



FUELLING POSSIBILITIES



ENERGISING PROGRESS FOR INDIA



Fuelling Possibilities, Energising Progress

FOR INDIA

As India strives for self-reliance and progress, we are ready to deliver on our commitment to contribute to the nation's growth.

Delivering value for all our stakeholders is at the very core of our beliefs and we are committed to providing the energy that fuels the dreams of our customers, partners and communities.

Fuelling India's Energy Needs

A country of India's size and aspirations requires a stable and affordable energy system to fuel its ever-increasing and diverse needs, empowering progress on multiple fronts. We contribute ~8% of India's refining output and aim to actively participate in ensuring India's energy security.

Energising Mobility

With over 6,300 Retail Outlets, we cater to the need for reliable and safe mobility across the length and breadth of the country. We are dedicated to expanding our retail footprint to cater to India's ambitious growth aspirations and provide quality petroleum products to our customers across the country.

Building a Foundation of Progress

Presently, India is a net importer in the petrochemical sector. However, a compelling opportunity lies before us to make substantial contributions to the nation's advancement. Looking forward to the longer term, we are guided by our vision for becoming a powerhouse to meet India's enormous potential. With the construction of polypropylene and allied units at our refinery in Vadinar in full swing, Nayara Energy's overall petrochemical capabilities continue to evolve.

Empowering Communities, Revitalising Lives

Our commitment extends beyond just fuelling India's energy requirements, we actively contribute to enhancing the progress and well-being of the communities where we operate. We are revitalising these communities, with a focus on key areas such as health, sanitation, waste management, sustainable livelihoods, education, and skilling.

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

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

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CORPORATE PORTRAIT

Nestled within the Gulf of Kutch lies Vadinar, a quaint coastal town situated in the Devbhoomi 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 fueling 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 fastest-growing 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.



Measuring Our Progress

OPERATIONAL HIGHLIGHTS

REFINERY

~99.8%

Operational availability outside turnaround for major process units

29 Days

Time taken to successfully and safely complete refinery turnaround

Completion of the new Coal Yard

With a capacity of 200 KT

TRADING

131.32 Mn bbl

Crude procured

83.5 MMSCM

Natural Gas purchases

1.938 MMT

Coal purchases

MARKETING

Launched

New products such as Light Sulphur Heavy Stock (LSHS) and Polymer Modified Bitumen (PMB)

Operationalised

Rail-fed depot at Pali, Rajasthan to enhance supply security to the region

12%

Ethanol blending achieved to reduce CO₂e emissions

PETROCHEMICALS

91%

Completion achieved under Phase-1 construction

CREATING SHARED VALUE

57,000

Medical consultations conducted through Mobile Health Clinic

4,000+

Farmers facilitated with market access to improve income and buying-selling practices

69%

Reduction of severely underweight children in the Dwarka region

SAFETY ABOVE ALL

15 Mn safe man hours

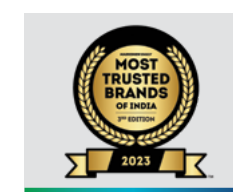
Completed the Phase 1 petrochemical construction project

5,500

LTI-free days at the Refinery



AWARDS AND RECOGNITION



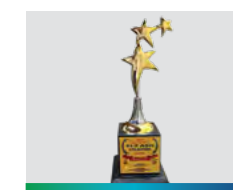
Most Trusted Brands of India 2023 – Team Marksmen Network



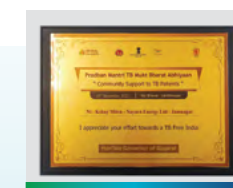
International Safety Award For Nayara Energy Vadinar Refinery - British Safety Council



CSR Project of the Year at the 7th edition CSR Summit & Awards for Project Gram Samruddhi



“Fly Ash Utilisation” Runner-up Award - Mission Energy Foundation under CPP category



Appreciation Plaque from the Hon'ble Governor of Gujarat – Nutrition Support to TB patients



Consolidated Balance Sheet

As at 31st March 2023

| (₹ Millions) | |
|-------------------------------|--|
| Particulars | As at March 31 st , 2023 |
| ASSETS | |
| Non-current assets | |
| Property, plant and equipment | 4,24,411 |
| Other non-current assets | 1,70,333 |
| Total non-current assets | 5,94,744 |
| Current assets | |
| Total assets | 2,53,670 |
| LIABILITIES AND EQUITY | |
| Equity | |
| Share capital | 15,072 |
| Retained earnings | |
| Other equity components | 2,90,259 |
| Total equity | 3,05,331 |
| Non-current liabilities | 2,83,247 |
| Current liabilities | 2,59,836 |
| Total liabilities and equity | 8,48,414 |

Consolidated Statement of Profit or Loss

For the year ended 31st March 2023

| (₹ Millions) | |
|--|---|
| Particulars | For the year ended March 31 st , 2023 |
| Income | |
| Revenue from Operations | 13,81,125 |
| Other income | 7,538 |
| Total Income | 13,88,663 |
| Expenses | |
| Production and operating expenses | 11,72,257 |
| Depreciation, amortisation and impairment expense | 34,012 |
| Other costs and expenses | 57,048 |
| Total Expenses | 12,63,317 |
| Profit before tax | 1,25,346 |
| Tax expense | 31,084 |
| Profit for the year | 94,262 |
| Other comprehensive (loss) / income for the year, net of tax | (5,348) |
| Total comprehensive income for the year | 88,914 |

Consolidated Statement of Cash Flows

For the year ended 31st March 2023

| (₹ Millions) | |
|---|---|
| Particulars | For the year ended March 31 st , 2023 |
| Cash flow from operating activities | |
| Profit before tax | 1,25,346 |
| Adjustments to reconcile profit before tax to net cash provided by operating activities | 54,841 |
| Net cash generated from operating activities | 1,80,187 |
| Cash flow from investing activities | |
| Capital expenditures | (37,885) |
| Other proceeds from investing activities | (11,154) |
| Net cash (used in) investing activities | (49,039) |
| Cash flow from financing activities | |
| Proceeds from loans and borrowings | 19,001 |
| Repayment of loans and borrowings | (39,890) |
| Other financing repayment | (51,192) |
| Net cash used in financing activities | (72,081) |
| Net decrease in cash and cash equivalents | 59,067 |



Global Market

The year FY 2022-23 gone by was marked by a range of significant events, both in the economic and political arena. Despite initial concerns about the ongoing impact of global pandemic, the global economy continued the notable rebound with GDP growth surpassing pre-pandemic levels in several regions. As per International Monetary Fund's estimates, the global economic activity expanded by 3.4% CY 2022, higher than its own estimates of 3.2%. These growth figures are lower than the 6.1% growth recorded in CY 2021, which was aided by the rebound from a lower base of the pandemic year CY 2020.

While the world started to put the COVID-19 scenarios behind them, some countries like China continued to face a few outbreaks followed by extended movement restrictions, dampening the reopening growth boom. However, China too pivoted and opened up its economy from its stringent Zero-COVID policy towards the end of the year, leading to expectations of higher growth for the country as well as the entire global economy in the year ahead.

The world was divided in finding the way forward for its resolution on the geo-political developments that impacted the world. The EU and the US declared sanctions which prohibited importing Russian seaborne crude oil and petroleum products while also trying to enforce a price ceiling on Russia's energy exports to other nations. The threat of these sanctions and their implementation drove energy prices to some unforeseen highs during the last year. Brent Oil prices reached a high of near USD 140/bbl while cracks margins on oil products like Singapore gasoil cracks traded as high as USD 75/bbl and gasoline crack traded near



The continued recovery in oil demand, easing of COVID restrictions and steady improvement in mobility indices to get reflected in the oil price and refining margins rose during the year.

3.4%

Global GDP growth in CY 2022

USD42/bbl at its peak. The sanctions imposed on the Nord Stream pipelines carrying natural gas to Europe spiked the gas prices to new lifetime highs during the year.

The imposition of sanctions and price caps led to the redirection of trade flows on a large scale. Russian crude exports to EU came to a halt and the flows were redirected to countries much farther like India and China. Similarly, Russian oil product exports found new homes in Africa, the Middle East and the Far East nations. The redirection of flows, while easing global energy prices from the highs, led to an initial higher move on oil tanker freights, as ships carrying crude and products were moving much farther due to the newly emerging routes and trade flows. Meanwhile

on the gas front, Europe initially saw prices surge to as high as 343 Euro/megawatt hour (MWh) in its efforts to refill its gas storage ahead of the winters, where it has been the traditional fuel of choice for heating and industrial purposes. A late and unusually warm winter along with self-rationing and delay in imposition of sanctions, helped Europe with inventory level replenishment and avoid the exceptionally high gas prices for this winter.

On the macroeconomic front, the Central Banks across the world have been fighting to tame the multi-decade high inflation monster that had been unleashed as a consequence of years of monetary stimulus/quantitative easing/welfare spending by the Governments across the world

ever since the Great Financial Crisis of 2008 and further exacerbated during the COVID pandemic. The broken down supply chains resulting from COVID were just about recovering when the geo-political situation and subsequent sanctions further fuelled up inflation. As a measure to quell inflation and bring it down to acceptable levels, Central Banks led by the US Federal Reserve raised interest rates substantially during the past year. However, the high interest rates required to fight against sticky global inflation are bound to dampen the global economic activity and growth during the current year. High interest rates have already led to the inversion of yield curves in most large economies, indicating the stress in the financial systems and pointing to the possibility of a recession up ahead.

The financial system stress recently led to the collapse of a few stressed banks in the US and Europe, though the risk of contagion has so far been averted by timely intervention by the Central Banks.

Global Refinery Margins strengthened on the back of higher cracks from conventional fuels. The continued recovery in oil demand, easing of COVID restrictions and steady improvement in mobility indices to pre-pandemic levels continued to get reflected in the oil price and refining margins rose during the year. While crude oil prices witnessed extreme volatility unseen in the past few years, the refining margins got a further boost with restrictions on trade-flows from the geo-political fallout. A tight product balance amid fears of scarcity from the sanctions, pick-up in fuel consumption, industrial activities and pent-up holiday/travel demand combined to provide a positive stimulus to product markets led to a strong performance by refined product margins. With double-digit refining margins for a larger part of the year, refiners had reason to run a high capacity utilisation rates, thereby building up inventories which had reached near the 5-year lows, especially on the distillates.

The IMF projects global GDP growth to be subdued at 2.8% in 2023, with downside risks of recession in the Western world, especially Europe and the US. Unusually high uncertainty surrounds this forecast and downside risks to the global outlook emerge from a possible worsening of the current geo-political situation, escalation of sanctions on Russia as well as continuation of inflationary pressures amid slowing growth. Hence, refinery margins, which had recovered from the pandemic lows last year on strong diesel and gasoline cracks, may moderate from the current levels in the year ahead.



Domestic Market Overview



India’s GDP growth outlook for FY 2023-24, as per IMF, is among the highest for large nations, with the country’s growth slated to be 5.9%.

FY 2022-23 was a year of economic growth for India. India is on track to become the world’s third largest economy by 2027 basis global trends and key investments in infrastructure space. Industry witnessed robust logistics indicators such as steady growth in rail freight, container traffic in 2022, a strong recovery registered in automobile sales, specifically in passenger vehicles, tractors and 3-wheelers. The agri sector also continued to show resilience, posting a strong 3.6% growth for the 5th straight year. IIP is showing consistent upward trend with steel consumption, cement production and other underlying metrics showing a holistic growth.

India registered a growth of 4.8% in the total Petroleum Oil and Lubricants (POL) production during FY 2022-23 over the previous year. The consumption of petroleum products during April-Mar 2023 with a volume of 222.3 MMT reported growth of 10.2% compared to the volume of 201.7 MMT during the same period of the previous year. This growth was led by 13.4% growth in MS, 12% in HSD & 47.1% in ATF consumption besides FO/LSHS, Petcoke, LPG and others during the period. With this growth, demand has surpassed pre-pandemic levels of FY 2019-20.

The global Oil and Gas industry witnessed high volatility in crude oil and finished product prices in FY 2022-23. India imports a significant portion of its crude oil requirements. Therefore, the prices of petrol and diesel in the country are linked to their respective prices in the international market. However, to insulate the Indian consumers from the impact of high volatility in the international market and manage inflation, prices of petrol and diesel were kept relatively stable in India despite record high international prices. This created stress on profitability of domestic marketing of petroleum products.

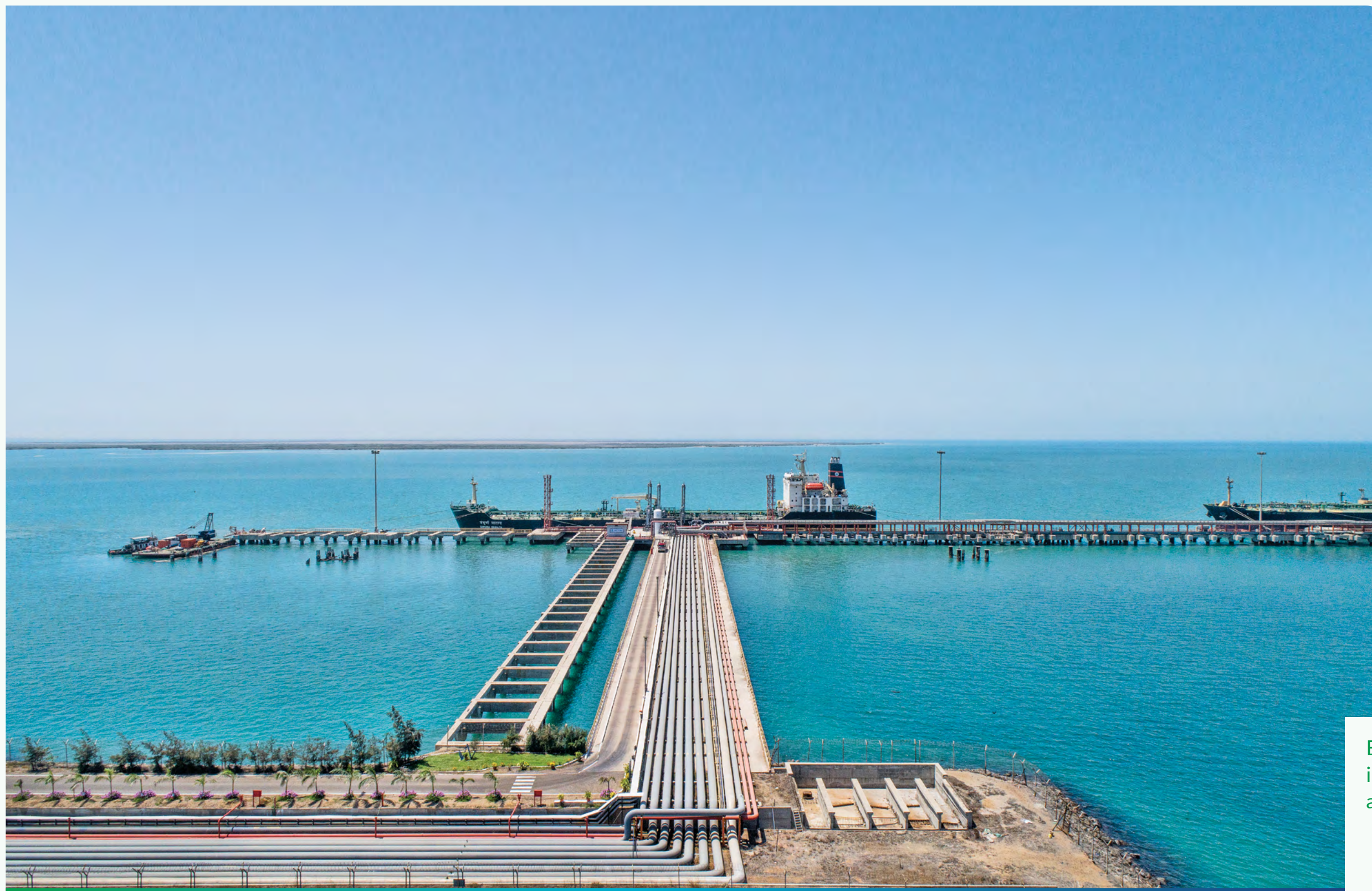
While recent geo-political uncertainty remains, the impact of a recent upsurge in COVID-19 have not led to any restrictions and does not have significant impact on the Indian economy. The government’s thrust on capital expenditure, the automobile industry and oil demand is expected to grow further in FY 2023-24. India’s favourable demographic helping drive domestic consumption and decouple from the global economy. India’s GDP growth outlook for FY 2023-24, as per IMF, is among the highest for large nations, with the country’s growth slated to be 5.9%.

4.8%
India registered a growth in the total Petroleum Oil and Lubricants production during FY 2022-23 over the previous year

10.2%
Growth in the consumption of petroleum products during April-Mar 2023 with a volume of 222.3 MMT compared to the volume of 201.7 MMT during the same period of the previous year.



International Supply and Trade



It was a volatile year for crude and product prices in FY 2022-23. Even so, Nayara's international business segment was successful in navigating these uncertainties through clearly defined strategies, foresight, and support from a robust internal framework. Our international departments, driven by Supply & Trading, ensured positive export net-backs to relevant destination benchmarks. This was made possible through the Company's experienced trading teams, detailed risk management systems, as well as strong in-house shipping and operational support. All this is coupled with robust controls and governance in place.

A key initiative included Nayara's continual pursuance to expand its international customer and supplier base. This resulted in a rise in customer participation for the firm's global exports. Counterparties include a robust list of trading houses, oil majors, and national oil companies. Nayara will continue to build on these strong relationships to ensure stable procurement of feedstocks for our refinery, and optimal supply of our products to the global marketplace.

Expanded our international customer and supplier base



Refinery

Operational Excellence

Vadinar refinery processed 18.69 MMT of crude achieving approx. 93% capacity utilisation in FY 2022-23. Refinery took a turnaround during November 2022 which resulted in lower utilisation for FY 2022-23. Your Company has achieved 99.8% operational availability outside turnaround for major process units in FY 2022-23. Refinery Turnaround was completed safely in 29 days (against plan of 30 days) followed by safe start-up and stabilisation of units.

As a first step towards petrochemical integration of Refinery, revamp of the Fluidised Catalytic Cracker Unit (FCCU) was carried out during the turnaround for maximising

Propylene yield from the unit. Propylene Recovery Unit (PRU) and Polypropylene (PP) Units are expected to be commissioned in FY 2023-24, which will mark the Company's maiden foray in the historically high-margin and high-growth petrochemicals business.

During the turnaround, the catalyst replacement was carried out in major hydroprocessing units. Besides this, metallurgy upgradation, execution of various schemes for improving reliability and removing process constraints, enhancing flexibility in processing tough crudes, reduction in energy consumption and maintenance and inspection (M&I) jobs for various equipment were carried out in all process units, utilities, captive power plant and marine facilities.

Various optimisation projects across functions were taken up which resulted in the optimisation of hydrocarbon inventories resulting in reduced working capital, widening of crude basket and energy efficiency improvement. In view of higher natural gas prices, hydrogen was produced from alternate feedstocks resulting in reduction of raw material costs.

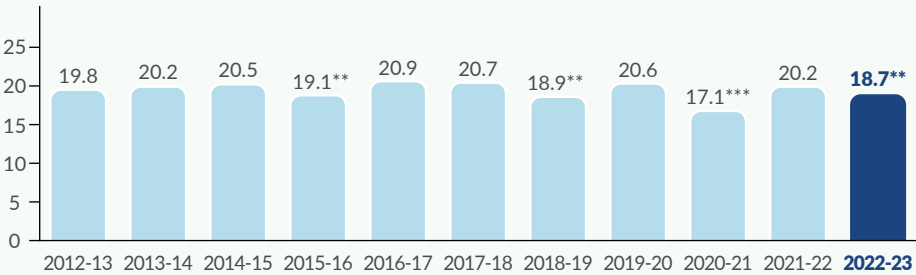
As part of facility augmentation at Vadinar site, the following infrastructure development activities were taken up during FY 2022-23:

- a. A new covered coal stockyard was constructed which will result in reducing dependency on third party for storing coal and also aid in environment protection.

- b. A full surface fire-fighting facility was commissioned for enhancement of our fire-fighting capability for large crude oil storage tanks.
- c. A new associate colony was constructed for providing accommodation facility to contractual workforce.

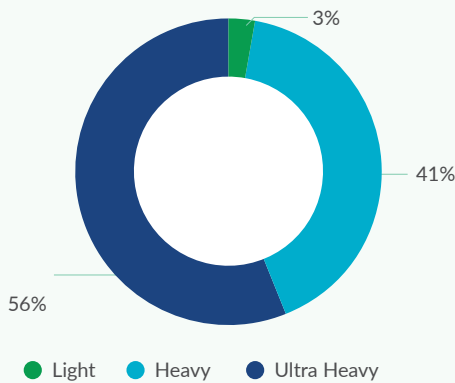
Vadinar refinery processed 97% of heavy and ultra-heavy crudes and produced 87% of high margin distillates. Your Company is continuously exploring market opportunities for processing different crudes with a focus to reduce the overall raw material cost. One

Crude Processed, MMT

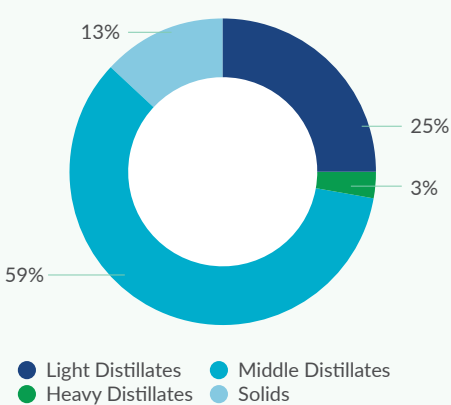


** Throughput low due to turnaround.
*** Lower Demand caused by COVID-19 pandemic and opportunity shutdown in October 2020.

Crude Grades Processed FY 22-23



Product Slate FY 22-23



new grade of crude was processed during FY 2022-23 expanding the crude basket to 127 crude grades. Production of Domestic MS and Domestic HSD were at a record level of 2.6 MMT and 5.5 MMT (including LDO & HFHSD) respectively, which is the highest ever production for any financial year. As an endeavour to enhance margins from existing assets, new value-added product LSHS (Low Sulphur Heavy Stock) was produced and introduced in the market.

97%
Processed of heavy and ultra-heavy crudes

Highest Ever Production of Domestic MS and Domestic HSD in FY 2022-23



Marketing

Nayara’s mission is “In India, for India”. With this clear guideline, we first supply to our retail outlets, following which we offer all additional volumes to PSU’s and domestic customers for sale. By Nayara’s focus on domestic sales, less than 40% of our products are exported and traded internationally.

Retail

Your Company’s Retail business faced significant headwinds for a major period of FY 2022-23. The global geo-political situation led to an unprecedented increase in crude oil prices and refined product cracks in international markets. However domestic retail selling price has shown limited traction. This led to significant under recoveries in the Retail business.

Along with the impact of the shifting market dynamics, retail also navigated an evolving regulatory and compliance environment domestically with the introduction of mandates such as Universal Service Obligation and Excise Export Duty.

As a result, there was a severe impact on profitability in the Retail channel. This situation led to a loss of retail volumes by approx. 50% as compared to FY 2021-22.

98%

Retail Outlets are automated, moving a step closer to becoming a 'future-ready' organisation



50,000+ families positively impacted, fueling job opportunities & building communities.

Adverse business conditions for a prolonged period also had negative impact on franchisee partners. The Company ensured continuous and open dialogue with the franchisee partners to understand and acknowledge their concerns while developing initiatives to extend support and addressing their pain points.

As per the long-term strategy, the Company continued to add new retail outlets in focused geographies. The Company successfully completed “Project Bharat” by achieving mandatory network presence in remote service area within the timeline of May 2022.

Despite difficult business conditions, RO rebranding project maintained traction and completed rebranding of 1,083 ROs in FY 2022-23. In December 2022, we crossed a historic milestone of 3,000 Nayara branded outlets. Towards the end of FY 2022-23, more than 50% of the RO network was with Nayara brand out of a total of 6,300+ outlets.

The Company continues in its efforts to automate the entire supply chain. The Company has automated approximately 98% of its retail outlets, a step closer to becoming a ‘future-ready’ organisation. The Company plans to embark on a journey to utilise automation as an enabler to deliver better services and experience to end consumers by the end of FY 2023-24.

The Company is exploring various initiatives to make our network future-ready, which includes non-fuel retail opportunities, mobility solutions, alternate fuels including CNG, battery swapping and EV Charging points. Multiple Non-Fuel Retail (NFR) opportunities are identified under food, auto services and other services categories. A pilot programme is in progress to test these ideas to develop strong business case before mass rollout of NFR across the network.

The Company continued to contribute towards the Government of India’s mandate on biofuels blending as a key driver for decarbonisation and self-reliance, and regard it as critical for reducing dependency on imported crude. Nayara Energy

continues to move towards improving the ethanol blending in MS being supplied through our retail outlets with 10% blending in MS compliance achieved from December 2022. The Company is committed towards meeting the enhanced blending in line with Government guidelines and have reached 12% ethanol blending as well at the end of the financial year. Additionally, the Company has achieved biodiesel blending readiness at Vadinar refinery and plan to start biodiesel blending despite challenges in availability in the market. As a long-term strategy, to ensure compliance with Government mandate, the Company is planning to invest into ethanol manufacturing plants. As an initial step, it is proposed to invest in such plants within the next

3 to 5 years. This will provide necessary reliability of ethanol supply to our retail network.

Being the largest fuel retailing private player, Nayara Energy’s focus continues to expand and meet the growing demand, thereby building job opportunities and entrepreneurship. The Company is positively impacting close to approximately 50,000+ forecourt salesman and communities around our retail network.

6,300+
Retail Outlets



Nayara Energy witnessed a strong domestic demand in FY 2022-23. With strong margins in Oil Marketing Companies (OMC) business, OMC volumes were maximised to expand netback for the Company.

Institutional Business

Institutional Business maintained its focus on maximising volume and earning from “On purpose” product portfolio consisting of High Speed Diesel (HSD), Light Diesel Oil (LDO) & Mineral Turpentine Oil (MTO) products along with other evacuation products like Petcoke, Sulphur and Fly ash. The Company has added new high margin products like Light Sulphur Heavy Stock (LSHS) in April 2022 and Polymer Modified Bitumen (PMB) in August 2022.

During FY 2022-23, the Company saw overall industry decline for direct business on account of a steady increase in the product price and large price arbitrage of diesel in bulk against Retail. In FY 2022-23, bulk market witnessed a decline in

HSD consumption by approx. 43% over FY 2021-22. However, in this extremely challenging environment Nayara continued to retain customers and grew its HSD volume by 13% over FY 2021-22. Our overall on-purpose product portfolio market share grew to 6% from 4% in FY 2021-22.

Nayara Energy's bulk HSD market share doubled in FY 2022-23 from 3% to 6%. This was largely possible due to expanding existing customer base by entering into new segments and new markets beyond our addressable region. Our association with key customers grew stronger as our service levels remained our priority. We signed up the agreement with major paint manufacturers for sale of our MTO and grew our market share to 11% in FY 2022-23 from 8% in FY 2021-22.

The Company continued to maximise its earning potential on bitumen based on the production economics and managed timely and efficient evacuation of our solids inventories namely petcoke and sulphur. The Institutional business will continue its focus on growing market share and effectively seeding the market with newly launched products.

Added new high margin products such as Light Sulphur Heavy Stock (LSHS) and Polymer Modified Bitumen (PMB)

Supply and Distribution

Nayara Energy witnessed a strong domestic demand in FY 2022-23. With strong margins in Oil Marketing Companies (OMC) business, OMC volumes were maximised to expand netback for the Company. OMC sales in FY 2022-23 were 143% as against the plan.

OMC sales comprised of approximately 48% of domestic sales in FY 2022-23. Strong OMC sales ensured that Nayara would achieve regulatory requirements of selling mandated share of productions of fuels in the domestic market and tap high realisation potential in the case of domestic OMC sales.

In July 2022, Nayara operationalised rail fed depot at Pali, Rajasthan. This is a state-of-the-art rail-fed facility

completed on schedule against all odds including disruptions due to the pandemic. This facility will ensure supply security for Nayara in the state of Rajasthan and help enhance partnership with OMCs.

Facility augmentation completed at all coastal supply locations to ensure availability of storage and blending facility for ethanol. Ethanol blending commenced at all supply locations of Nayara Energy in FY 2022-23, the Company commissioned two tanks in Vadinar, one each for storage of Ethanol and EBMS. With this, the supply of Ethanol Blended MS (EBMS) started to all Nayara rail-fed locations from Vadinar, thereby maximising economic gains due to ethanol blending.

The Company also augmented hired tankages at Mangaluru in accordance with business expansion plans in the Karnataka market. The Company is looking for land parcels in Madhya Pradesh, Uttar Pradesh and Telangana for potential depots. The Company is also exploring our options to acquire hired terminal capacity in coastal locations in the states of Odisha and West Bengal to improve our supply security.

In the logistics domain, improved Vehicle Tracking System (VTS) with integration of driver monitoring camera and voice box introduced. This enables Nayara to monitor drivers while they are driving the Tanker Trucks and alert them in case system identifies lapse of concentration. Improved VTS tracking is expected to bring in more discipline and reduction in driving policy violations.



Asset Development

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

Nayara Energy's focus on petrochemical is well-supported by the intensive growth of petrochemical products.

Polyolefin consumption in India grew 8.2 % (PP 7.7% and PE 8.6%) during 2022-23 to reach a level of 13.5 MMTPA, 6.6 MMTPA in PP and 7.0 MMTPA in PE. Import of PP in India has reached a level of 1.6 MMTPA which will create sufficient space for easy market entry for Nayara Energy's PP project.

During the last year, demand for petroleum products also grew strongly at a rate of 10.2% to reach a level of 222 MMTPA.

Nayara Energy is currently implementing Phase 1 of the strategy aimed to maximise propylene recovery from existing refinery assets of Fluidised Catalytic Cracking (FCC) Unit by increasing its severity and recovering this propylene in a

450,000

tonnes per annum of
Polypropylene plant



Propylene Recovery Unit and then converting it into polypropylene in a new Polypropylene Unit of 450,000 metric tonnes per annum.

Major scope of Phase 1 Project is as follows:

- Revamp of FCC and LPG treatment units
- Construction of a new Propylene Recovery Unit (PRU) and augmentation of existing utilities
- Construction of a new Polypropylene Unit (PP) and related off-sites and utilities (OSBL facilities)

The Company awarded Engineering, Procurement & Construction (EPC) contracts to various parties to complete the scope of work as mentioned above.

Despite the two waves of the COVID-19 pandemic during the project execution period, the work at our project site has progressed well and the Company has achieved overall project progress of more than 91% and completed 15 million safe man hours work at the project site by the end of March 2023.

Phase 2 of Asset Development Strategy is the construction of a World Scale Steam Cracker Project with downstream derivative units fully integrated with the refinery.

In December 2022, the Company has completed the revamp of the FCC Unit and Unsaturated LPG Treatment Unit along with the Refinery turnaround. The revamped FCC Unit was commissioned safely and 100 per cent unit throughput was achieved. With the completion of the FCC revamp, we have made significant progress on our petrochemical entry.

For Propylene Recovery Unit, pre commissioning activities have started and the Company expects to complete the work in the first quarter of FY 2023-24.

For Polypropylene Unit, approximately 95% material has arrived at the site and complete focus is on the completion of remaining construction activities. With this, your Company is confident to complete the project and start off Polypropylene production by the end of FY 2023-24.

As Polypropylene is a new product for the Company, the Company has recruited an experienced petrochemical marketing team to support this new product segment. Business-readiness and preparedness including marketing capability development to place polypropylene product in the Indian market is progressing as per plan.

Phase 2 of Asset Development Strategy is the construction of a World Scale Steam Cracker Project with downstream derivative units fully integrated with the refinery. Nayara Energy has carried out a detailed feasibility study of the project, with a focus on capex affordability and further expandability of Steam Cracker, which can provide opportunities for partnership. Post seeking Board approval, the Company intends to start FEED stage activities.



Information Technology



In an era of growing demands for information services, Nayara IT continues to be a key strategic enabler for business at Nayara Energy.

In an era of growing demands for information services, Nayara IT continues to be a key strategic enabler for business at Nayara Energy. While our FY 2021-22 goals focused on COVID-19 response and recovery priorities to support hybrid models of working; in FY 2022-23 the Company has strengthened investments in information assets to provide secure, highly reliable technology infrastructure along with responsive, high-quality support so as to meet the ever-changing needs of the business.

Safeguarding data and information at Nayara is one of the main tasks of IT. As part of our continued commitment to strengthening Digital Resilience, the Company has initiated a review of IT and OT Operating Policies and Procedures across systems and components. The Company has improved cyber-security safeguards and implemented a governance framework for User Access Management through automated SAP GRC workflows. The Company has taken an important step towards its vision of private-cloud operations by upgrading its IT infrastructure to deliver software-defined datacentre and networks. The Company has also embarked on a 3-year programme to upgrade and refresh the IT and OT network at the refinery.

The Company has extended the existing SAP platform to support the operational readiness of the upcoming Petrochemicals unit. The Company is also working with partners to deliver new SAP functionalities like Treasury Management and Transport Management. Implementation of the Digital Operations Execution Systems (DOES) was kicked-off and is an important step towards enhanced safety and productivity of field operations. To support new

products PMB (Polymer Modified Bitumen) and LSHS (Low Sulphur Heavy Stock), the Company added new capabilities on SAP for automated end-to-end Bitumen Stock transfer process, and LSHS Sales Process. The capabilities of the Refinery turnaround software platform were effectively demonstrated during refinery turnaround 2022.

The retail outlet automation journey continued at a strong clip, with automation rolled out to nearly 6,050 outlets.

Pilot programmes were launched for video analytics at key outlets. Once completed, the programme will provide insights into the demographic and behaviour patterns of customers, enabling Nayara to offer personalised shopping experiences and improved customer service while simultaneously improving safety and process compliance. A new depot was commissioned at Pali, supported by IT and OT infrastructure deployment, including CCTV and personnel access systems.

Some of the other key IT-led initiatives across our business functions that have enhanced data security, improved operations, increased efficiencies and created digital capabilities, are refresh and upgrade of Microsoft portfolio, Data-erasure software, Laptop-tracking software, Laptop-refresh, Identity and Access Management systems upgrade and other initiatives.

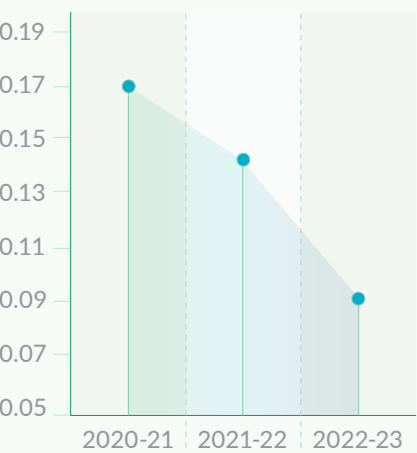


Safety and Occupational Health



For our employees, almost 5,500 days, counting more than 55 million working hours, and over 10 million work hours for our contractors were recorded without any major injury.

Total Recordable Injury Rate



Nayara Energy, as a responsible employer and accountable member of the society, has recently set the goal to go beyond legal requirements and Indian industry best practices, and create a significant impact in road transportation safety.

Whereas, the big effort taken by Nayara Energy to improve the safety performance gets paid off with excellent occupational and process safety; road safety remains a challenge. With great regret, the Company has to report six fatal road accidents in relation to our business, one contractor employee and five third-party fatalities.

Nayara Energy's Total Recordable Injury Rate (TRIR) is 0.09 as of March 31, 2023, compared to 0.14 in the previous reporting period. This significant reduction is the result of the Company's continuous strive to

achieve the best safety standards, by setting ambitious goals, increasing competency and awareness across the organisation and initiating several programmes, together with the contractors working at Nayara Energy's sites. (refer graph: Total Recordable Injury Rate)

During the Indian National Road Safety months of January and February, followed by the National Safety Week beginning of March, your Company initiated and performed a variety of campaigns, together with all associates, at the refinery, depots and retail outlets, project sites and office locations. The remarkable proactive contributions by employees and contractors, together with an incredible genius creativity starting from safety models visualising standards, to vivid quizzes for knowledge tests up to joyful skits, made these campaigns unforgettable

events. These programmes have even spanned clients at retail outlets; they were either recognised for or reminded to wear a helmet while driving a two-wheeler vehicle.

The refinery underwent the most important turnaround in 2022 without any major incident including the very successful commissioning of the Fluid Catalytic Cracking Unit and the Crude Oil Distillation Unit. The use of drones and cameras for monitoring highly critical activities yielded fruitful results. For our employees, almost 5,500 days, counting more than 55 million working hours, and over 10 million work hours for our contractors were recorded without any major injury. The Training Centre (Nalanda Knowledge Centre) has been certified again for the set-up and quality of trainings through the Director of Industrial Safety & Health in Jamnagar.

Pali Depot, which was inaugurated on July 8, 2022 was constructed in approx. 200,000 work days with NIL Lost Time Injury. The commissioning of Pali Depot has resulted in reduction of product movement by road which has helped in strengthening the HSE performance. Around 19 million kilometres of transportation on the road, one of the highest safety risks in the Oil & Gas Industry, have been avoided around 30%.

Further, defensive driver training was conducted to improve our HSE standards, wherein 2,183 TT drivers were imparted training during last year.

Besides the risk based Emergency Response Disaster Management Plan, mock drills like the bomb threat drill together or the major spill exercise at the National Highway, both involving the district police and administration,

are important measures implemented to tackle the variety of emergencies.

First-aid, cardiopulmonary resuscitation and an eye-check camp was organised especially for tank truck drivers, and blood donation campaigns were organised, and employees and associates showed high participation.

The Phase 1 petrochemical construction project made steady progress with good HSE performance during the year, clocking more than 15 million safe workhours, without any lost time injury. Several critical activities, including a major revamp work, hot jobs at varying heights, excavations, confined space entry and critical heavy lifts were carried out at several locations inside the operating refinery as well as the polypropylene construction site, where continuous emphasis was given on behavioural safety trainings.



To stay competitive in today's dynamic world, Nayara Energy's people strategy is framed to engage, retain, and empower our people to develop their skills so that they are prepared to face existing and new challenges.



People

Our people drive the entire value chain of the business and thus, people management is at the core of all our business processes and growth. At Nayara, we value each and every employee, who bring their own unique individual strengths, views and ideas for achieving organisational aspirations.

To stay competitive in today's dynamic world, Nayara Energy's people strategy is framed to engage, retain, and empower our people to develop their skills so that they are prepared to face existing and new challenges. Therefore, our focus has been to strengthen learning culture, capability building, leadership development, employee engagement and well-being. These focus areas are driven in alignment with our culture pillars "Result, Caring, Learning and Purpose".

Supporting business by ensuring we have the workforce onboarded and ready for the critical business expansions

As the world of work changed and adapted to the pandemic and economic headwinds, so too did the talent acquisition landscape. Our focus has always been hiring best talent for the organisation and providing best employee experience to our prospective candidates.

We have strong campus connect programmes through which we induce young talents at the bottom of the pyramid. To promote job rotation and career progression, we also have an in-house platform "Aspire".

- 150+ job rotations
- 400+ hiring in FY 2022-23
- 85% hiring done through low cost channels
- 20% positions filled internally (IJP's)
- 92% retention of new hires

Building a Learning Culture

Across Nayara, we encourage people to remain curious and open. Nayara provides ample opportunities in the form of classroom programmes, online programmes, and stretch assignments, along with support in the form of tools, mentoring, and coaching by providing access to online learning resources across the organisation, we have achieved the following:

- 66% increase in leadership programmes from last year
- 4.85/5 average feedback rating
- 67% people have gone through at least one classroom programme
- Penetration of online programmes went up by 70%

Leadership Development

We initiated Leadership Development journey in 2022. Development of new leadership capabilities is the need of the hour in this dynamic world of business. As it is beneficial for both the organisation and people.

In line with the expectations, we have developed leadership development journeys for all levels in the organisation with premier B-schools. Various leadership development programmes such as ALDP (Advance Leadership Development Programme), Excellence in Leadership Programme, Foundation of Leadership Programme and Emerging Leader Programme were launched during FY 2022-23

- 2.65 average training man-days
- 950+ Saksham certified - to execute technical jobs successfully
- 406+ classroom programmes
- 800+ online programmes
- Launched Manthan to promote cross-functional learning 20+ internal subject matter experts.



1,778

Recognitions across different verticals and levels in FY 2022-23

Focusing on Employee Experience and Wellness

- Focusing on Employee Experience and Wellness – To foster a work environment to enrich employee experience and improved stakeholder performance, we use Gallup Employee Engagement survey which along with action planning workshop acts as a catalyst to drive improved business result through motivated and engagement workforce.
- Strengthening Team Engagement – In our endeavour to strengthen the team engagement and enhance working relations, the Human Resources team and Functional Heads co-created outbound team programmes.
- Leader Connect Sessions – All across business units we have different platforms for employees to share and understand our strategy and ask questions to

- leaders. Sessions are facilitated from management committee members to CEO. These sessions have helped in breaking boundaries and driving engagement by addressing people concerns.
- Driving Recognition Culture - Our Rewards & Recognition programmes aim at valuing and motivating employees thereby encouraging them to achieve higher levels of performance.
 - EPA – Employee Assistance Programme - We continued to share communication, articles and webinar details related to Balancing Work and Life, Managing Emotions at Workplace, Learning to Relax Laughter, Humour and Play to Reduce Stress at Work.
 - 1,778 recognitions across different verticals and levels in the year 2022.



Compensation and Benefits

Nayara Energy’s compensation philosophy is to extend to all its employees a fair, equitable and competitive rewards programme with a principle of “parity within and comparability outside” to drive high performance culture and attract and retain top talent.

- a) As a new-age organisation, we are continuously watching the market for new trends and looking at the area of compensation in particular to ensure we remain competitive. We have taken a one significant leap to stay in line with the dynamic market landscape and thus, carried out salary correction exercises across the organisation to ensure alignment with current market conditions, with transparent and objectively-driven metrics.

- b) Our performance management system supports our employees to achieve their optimal potential, as per objectively-driven performance scorecards to achieve the organisation’s Annual Business Plan.
- c) To further strengthen People Process effectiveness, one of our special project for 2022 was to review and overhaul the job evaluation framework. Through this project, we could refine the organisational structure to establish a clear span of control in line with the growth plan, role clarity and grade fitment.

POSH Compliance

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 2022-23, your Company has not received any complaints under POSH guidelines.

CSR Programme

The Board of Directors, on the recommendation of the CSR and Sustainability Committee, constituted under Section 135(1) of the Companies Act 2013, 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 is annexed to this report as Annexure – A. On account of accumulated revenue losses, and as per the provisions of Section 198 of the Act, the Company was not required to mandatorily spend any amount on CSR during FY 2022-23. Nonetheless, consistent with the CSR strategy and commitments made to the Government of Gujarat at Vibrant Gujarat 2019 and communicated in the run up to Vibrant Gujarat 2022, Nayara proposed CSR expenditure of ₹ 169.6 million for FY 2022-23. Of the allocated amount, ₹ 111.17 million could be expended while ₹ 58.43 million remained unspent. Major reasons for the underspent included delays in approvals of Memorandum of Understanding (MoU) with the Government of Gujarat for Project Tushti 2.0 and MoU with implementing partner for Gram Samruddhi. Likewise, land clearance for the construction of a health and multi-utility training centre took longer than expected.

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

- Health and Sanitation
- Sustainable Livelihoods
- Education and Skilling



Health and Sanitation

Comprehensive Health Project

In our target villages, the population that is less mobile and more vulnerable, i.e. women, elderly and children, face difficulties accessing quality primary healthcare. These villages also have high incidences of malaria, and anaemia. Nayara Energy's Comprehensive Health Project is the oldest CSR initiative of the Company designed to ensure access to affordable primary healthcare services in 20 villages neighbouring the refinery and Wardha depot. It offers services through community health centre, mobile health clinic, emergency ambulance services (4nos), specialised health camps, and monitoring of anaemia and malaria.

63,700

Consultations annually under Community Health Initiative.



Highlights for the Year:

- Over 57,000 consultations conducted through Mobile Health Clinic (MHC or MHV) and Community Health Centre, across 15 villages of Jamnagar and Devbhumi Dwarka, and 6,700 consultations via MHV in four villages neighbouring Wardha Depot.
- Regular specialised health camps and awareness sessions held for 8,500 persons in 15 villages near the Refinery. Capacity building, behaviour change communication and sensitisation are key features of these camps.
- 650 people in Wardha villages attended specialised camp and awareness session on important health days such as World Health Day, World Tobacco Day, and World Cancer Day.
- Ophthalmic check-ups done for 230 tanker truck (TT) drivers; CPR and first-aid trainings provided to 168 TT drivers in Wardha depot.
- 2,225 nutrition kits provided to over 1,450 Tuberculosis patients and their families in Jamnagar and Devbhumi Dwarka districts. Sustained medication, personalised care and awareness has led to improved body mass index in patients, thereby pacing up recovery substantially.



Project Tushti

Despite great strides in major development indicators, some districts in Gujarat still fare poorly in nutrition status. Project Tushti is an exclusive public-private partnership project, with Nayara collaborating closely with the Government of Gujarat, striving to make 249 villages in the Dwarka region malnutrition-free. It offers end-to-end solutions to issues faced by families as well as systemic strengthening.

Highlights for the Year:

- The project's recently concluded Phase 1 accomplished 79% decline in moderately underweight and 69% decline in severely underweight children (over absolute baseline targets).
- More than 2,500 children screened through Poshan Rath (mobile malnutrition screening services); about 600 underweight children identified, out of which 74 were

brought from high risk to safe zone through dedicated Child Malnutrition Treatment Centres (CMTC) in Bhanvad and Dwarka.

- Approximately 2,800 pregnant and lactating mothers counselled on child and maternal health; counselling sessions on reproductive health held for over 2,000 adolescent girls.
- More than 600 Poshan Vatika nutrition kits distributed and healthy meal recipe booklets disseminated.
- Over 5,000 patients provided with digitalised diagnostic services via Health Kiosks.

249

Villages in Devbhumi Dwarka striving towards being made malnutrition free through Project Tushti.

Project Swachh Halar – Integrated Waste Management

To support “Swachh Bharat (Clean India) Mission”, Nayara collaborated with United Nations Development Program (UNDP) for implementation of Integrated Waste Management project in Jamnagar, Devbhumi Dwarka and 15 villages surrounding the refinery. The project aims to improve the waste value chain through investment in approaches, systemic enhancements, and behaviour change along with innovation.

Highlights for the Year:

- Over 1,300 tonnes of wet and dry plastic waste segregated in 17 wards of Jamnagar and Khambhalia Municipal Corporations
- Door-to-door waste collection practices in over 50,000 households across Jamnagar and Khambhalia (Urban and Rural). About 17,000 households are practicing source segregation.
- Awareness sessions held on the adverse impacts of single use plastic and waste segregation in 86 schools in 17 wards of Jamnagar and Khambhalia Municipal Corporations.





Sustainable Livelihoods



17.89 mcm

Additional water storage capacity created over 9 years of Project Gram Samruddhi.

Project Gram Samruddhi – Livelihood and Water Resource Development

The primary livelihood for majority of the households in our target villages is agriculture, followed by livestock and allied activities. Geographically, these villages are coastal and fall in the semi-arid zone, affecting crops with high soil salinity and low rainfall, leading to poor harvest, and insufficient fodder for livestock, thus limiting their incomes and livelihood scope.

This is a first-of-its-kind public-private partnership aims to double farmers’ income through climate-smart agriculture and integrated water resource management across 11,000 hectares in 15 villages in the districts of Jamnagar and Devbhumi Dwarka by 2026.

Highlights for the Year:

- Additional water storage capacity of 2.6 mcm created in the year. Since 2013-14, the project has created additional water storage capacity of 17.89 mcm.
- Over 600 farmers trained through a demonstration farm in Jakhar; and 1,000 farmers trained in livestock management.
- Livestock of 2,600 farmers provided with artificial insemination (AI) services across 15 villages surrounding the refinery. Over 22,000 cattle de-wormed.
- Widespread vaccination and personalised vet care helped successfully contain the outbreak of Lumpy virus.
- 150 women trained in basic and advanced stitching skills. Over 1,000 women of 73 self-help groups provided financial literacy trainings.



Education and Skilling



Project EXCEL

Agriculture in both Jamnagar and Devbhumi Dwarka districts are affected by scarce rainfall and soil salinity, making it imperative to have additional sources of income. Project EXCEL, in collaboration with UNDP, focuses on promoting employable and entrepreneurial skills among women, youth, and farmers. Linking households to citizens’ social entitlements is also a key element of the project.

Highlights of the Year:

- 3,500 youth trained in 21st century employability skills including IT skills, apparel manufacturing and self-employment skills like beauty and wellness. 1,000 youth attended awareness sessions and over 400 undertook entrepreneurship development programme.
- 4,000 farmers provided with marketing linkages post-training on business and marketing skills, to assure better profits and better buying-selling practices.
- Micro/Nano enterprises launched by more than 100 women, who are first-generation entrepreneurs.
- More than 5,000 households linked to social welfare and entitlement schemes.

Continuing education through NIOS

As schools in target villages offer only elementary education (i.e. up to the 8th grade), a large number of students drop out and do not pursue higher education. This leads to low skill levels and the loop continues to affect their income potential in the long-run.

Nayara encourages such dropout students in restarting their formal education journey through The National Institute of Open Schooling (NIOS). More than 200 students enrolled and appeared for the exams in the year 2022-23, out of which 100 completed their secondary and senior secondary education.

Awards & Accolades

The Company received several Awards & Accolades for FY 2022-23, which include Global Sustainability Leadership Awards, FICCI National

CSR Awards, UBS Forums Award and India Journal CSR Excellence Award for our flagship projects like Project Tushti and Gram Samruddhi. Hon’ble Governor of Gujarat and USAID (United States Agency for International Development), at different platforms, appreciated Nayara’s nutrition support initiatives for TB patients.

Embedding Sustainability

The Company has been championing sustainability through its ongoing activities towards environmental conservation and energy excellence, community well-being and inclusive development and best-in-class governance practices. With an intent to further embed sustainability into the core functioning of the organisation, the Company undertook a meticulous materiality assessment activity covering 21 Environment, Social, and Governance (ESG)

topics concerning downstream oil and gas sector as per international sustainability frameworks. The assessment was designed to be overarching and encompassed the diverse perspectives of 6 cohorts of stakeholders – local communities, regulators, lenders, investor groups, employees and management. The Company further conducted an ESG performance benchmarking exercise, rigorously measuring the as-is status against 62 KPIs and 181 sub-indicators. We are drawing on the wealth of insights collated during this exercise to evolve a convergent roadmap towards long-term sustainability.

Notes



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