company achieved the highest-ever Market Effectiveness (ME) for MS.

**Highest-ever Market Effectiveness (ME) for MS achieved in FY 2023-24**

As a step closer to becoming a 'future-ready' organisation, we have completed automation for the entire Retail Outlet (RO) network and controls have been strengthened. The base layer of automation is now being leveraged to run consumer schemes on actual customer purchase bringing efficacy of spends. This enables the building of standard Customer Value Proposition (CVP) across our network and deliver benefits to customers directly. We plan to embark on the journey to utilise automation as an enabler to deliver better services and experiences to end-consumers during FY 2024-25.

In our commitment to providing excellent and satisfying experiences to our customers when they visit our ROs, we have undertaken comprehensive consumer research as a foundational step. In our drive to ensure operations excellence and superior customer experience, we have implemented an execution tracker, and observations are worked upon for improvement across the RO network. Our project of rebranding our outlets achieved the historic milestone of 5,000 Nayara branded outlets in December 2023, and we have progressed on re-branding the last leg of approximately 300 sites.

In our endeavour to high grade the network, sites with high volume potential are being selected for award of dealerships.

We are exploring various initiatives to make our network future-ready, which includes non-fuel retail opportunities, B2C loyalty programmes, mobility solutions, Artificial Intelligence (AI)-based video analytics, and alternate fuels, including CNG, battery swapping and EV Charging points. Multiple Non-Fuel Retail (NFR) opportunities are being identified under food, auto services and other services categories.

We are in the process of developing a strong business case and undertaking a pilot before introducing a mass rollout of NFR across the network.

At Nayara Energy, we are focused on sustainable livelihoods by creating grassroots employment opportunities and entrepreneurship. We are positively impacting close to approximately 50,000+ forecourt salesmen and communities around our retail network.

As the largest private fuel retail player, we cater to the need for reliable and safe mobility across the

length and breadth of the country. We believe in being a strong partner to India's energy needs and will continue to serve the Country's consumption demands.

**In our endeavour to high grade the network, sites with high volume potential are being selected for award of dealerships.**



### Institutional Business

Institutional Business's dedication towards maximising both volume and earnings from its 'On Purpose' product portfolio consisting of HSD, High Flash High Speed Diesel (HFHSD), LDO & Mineral Turpentine Oil (MTO) products along with its swing product Bitumen and other evacuation products like Petcoke, Sulphur and Fly Ash has been unwavering. Through strategic initiatives and a relentless focus on market optimisation, we have continued to drive growth and profitability. Our overall 'On Purpose' product portfolio market share grew to 9% in FY 2023-24 from 6% in FY 2022-23.

In FY 2023-24, the bulk market witnessed growth in HSD consumption by approximately 80% over FY 2022-23. Nayara Energy continued to not only retain its existing customers but also add new customers thereby significantly growing its main driver of 'On Purpose' portfolio - HSD volume by 187% over FY 2022-23. This was largely possible due to expanding the existing customer base by venturing into new segments and new geographies beyond our traditional reach. Our revamped Go-To-Market Strategy has enabled us to break bulk even further, unlocking new opportunities for growth and market penetration.

During FY 2023-24, the market share of LDO increased from 9% to 12% and MTO grew from 11% to 12%.

We continued to optimise our bitumen earnings by leveraging production economics effectively. Additionally, we have ensured value maximisation of byproducts - Petcoke and Sulphur. Institutional business will continue its focus on growing market share by effectively seeding the market and introducing innovative products to meet our institutional customer needs.

Substantial progress has been made on biofuel sustainability. Along with ensuring blending compliance of

more than 10% ethanol in MS, value optimisation was done through best cost and best source procurement. As the next step for Ethanol self-sustainability, we have advanced on the development of two ethanol manufacturing plants.

### Supply & Distribution and OMC Sales

With a focus on sales to Oil Marketing Companies (OMCs), the Company continued to thrust domestic offtake at higher realisation. In FY 2023-24, we achieved sales volume of 5.5 MMTPA of Petrol, Diesel and LPG to domestic oil companies.

We also achieved 1.2 MMT LPG sales volume in FY 2023-24, which is the highest-ever annual sales for your Company. Your Refinery's connectivity to the Jamnagar-Loni LPG Pipeline (JLPL) of Gas Authority of India Ltd. (GAIL) was completed in May 2023 and this has improved our daily LPG sales.

We maintain mutually beneficial arrangements for sales, purchases and infrastructure-sharing with OMCs.

FY 2023-24 saw the highest-ever retail sales integration to own molecule, which peaked to 80%. The focus on improving retail margin is reflected in the augmentation of tankages at Mangalore, which was done to cater to improved Retail and Institutional Business demand. New Mangalore Port Authority has also felicitated the Company with a recognition award for 'Patronising Port In POL Cargo Segment as Importer'.

We believe that our truckers not only fuel India's mobility but also play a pivotal role in the supply and distribution of fuel from our refinery to our depots and retail outlets. Continuing our focus on safe logistics, we launched Project 'Dronacharya' led by Mentor Drivers. The programme was the first of its kind in the industry and with 2,500 sessions attended by more than 25,000 driver-partners, it was a huge success.

We have also introduced Driver Status Monitor (DSM) Cameras/Voice Boxes in tank trucks (TTs) deployed for the transportation of fuel from supply locations to Retail Outlets (ROs). These AI-powered cameras, when fitted in the TT, are continuously evaluating the driver's state during the trip. In case of any distraction, the same is being alerted to the driver, helping to avert potential risk.

The ongoing Rewards and Recognition ('R&Rs') for the TT crew touched 1,000 awards. The TT crew is being acknowledged for their performances adhering to SOPs, driving behaviours, etc. This creates an environment of motivation which is principally driven by values.

Effective monitoring of TTs, using vehicle tracking systems (VTS) has helped in assessing road discipline, mainly speeding, night driving and continuous driving. The violation count has decreased significantly by approximately 46% on an annual basis, ensuring safe journeys on the road.

The TT crew forms an inseparable part of our supply chain. In September 2023, we introduced a dynamic Group Personal Accident Policy for all enrolled drivers and helpers, extending and emphasising our quotient of humanitarian in the business.

**5.5 MMTPA**

Sales volume achieved of Petrol, Diesel and LPG to domestic oil companies

**9%**

Market share growth of overall 'On Purpose' product portfolio in FY 2023-24

**1.2 MMT**

LPG sales volume in FY 2023-24; highest-ever annual sales for your Company

**~46%**

Significant decrease in violation count on an annual basis, ensuring safe journeys on the road



Asset Development

28 Mn

Safe man-hours of work at the project site by the end of March 2024



Nayara Energy adopted a phase-wise Asset Development Strategy in 2018 to enter into the petrochemicals sector and is well-positioned to become a strong petrochemical player due to its unique advantages in terms of opportunity of integration with the Refinery, proximity to the port and location of Refinery in western India which is the largest petrochemical consumption region of the Country.

Your Company's focus on petrochemical and refining capacity addition is well supported by the intensive growth demand for Petroleum and Petrochemical products.

The Indian Petrochemical industry has shown resilience in tough times and continues to show high consumption growth even during the current global economic slowdown.

India is the fastest-growing major market in the global Polyolefin industry. Polyolefin consumption in India grew by 12.3% (Polypropylene (PP) 6.6% and Polyethylene (PE) 17.5%) during FY 2023-24 to reach levels of 15.3 MMT, 7.0 MMT in PP and 8.3 MMT in PE. Despite India's present dependence on petrochemical feedstock import, the availability of a ready market coupled with skilled workforce and

lower manufacturing cost makes it an attractive manufacturing destination. Nayara Energy is uniquely placed to deliver India's growing demand through forward integration into petrochemicals.

Your Company's focus on petrochemical and refining capacity addition is well supported by the intensive growth demand for Petroleum and Petrochemical products.

Nayara Energy is currently implementing Phase 1 of its strategy aimed to maximise propylene recovery from existing refinery assets of the Fluidised Catalytic Cracker (FCC) Unit by increasing its severity and recovering this propylene in a Propylene Recovery Unit (PRU) and then converting it into polypropylene in a new Polypropylene Unit of 450,000 tonnes per annum capacity. Your Company had awarded Engineering, Procurement & Construction (EPC) contracts to various parties for the above projects.

Despite the two waves of the COVID-19 pandemic during the project execution period, the work at our project site has progressed well and we have achieved an overall project progress of more than 98.3% and completed 28 million safe man-hours of work at the project site by the end of March 2024.

Your Company is considering commencement of work on Front End Engineering for Phase 2 Petrochemicals Project comprising a World Scale Mixed Feed Cracker and Downstream Petrochemical Units as well as on Basic Design and Engineering for a second train of refinery.

The Polypropylene Unit is progressing towards completion and production is to commence in Q2 of FY 2024-25. The delay in project completion is being strictly monitored and measures are being taken to reduce the same to the minimum.

As Polypropylene is a new product for your Company, business readiness preparedness including marketing capability development to place Polypropylene Product in the Indian market is completed and major contracts i.e. for Del-Credere Agent (DCA) and transportation will be placed in Q1 of FY 2024-25 for product evacuation.

In FY 2023-24, your Company has approved the execution stage of two major Refinery projects i.e. VGO Mild Hydro Cracker Revamp (VGO MHC) and Coke Drum Replacement Project. The primary objective of the VGO MHC Project is to achieve the capability to increase the refinery turnaround cycle to 4 years from the current 3-year cycle. Coke Drum Replacement Project consists of replacing of 6 coke drums in the upcoming Refinery turnaround which will help in retaining the Refinery margin by improving reliability and reducing operational safety risk considerably by improving the design of new coke drums. Both these projects are planned for completion along with the next Refinery turnaround.

Your Company is considering commencement of work on Front End Engineering for Phase 2 Petrochemicals Project comprising a World Scale Mixed Feed Cracker and Downstream Petrochemical Units as well as on Basic Design and Engineering for a second train of refinery.



## Safety and Occupational Health

# 0.171

Total Recordable Injury Rate (TRIR) as on March 31, 2024



Nayara Energy practices Health, Safety & Environment (HSE) as a fundamental and deeply ingrained habit, where each one is encouraged to imbibe beliefs, values, and systems that prioritise the well-being of our teams, the community and the organisation.

In FY 2023-24, Nayara Energy introduced a series of initiatives and proactively implemented several measures to enhance organisation-wide safety culture and practices.

The British Safety Council performed an assessment of Nayara's safety culture which enabled a thorough examination of various aspects and perspectives. A comprehensive review of critical Health & Safety information, including risk assessment, change management, contractor safety management, and incident reporting was conducted.

The outcome of this assessment was discussed in multiple workshops across the organisation and action plans were clearly articulated to attain high standards of safety. Your Company is conscious about HSE, its benchmark is best-in-class, which goes beyond common practice to identify and implement new tools and technology and take care of its workforce, communities and all stakeholders, and mitigate the impact on the environment.

One common set of Life Saving Rules was defined and will be implemented in CY 2024.

We also witnessed extensive organisation-wide engagement in activities on the National Safety Council theme, 'Focus on Safety Leadership for ESG Excellence'. Our teams across the Country participated in safety talks, drills, awareness sessions, quizzes, skits and competitions. Our customers at Retail Outlets became part of our Road Safety campaigns, free helmets were

distributed to two-wheeler drivers and fuel discounts and vouchers were given to customers wearing seatbelts. Your Company enhanced its systems for investigating and reporting of incidents to align with international best practices.

The Total Recordable Injury Rate (TRIR) of Nayara Energy is 0.171 as of March 31, 2024, compared to 0.09 in the previous reporting period.

Despite all the efforts taken to improve Road Transportation Safety, there were 11 third-party fatalities (improved reporting and monitoring of the status of injured people is contributing to the higher number of road incidents compared to the previous period). In order to further bring this down, we have intensified our efforts in training and building partnerships with drivers.

**In FY 2023-24, Nayara Energy introduced a series of initiatives and proactively implemented several measures to enhance organisation-wide safety culture and practices.**



## Environment and Sustainability

# 250 hectares

Mangroves to be planted in coastal regions



The energy landscape is undergoing a profound transformation, driven by a combination of technological advancements, policy imperatives, and evolving consumer preferences. There will be a gradual shift towards greener, cleaner and more sustainable sources of energy, driven primarily by the imperative to mitigate climate change by way of reducing greenhouse gas emissions.

The world is in a race against time to cut its reliance on fossil fuels with an aim of capping the temperature rise to 1.5°C as compared to the pre-industrialisation level. With a majority of the developed countries having taken up net zero commitments by 2050, India too has announced its aim of reaching net zero emissions by 2070. Achieving net zero emissions requires a two-pronged strategy

of increasing low-carbon energy rapidly and decreasing fossil fuel use at the same time. The Conference of the Parties (COP28) to the UN Framework Convention on Climate Change (UNFCCC) at its conference included a call on governments to speed up the transition away from fossil fuels to renewables such as wind and solar power in their next round of climate commitments.

Even with strengthening global consensus on energy transition, along with an increased emphasis on the decarbonisation of the industry, the fossil fuel requirement is slated to grow steadily to meet the global baseload energy requirements. The major macro-economic events in the last few years coupled with the geopolitical developments have also caused nations to relook at their transition strategy considering the energy trilemma of affordability, availability and sustainability.

A cohesive energy transition plan, addressing key considerations such as energy security, technology advancement and ubiquitous knowledge flow, economic divide, availability of funding lines, and on-ground execution, to address the transition has become increasingly evident.

In view of India's commitments towards energy transition and net zero targets, the Government of India is introducing new regulations along with fiscal support to the industries. If we were to map the Indian regulations applicable to Oil & Gas (O&G) players, various regulations impact one or the other abatement measure.

Our ESG strategy is being evolved based on different abatement initiatives which are based on upcoming technologies and global best practices. Identified initiatives are at different stages of maturity, including mature ones and those in the nascent stage. Your Company has entered into an MoU with NTPC Green Energy Limited (NGEL), a wholly-owned subsidiary of NTPC Limited, to explore opportunities in the Green Hydrogen and Green Energy space.

Nayara Energy has been also actively engaged in environmental conservation efforts across various fronts, which included initiatives such as:

- Tree Plantation and other activities conducted at our Depots and the Refinery on World Environment Day.
- Signed a Memorandum of Understanding with the forest department to plant mangroves across 250 hectares in coastal regions. This initiative contributes to CO<sub>2</sub> absorption, promotes biodiversity conservation, and strengthens our blue carbon ecosystem. Mangrove afforestation also helps in mitigating soil erosion, acting as a preventative measure against cyclone damage in nearby villages, thereby ensuring a more secure future for all.

- The 'Swachhata Abhiyan' (Cleanliness Drive) is conducted annually across our Marketing locations, including Depots and Retail Outlets throughout India. This drive aligns with the government's initiative of Swachh Bharat Abhiyan, commemorated annually on the occasion of Gandhi Jayanti. This drive focuses on advocating and engaging people in promoting cleanliness and good hygiene practices.

**In view of India's commitments towards energy transition and net zero targets, the Government of India is introducing new regulations along with fiscal support to the industries. If we were to map the Indian regulations applicable to Oil & Gas (O&G) players, various regulations impact one or the other abatement measure.**



People



At Nayara Energy, our people are our greatest strength, and we are committed towards building a culture that empowers employees to reach their full potential and excel.

Your Company believes that investing in the development of people is a strategic requisite for ensuring enduring success and its continuous focus is on nurturing a dynamic, diverse and inclusive workforce.

Your Company has aimed at building a strong talent pipeline, enhancing capabilities and driving high-performance culture. The talent pool was strengthened by active recruitment from diverse backgrounds through the Campus Connect programme. Strategic hirings were done for leadership roles and Nayara Energy continues to be in the process of identifying and filling critical positions to support business expansion plans.

Internal Talent Mobility provided cross-functional opportunities to the employees. Structured career paths are developed for key talent to reach leadership positions, this will be extended to junior and middle management levels.

The foundation stone was laid for Nayara Learning Academy, a beacon of opportunity symbolising the commitment to growth of employees.

Your Company guided over 200+ managers who underwent transformative learning experiences by top institutions. These structured journeys from ISB and SP Jain laid the groundwork for leadership excellence, sparking inspiration and igniting passion in every participant.

Your Company introduced cutting-edge programmes to enhance workplace effectiveness. Senior leaders embraced their roles as

coaches, navigating the path to guiding and nurturing talent to new heights. Nayara Energy's focus on learning and development extended to adopting digital learning practices to deliver engaging and accessible training programmes from resilience-building to data mastery with Power BI.

Threads of care, engagement, and equity are woven with intentionality, creating a fabric that binds us together in unity and purpose. It all began with a simple yet powerful tool: the Pulse Survey. Through this initiative, we ensured that every voice is heard. Post this, your Company embarked on an extensive mission to identify and rectify disparities in compensation to ensure equity. Your Company also reworked on promotion policy, streamlining the processes to ensure objective assessment and faster decision-making. For Nayara Energy, culture-building also meant investing in the growth of our employees and driving high-performance culture.

Recognising the transformative potential of technology, your Company has embarked on a digitisation journey, to streamline processes, enhance efficiency, and unlock new opportunities across all facets of the employee value chain. Your Company recognises the need to foster a diverse and inclusive workplace, which is not only a moral imperative but also a strategic advantage for driving innovation, creativity, and organisational excellence. Nayara Energy is developing a culture of Diversity, Equity, and Inclusion (DEI) amongst its workforce.

**At Nayara Energy, our people are our greatest strength, and we are committed towards building a culture that empowers employees to reach their full potential and excel.**

Good health is your Company's fundamental commitment and every year it invests significant effort into wellness initiatives.

Your Company organised eye checkups, blood donation camps, and cardiovascular checkups.

Multiple occupational health campaigns such as Mental Health, First Aid/CPR trainings, and check-up of blood sugar on World Diabetes Day were conducted. In addition, Annual Health Checkups were arranged for individual team members of all ages and their spouses at all locations.

Your Company is committed to bringing best-in-class policies and practices with the overarching goal of making Nayara a truly exceptional place to work. By prioritising the well-being, growth, and satisfaction of the employees, your Company aims to position Nayara Energy as not only a leader in the industry but also a preferred employer of choice, where talent thrives and potential is realised.

The Company has zero tolerance for any form of harassment or discrimination. It has established a framework of policies and processes to ensure a safe, harassment-free and empowering work environment for all its employees. Following 'The Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ['Prevention of Sexual Harassment (POSH) Act'], the Company has set up Internal Committees at its offices to promote a safe working environment across the organisation. Regular sensitisation sessions are conducted along with mandatory online modules implemented for all employees.

During FY 2023-24, your Company has not received any complaints under POSH guidelines.





## CSR Program

**772 youth**

Trained in employability skills comprising soft skills



Animal Husbandry  
Gram Samruddhi

Nayara Energy's CSR has its pronounced presence in the states of Gujarat (Jamnagar and Devbhumi Dwarka districts), Maharashtra (Wardha) and Rajasthan (Pali) with comprehensively designed CSR projects ranging across three broad thematic areas-

- Health and Sanitation
- Sustainable Livelihoods
- Education and Skilling

FY 2023-24 marked significant strides in geographic expansion of project outreach (in refinery and depot locations) as well as added components to flagship projects like Tushti and Swachh Halar, making it a year of augmentation of our development efforts. With advanced Nutrition Call Centre and Design Studio, collaborative initiatives like Project Tushti took a big leap forward in contribution to the State of Gujarat's mission against malnutrition.

The Board of Directors, on the recommendation of the CSR and Sustainability Committee, constituted under Section 135(1) of the Companies Act 2013 ("Act"), has adopted a CSR policy identifying the activities to be undertaken by the Company. The policy can be accessed on the Company's website: <https://www.nayaraenergy.com/sustainability/csr-policy>. An annual report on CSR containing the details of the CSR policy adopted by the

Company and other particulars specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During FY 2023-24, the Company was required to spend ₹ 227.6 million on CSR activities post setting off the voluntary CSR expenditure incurred during earlier years. However, taking into account the Company's continued commitment, the Board of Directors

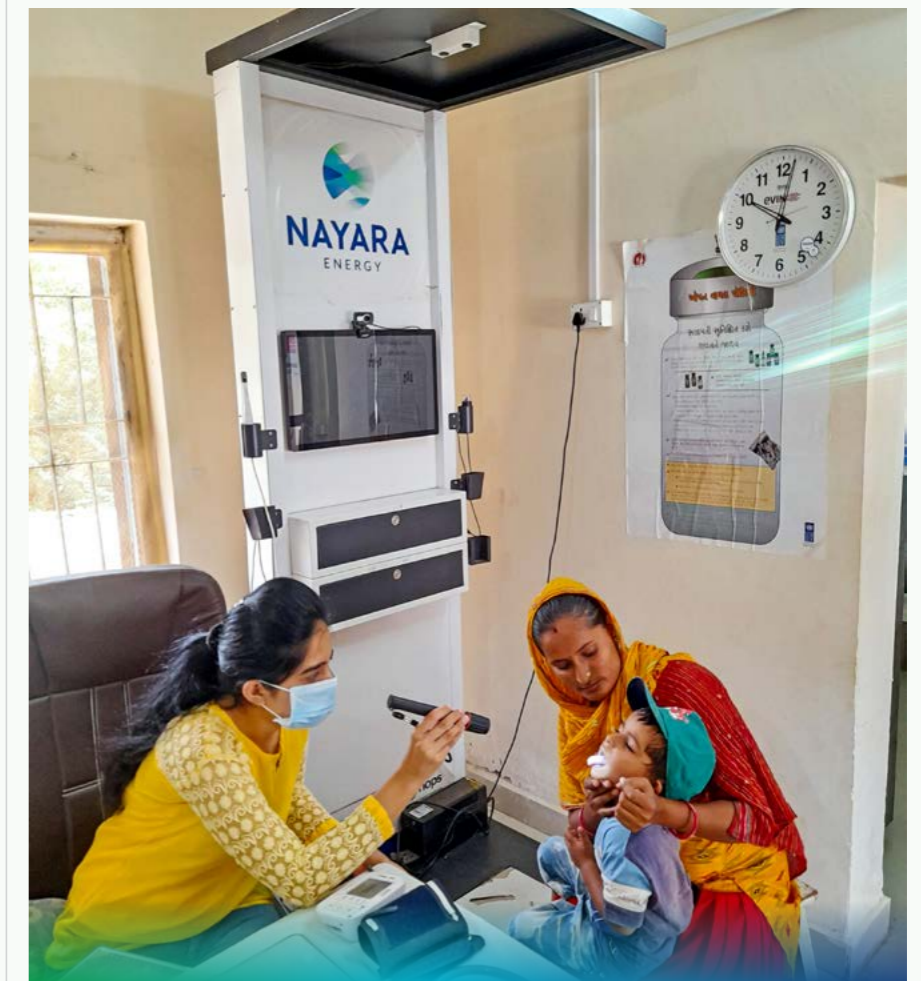
approved CSR expenditure of ₹ 284.6 million for FY 2023-24. Out of the approved budget, the Company was able to spend an amount of ₹ 148.76 million and the amount of ₹ 135.84 million remained unspent. Major reasons for the underspend included delays in statutory approvals of infrastructure projects. Likewise, some project got delayed due to a delay in selection of implementing agency and land allocation for convergence projects like 'Model Anganwadi' under Project Tushti with the Government of Gujarat.

### Flagship CSR projects

The major highlights of the flagship CSR projects of the Company during FY 2023-24 are as follows:

### Comprehensive Healthcare

- Comprehensive healthcare and preventive awareness helped people save health expenses worth over ₹ 80 lakh.
- Over 54,000 consultations conducted in 20 villages of Jamnagar and Devbhumi Dwarka districts.
- Specialised health camps on dental checkup, eye screening, Ayurveda, tuberculosis diagnosis, first-aid awareness were conducted in 29 villages. Further street plays on anti-tobacco awareness undertaken for preventive services and large-scale awareness. 15,300 was the footfall in these camps and awareness sessions.





Project Tushti

**Tuberculosis Eradication**

- 3,300 nutrition kits provided to 2,066 vulnerable TB patients in Jamnagar resulting in patient recovery with significant weight gain.
- Conducted thorough assessment of technological needs towards modernising the District TB Centre, Jamnagar, followed by financial support for procuring computerised radiography system with a mobile X-ray machine, Truenaat machines (for early diagnosis), Android tablets (for real-time patient data on Nikshay portal), and LED microscopes at Primary Health Care and Community Health Care levels.

**Project Tushti**

- Project Tushti broadened state-wide. Our efforts resulted in the declaration of five Gram Panchayats in the Bhanvad block 'malnutrition-free'.
- 40 High Concentration villages and 20 additional villages in Devbhumi Dwarka were monitored which resulted in 63% reduction in Moderately Underweight and 56% reduction in Severely Underweight cases.
- Foundation stone for setting up Centre for Excellence in Nutrition (CoEN) was laid at the Indian Institute of Public Health

Gandhinagar in collaboration with the Govt. of Gujarat. CoEN will support 53,029 Anganwadi centres across all 33 districts of Gujarat to improve nutritional outcomes and to strengthen the ecosystem.

**Project Swachh Halar – Jamnagar**

- A fully-equipped Material Recovery Facility (MRF) with a capacity of handling dry waste of 3-5 MT/day, expandable to 10 MT/day was launched in Khambhalia.
- Approximately 1 MT of textile waste turned into upcycled products by women at the Incubation Centre.



Agriculture Development  
Gram Samruddhi

**Project EXCEL**

- 722 youth (including 70% girls) were trained in employability skills comprising of soft skills, beauty and wellness, and IT/ITES trades.
- Established a fully-equipped CNC Technical Training Centre in partnership with Jamnagar Factory Owners Association to abridge the trained personnel gap within the brass industry.
- Market linkage to institutional buyers for 15.3 MT of coriander and 101 MT of groundnut generating revenue of ₹ 77.69 lakh for 33 farmers.
- 3,962 households linked to government social security/entitlement schemes.
- 103 women were supported to initiate microenterprises and 26 were linked with microfinance to set up and scale up micro-enterprises.

**Project Gram Samruddhi**

- 2,406 conventional and 1,533 Sorted Semen Artificial Insemination services for Gir cows and Jhafrabadi buffaloes. 674 female calves birthed this year translating to an asset generation of approximately ₹ 13.4 million.
- Two mobile veterinary clinics treated over 2,417 cattle and vaccinated 6,277 cows and buffaloes.
- Three automated weather stations were set up, enabling 2,100 farmers to receive timely advisory services on crop and pest management.
- 17 identified villages have completed water security strategy.

**CSR Initiatives at Marketing Depots**

**Wardha, Maharashtra**

- More than 8,500 consultations were conducted by Mobile Health Clinic. 242 school children were provided comprehensive health checkups, and 216 TT drivers received eye checkups.
- 1,000 school students participated at District level Residential Scout Guide Rally, and 27 teams contested in the District Kabaddi Tournament supported by Nayara.
- Artificial Insemination services were provided to 300+ cattle, and 2,100 cattle received veterinary services. 249 farmers have been supported with 1,570 kg nutrient-rich mineral mixture for better feed for cattle.

**Pali, Rajasthan**

- 5,829 consultations were conducted by the Mobile Health Clinic since its launch in December 2023. 244 spectacles were distributed to TT drivers.
- Over 5,000 saplings were planted under Azaadi ka Amrit Mahotsav initiative.
- Approximately 4 km of rural road repairs were undertaken, thus providing better mobility for around 1,000 villagers.

**Corporate and Pan-India Initiatives**

- Group Personal Accident (GPA) Insurance coverage assured to over 9,000 Tanker Truck Drivers and Helpers across delivered and Ex Main Installation network pan-India. GPA Insurance coverage assured for over 46,900 Forecourt Sales Managers across 6,700 ROs pan-India.
- 2,893 kg waste collected in a 10-day pilot coastal cleaning initiative in Carter Road, Mumbai.

17

Identified villages have completed water security strategy



## Information Technology



In an increasingly digitised landscape and demand for digital services, your Company continues to be committed to leveraging cutting-edge technology as an integral part of its operations. In FY 2023-24, a Digital Transformation Strategy and Roadmap was defined for the enterprise, including Digital Refinery and Digital Retail. With a vision to enable digitalisation as an accelerant, our digital transformation strategy will aim to enhance organisational efficiency, productivity, effectiveness, and competitiveness. Implementing new and emerging technologies and analytics will act as a business enabler.

Nayara Energy has already embarked on a journey of implementing key projects, which include video analytics solutions at Retail Outlets, building an integrated 'One Customer Relationship Management' (CRM) platform for marketing function, developing a new 'Commodity Trading & Risk Management' (CTRM) solution for International Supply and Trading business activities, implementing 'Digital Operations Execution System' (DOES) for field operations to provide an integrated view of refinery operations processes and Customer Relationship Management (CRM) & Transportation Management (TM) module for Polypropylene Plant amongst others.

Nayara Energy continues to be committed to ensuring business resiliency by scaling up its investments in IT Infrastructure, such as Refinery Network Modernisation, which is a large-scale engagement, Data Centre (DC) Revamp, strengthening OT (Operational Technology) & IT Security, and setting up a Disaster Recovery (DR) Site. These engagements will add immense value to the business operations by updating IT assets with state-of-the-art technologies, cost savings through economies of scale, improving the uptime of our operations, ease of integration and enhanced IT support, thus leading to improved

efficiency and productivity. For OT, an assessment has been undertaken for standardisation and easy interchangeability of components. These initiatives will help in achieving significantly enhanced security, reliability, resilience and business continuity to ensure seamless business operations in the face of disruption.

To drive efficiency, productivity and growth across Nayara Energy, a Unified Office Collaboration Platform has been rolled out to facilitate superior communication, collaboration and greater teamwork. Your Company is also on the verge of finalising a Single Employee Engagement Portal (SEEP) to provide a channel-agnostic singular platform for service delivery and management. Nayara Energy is working on multiple key projects to move ahead on its transformation journeys like implementation of Oracle Human Capital Management (HCM) platform and implementing Enterprise Level HSEFS (Health, Safety, Environment, Fire and Sustainability) solution. Your Company is in the process of revamping SAP ECC 6.0 ERP by fixing process gaps and implementing IS OIL modules such as TSW (Traders and Schedulers Workbench), and Exchange Modules. These parallel initiatives will bring in immense agility and scalability required for moving rapidly towards becoming a Digital Enterprise of the future.

**To drive efficiency, productivity and growth across Nayara Energy, a Unified Office Collaboration Platform has been rolled out to facilitate superior communication, collaboration and greater teamwork.**



## Risk Management



Determined to ensure that the strategic objectives of the Company are achieved all the same in today's VUCA world – volatile, uncertain, complex and ambiguous, Nayara Energy has established a robust enterprise-wide risk management ('ERM') framework guided by an overarching ERM Policy that is based on the principles underscored in COSO's 2017 ERM update. The Company's approach towards risk management is driven by a strong focus on fostering a culture of 'risk-aware' decision making within the organisation and setting the right 'tone at the top' by reinforcing the importance of risk assurance in strategic decisions as well as day-to-day business operations.

The Company has a well-articulated Risk Appetite Statement (RAS).

The RAS is further supported by Risk Assessment Criteria (RAC) which facilitates highly objective risk impact assessment. By assigning risk scores, identified risks are classified into 'intolerable', 'critical', 'moderate' or 'minor' categories to facilitate prioritisation. The management effectively addresses key risks by implementing appropriate and adequate risk response strategies and internal control measures that bring down the risks within acceptable levels. Monthly reporting protocols have been put in place to ensure continuous monitoring of top risks and performance metrics.

Together, the RAS-RAC documents, an extensive enterprise-wide risk repository and rigorous reporting of risk indicators have enabled a comprehensive risk overview and

uniform understanding of risk capacity, tolerance and appetite across the table. The Company has a Risk & HSE Committee which regularly reviews the organisation's risk profile and takes stock of existing and emerging risks.

In case of any major external event having any potential impact on business operations, a task force comprising of senior management executives is constituted to monitor such risks on regular basis and ensure that appropriate actions to pre-empt or mitigate are rolled out in a timely manner.

Overall, in the opinion of the Board, the Company has a well-defined framework, processes and reporting structure for identifying and managing all key risks that the Company is facing.

### Internal Financial Controls

Nayara Energy has in place a robust system and framework of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of design and operating effectiveness of controls with regard to financial reporting, operational and compliance risks. The Company has devised appropriate systems and framework, including proper delegation of authority, effective IT systems aligned to business requirements, risk based internal audits, risk management framework and whistleblower mechanism.

The Company's Internal Financial Control framework, based on COSO 'Internal Control Integrated Framework' and COSO and IIA 'The Three Line of Defence Model' includes a procedure and risk and control

matrices covering entity level controls, process and operating level controls and IT general controls. This also encompasses a process of Quarterly self-certification of design of the operational and financial controls in their respective business areas by the Business Head/Finance Head.

As a periodic procedure, a project on updating of Internal Financial Control Framework was initiated during the year along with automation of process of self-certification of controls. Appropriate design improvements and automation opportunities are being identified to further strengthen the control environment and IT systems.

Annual Internal Financial Controls testing was carried out by management through an external consultant and no material weakness in design and effectiveness were

observed. Nonetheless, the Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

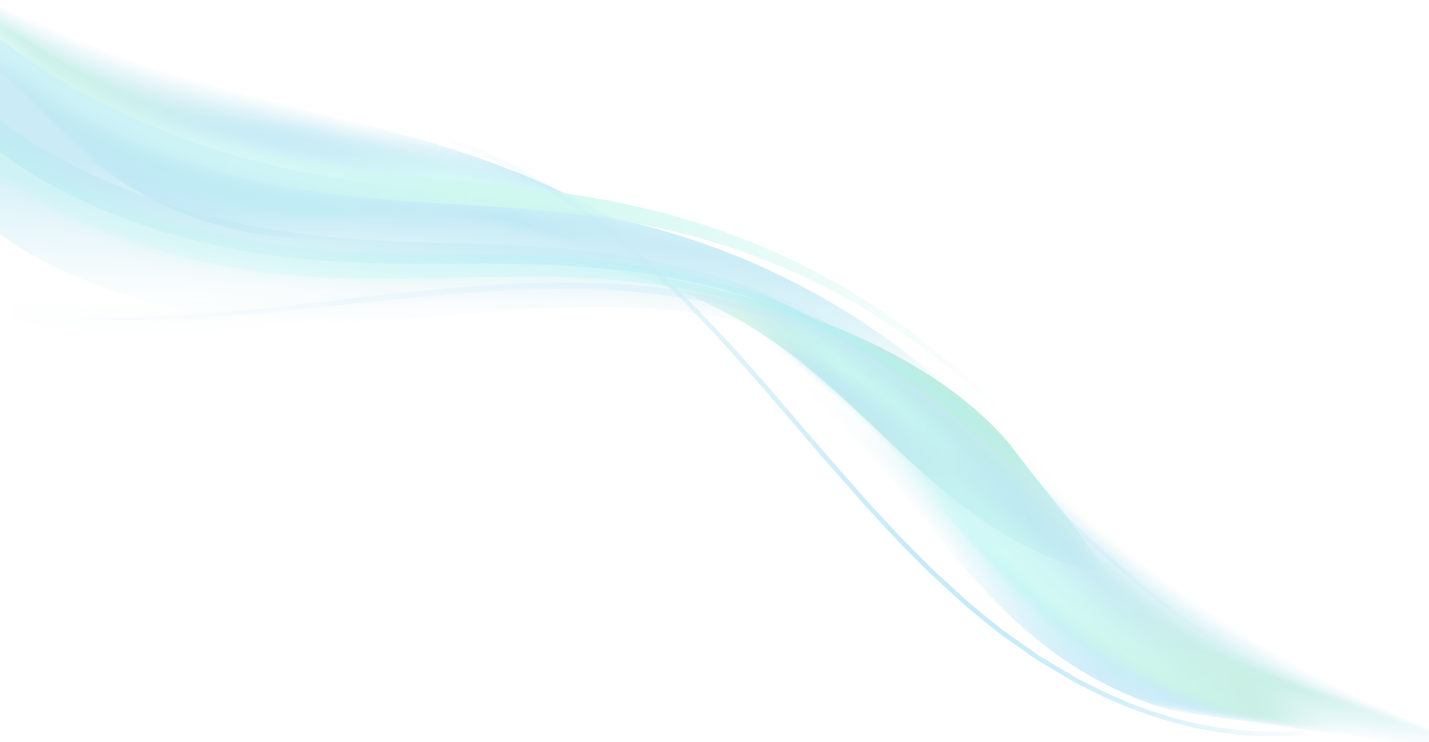
### Vigil Mechanism

Nayara Energy's vigil mechanism, which is an integral part of our holistic compliance framework, empowers Directors, employees, and all other stakeholders to confidentially raise concerns and seek resolution regarding violation of our Ethics Code. It plays a crucial role in upholding our ethical standards, transparency, fairness, and accountability within our operations. Additionally, by integrating stringent information security measures it also safeguards sensitive information and prevents cyber-attacks. Key elements of the framework, such as well-designed policies, provisions for confidentiality and protection of whistleblowers, security measures, effective reporting channels, independent investigation protocols, and ongoing Board oversight, provides further assurance to stakeholders regarding Nayara Energy's ethical values and integrity in the ever-evolving business environment.

In FY 2023-24, we embarked upon several educational and outreach initiatives to reaffirm the Company's Zero tolerance stance towards fraud, corruption, and abuse. We celebrated Integrity week and Cyber security month through several employee awareness and engagement campaigns to strengthen our collective voice against fraud, corruption, and security threat. In-person awareness sessions on ethics code, and information security were organised to cultivate a well-informed and vigilant team Nayara.

**Nayara Energy has in place a robust system and framework of Internal Financial Controls.**





**NAYARA**  
ENERGY