

Nayara Energy Limited



Business Overview:

- The Company operates a major refinery in Vadinar, Gujarat.
- The refinery is India's second-largest single-site, state of the art refinery, which constitutes approximately 8% of India's refining capacity.
- The refinery is considered to be more modern and complex, with the Nelson complexity index at 11.8, compared others around the world. With business across the hydrocarbon value chain from refining in detail, this refinery is geared up to accomplish the vision of delivering crude to chemicals.
- The refinery is strategically located on the west coast of India, which provides close proximity to the Middle East and Africa, which also facilitates access to high consumption domestic as well as an export market, which benefits the Nayara Energy Share Value.
- The company has a pan- India presence across 5,600 retail stations.
- Rosneft along with an investment consortium comprising global commodity trading firm Trafigura and Russia's investment fund United Capital Partners bought a 49.13% stake in Essar Oil for \$12.9 billion, in August 2017. The company was renamed to Nayara Energy, which was inspired from the Hindi word (new) and the English word 'era.'

Acquisition of Essar Oil

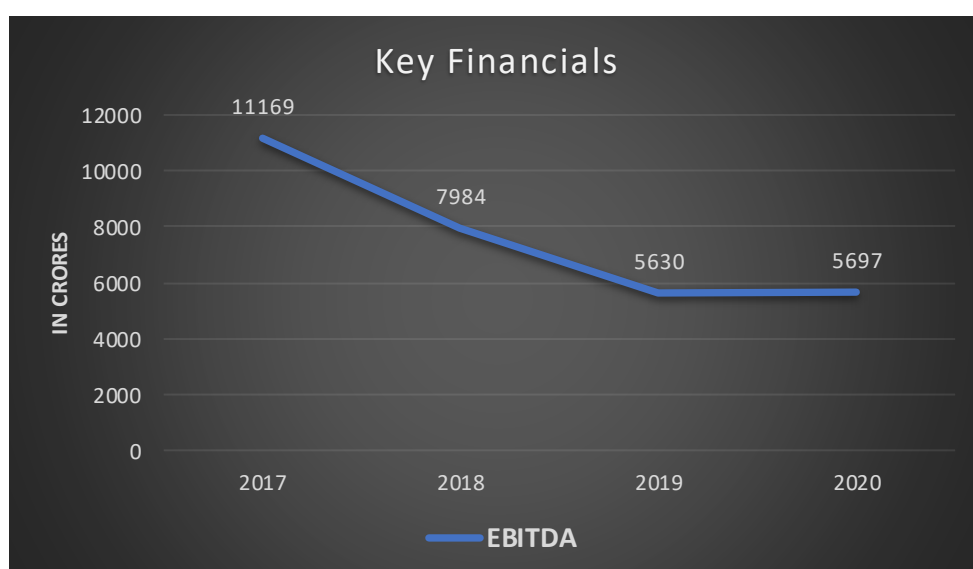
- Essar Oil was part of the Essar Group based out in Mumbai before it was acquired by Rosneft a Russian Company.
- In October 2016, Russia state-owned oil company, Rosneft bought a 49% stake in Essar Oil, along with Russian investment fund United Capital Partners in a deal worth \$12.9 billion. Other investors include Trafigura and UCP Investment Group. They renamed the company to 'Nayara', coined from "Naya" (New) and "Era", in May 2018.
- After the acquisition of 49.13% stake by Rosneft and another 49.13% by Trafigura and UCP Investment Group, the new owners of Essar Oil aim to scale up the company's petrol pump network to 6,000 outlets in India from 3,500 now.

Financials

(Figures in Crores)

Year	Revenue	EBITDA	OPM	Finance Cost	PAT	Shares	EPS
2017	74,923	11169	14.9%	3772	-2523	150.716	-16.74
2018	86,992	7984	9.2%	3367	530	150.716	3.5
2019	1,00,313	5630	5.6%	2562	688	150.716	4.56
2020	1,00,641	5697	5.66%	2749	*2500	150.716	16

*The higher PAT showed in FY19-20 as compared to FY18-19 is due to the addition of deferred tax.



Board of Directors of the company:

Name	Designation
Charles Anthony Fountain	Executive Chairman
Didier Casimiro	Non-Executive Director
Jonathan Kollek	Non-Executive Director
Deepak Kapoor	Independent Director
Naina Lal Kidwai	Independent Director
Alexey Karavaykin	Non-Executive Director
Chin Hwee Tan	Non-Executive Director
Krzysztof Zielicki	Non-Executive Director
Alexander Romanov	Non-Executive Director
Alexander Bogdashin	Non-Executive Director
C Manoharan	Director & Head of Refinery

Shareholders holding pattern

The company's Shareholders holding pattern of the company as on 31.03.2019:

Category of Shareholders	No. of Shares	Holding (in %)
Kesani Enterprises Company Limited ((a consortium of international investors led by Trafigura and UCP).)	25,65,94,520	17.21
Rosneft Singapore Pte. Limited (Formerly Petrol Complex Pte Limited)	25,65,94,520	17.21
Shares held by Custodian for GDRs & ADRs (GDS represented by (a) 475,731,927 underlying equity shares are held by Rosneft Singapore Pte Limited and (b) 475,731,927 underlying equity shares are held by Kesani Enterprises Company Limited)	95,14,63,854	63.83
Other shareholders	2,59,08,261	1.75
Total outstanding shares	1,49,05,61,155	100.00

FY19-20 Business Performance

Retail Business

1. The Retail segment yet again delivered a stupendous performance in FY 2020. The year over year volume growth was 18% against the industry's year over year volume growth of 1%.
2. This year they have added 574 new petrol pumps. With 574 new outlets added last fiscal year, Nayara Energy stood at 5,702 fuel stations at the end of FY 2020 with a pan-India presence.

Supply and Distribution

1. The Company continues to focus on improving domestic supply infrastructure and hired a coastal terminal at Mangalore and Ennore for ensuring supply at Karnataka and Tamil Nadu.
2. It also commenced supplies from Bina and Kanpur hospitality locations to improve local product availability in Madhya Pradesh and Uttar Pradesh respectively.
3. Commissioned in 2019, the Company's rail-fed Wardha depot uniquely caters to Nayara Energy's retail outlets as well as product requirements from other oil companies in and around the Vidarbha region of Maharashtra. The Company finalized another rail-fed smart automated depot in Pali, which is expected to be completed by 2021.
4. Nayara Energy did the complete conversion of its own locations to BSVI grades in January 2020, ahead of the mandatory guidelines.

Institutional Business

1. Right channelling in priority markets resulted in increased sales for Petcoke. The Company also augmented new geographies of Orissa and Nepal for the Petcoke supply.
2. The Company recorded the highest-ever Sulphur sales in a year since the inception of the refinery and re-entered the Bitumen business after moving out last year.

FY19-20 Financial Performance

1. Revenue from operations was at ₹ 1,00,641 Crores for the financial year ended March 31, 2020, as compared to ₹1,00,313 Crores for the financial year ended March 31, 2019.
2. Current Price Gross Refinery Margin (CP GRM) was lower at USD 5.88/bbl in FY 2019-20 as against USD 6.97/bbl in FY 2018-19.
3. Total Debt has been reduced from 17566 Crores in FY19 to 10757 Crores.
4. D/E Stands at 0.55x.
5. Trade receivables have also come down from 3689 Crores to 1270 Crores. This has helped Nayara Energy to clocked 12612 Crores of Cash-flow from operations.

Outlook for Medium/Long Term

- Future remain positive driven by recovery in oil demand After a difficult 2020, global economic activity is expected to rebound more strongly as the world recovers from COVID 19 demand trough.
- The IMF projects the 2021 global GDP growth at 5.8 percent as economic activity normalizes, helped by targeted fiscal, monetary, and financial market policy support measures from governments across the world.
- With the expectation that the world's transport and manufacturing systems will remain intact, oil demand growth is anticipated to return to a "normal" oil consumption volume in that year, rebounding a phenomenal 6-7 mb/d year over year in 2021. This rebound in economic activity and oil demand points would translate into healthier margins for the global refining sector.