Nayara Energy Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	11,453.71	CARE AA-; Stable	Reaffirmed
Short-term bank facilities	14,350.00	CARE A1+	Reaffirmed
Non-convertible debentures	256.84	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

Ratings assigned to bank facilities and debt instrument of Nayara Energy Limited (Nayara) continue to derive strength from its strong operating profile as it operates India's second-largest single-location oil refinery with a high Nelson Complexity Index (NCI), strategic location of its refinery and captive port terminal and power plant, long-term benefits from sizeable and growing presence in fuel retailing and recently started manufacturing of polypropylene. Ratings also derive comfort from healthy throughput and profitability in FY25 (refers to April 01 to March 31) and Q1FY26 and healthy financial risk profile with strong liquidity. Ratings continue to factor risk management systems put in place by Nayara to hedge against fluctuations in currency, crude oil prices and product cracks; while its presence in retail segment provides stability to the company's profitability and mitigate impact of fluctuations in refining segment.

However, rating strengths are tempered by economic sanctions imposed on Rosneft Oil Company (Rosneft; one of the key shareholders of Nayara) and EU sanctions on Nayara amidst ongoing Russia-Ukraine conflict, exposure to fluctuations in fuel cracks, competitive industry scenario and inherent government regulation risk in Indian oil and gas sector. Generation of envisaged returns from recently concluded polypropylene project and any large size debt-funded capex plan would be monitorables.

CARE Ratings Limited (CareEdge Ratings) continues to monitor developments post imposition of sanctions on Nayara by European Union (EU) in July 2025, which mainly restricts export of Nayara's products to EU markets and restrictions on European entities to trade with Nayara or provide any trade-related services to Nayara. Nayara had negligible direct/indirect exports to EU and minimal reliance on EU-based entities for trade services. Post sanction, Nayara's refinery throughput witnessed some decline amidst exports and logistics related challenges, however, it has gradually improved to ~85%-90% in recent period supported by crude oil imports, exports and domestic sale of refined products with support of trade and banking partners. Nayara's ability to continue its operations optimally amidst sanctions and any further sanction-related development adversely impacting it will be a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Sustained improvement in business and financial risk profile of Nayara's shareholder, Rosneft.
- Growth in retailing business and economic ramping-up of operations of its petrochemical operations leading to significant improvement in return on capital employed (ROCE) on a sustained basis while continuing to maintain its low leverage and healthy liquidity.
- Nayara's refinery continuing to operate at healthy throughput and GRM levels in a steady state scenario.

Negative factors:

- Sustained decline in throughput and GRMs or any adverse impact of sanction/geopolitical issues on Nayara's operations.
- Debt/PBILDT exceeding 2.5x on a sustained basis.
- Large dividend payout/extension of loans and advances diluting its strong liquidity.

Analytical approach: Standalone

Outlook: Stable

'Stable' outlook on long-term ratings reflects CareEdge Ratings' expectation that Nayara shall continue to remain a strong player in private sector oil refining business in India with healthy refining margins considering high complexity index of its refinery and integrated operations, which should help it to maintain its strong credit profile.

Detailed description of key rating drivers

Key strengths

Strong operating profile

Nayara's refinery has one of the highest complexities across refineries in India marked by NCI of 11.8, enabling it to process heavier grades of crude oil, resulting in higher margins compared to low-complexity refineries. It can process crude oil with a blend of 15-60 American Petroleum Institute gravity. In FY25 and Q1FY26, more than 90% of company's processed crude

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

comprised ultra-heavy and heavy grade, whereas it produced more than 85% output in the form of light and middle distillate, which have higher realisations compared to heavy distillate. Refinery has 20 million metric tonne per annum (MMTPA) capacity, constituting ~8% of India's refining capacity. Since its commencement till June 30, 2025, refinery has consistently achieved throughput over its rated capacity of 20 MMTPA, except in cases of planned shutdown. The company derives over 65% of its sales from domestic market through its retail outlets and sale to domestic oil marketing companies (OMCs) and balance from export markets.
Nayara remains exposed to concentration risk being a single-location refinery; however, strong operational track record and adequate insurance policies in place significantly addresses the risk.

Advantageous location with a captive port terminal and power plant
Nayara's refinery is at Vadinar, Gujarat, which is strategically located to cater to the demand of domestic and export markets. The company operates a captive all-weather port with a natural 32-m draft, which is deepest in India and allows 365-day intake and a Single Buoy Mooring (SBM) with a crude oil intake capacity of 27 MMTPA. SBM is capable of handling very large crude carriers (VLCC) and is in Gulf of Kutch, which also houses SBMs of Indian Oil Corporation and Reliance Industries Limited among others, forming a gateway to ~70% of crude imports by India. Port is equipped with two jetties, capable of handling vessels up to size of 100,000 deadweight tonnage, for a product off-take of 14 MMTPA each. Nayara also operates a captive power plant within refinery premises, which is equipped with oil, gas, and coal-fired boilers and turbines capable of generating 1,010 MWe of co-generative thermal power. The company primarily utilises its coal-based 510 MWe unit to power its refinery and keep remaining units as a backup.

Sizable retail business and commencement of polypropylene manufacturing
Nayara has a sizeable and growing presence in fuel retailing, with 6,700+ operational retail outlets as on June 30, 2025. The company also has two rail-fed fuel depots at Wardha (Maharashtra) and Pali (Rajasthan) and hired depots to store its products. The company has a plan to build additional depots, in the medium term, which is expected to result in lower dependency on public sector undertaking (PSU) OMCs for fuel supply to its retail outlets. The company's retail outlets are operated, primarily through dealer-owned-and-dealer-operated (DODO) model, resulting in minimal capital requirement for its retail outlet expansion plan. The company has ventured in petrochemical segment with commissioning of its 450 KTPA capacity polypropylene plant in July 2024. Polypropylene plant is currently operating at capacity utilisation of ~75%.
Growing presence in retail segment mitigates adverse impact due to fuel crack volatility in refining segment to some extent, although retail sector is vulnerable to its inability to pass on sharp increase in crude prices amidst strong competition from PSU OMCs. Nayara is expected to benefit from integrated operations (refining, petrochemicals and retailing), with expected ramp up of polypropylene production and gradually growing retail presence, which is expected to provide stability to its profitability to some extent.

Healthy operational performance in FY25 and Q1FY26
Nayara's refinery continued to operate over its rated capacity in FY25 and Q1FY26. Elevated fuel cracks in FY23-FY24, moderated significantly in FY25. However, continued sourcing of relatively cheaper Russian grade crude and healthy retail margins in FY25, amidst largely steady retail prices despite decline in crude prices, supported profitability.
In Q1FY26, Nayara's performance was supported by improvement in fuel cracks and retail margins against FY25. Consequently, the company generated PBILDT of ₹11,212 crore and ₹3,596 crore in FY25 and Q1FY26, respectively (₹19,318 crore in FY24).

Healthy leverage and debt coverage indicators
Nayara's financial risk profile continues to improve in FY25 and Q1FY26 due to heathy accruals and debt rationalisation, resulting in improved capital structure and debt coverage metrics. Capital structure improved marked by overall gearing (on net debt basis) of 0.21x as on March 31, 2025 and 0.12x as on June 30, 2025, compared to 0.43x as on March 31, 2024. Debt coverage metrics also remained healthy marked by net debt/PBILDT of 0.95x in FY25 and 0.45x in Q1FY26 (annualised) compared to 0.96x in FY24. Going forward, financial risk profile is expected to remain healthy despite expected part funding of routine capex through debt. However, any large size debt-funded expansion plan will be a key rating monitorable.

Liquidity: Strong
Nayara's strong liquidity derives comfort from cash and cash equivalents of ₹11,463 crore as on June 30, 2025 and at similar level as on September 2025 end, and sizable undrawn working capital limits. Nayara's cash accruals are expected to have significant cushion compared to its term debt repayment obligations in the medium term. Significant dilution in existing liquidity will be a key monitorable.

Key weaknesses

Rosneft (one of the key shareholders) under economic sanctions amidst ongoing Russia-Ukraine conflict

Nayara's shareholders comprise Rosneft Singapore Pte Limited and Kesani Enterprises Company Limited (Kesani), a consortium led by Mareterra (replaced Trafigura in January 2023) and United Capital Partners (UCP), holding 49.20% share each in Nayara. Trafigura, a multi-national global commodity trading company, sold its stake in Kesani Enterprises Company Limited to Hara Capital Sarl in January 2023, a wholly owned subsidiary of Mareterra Group Holding, an investment group with a focus on energy and carbon efficiency infrastructure. Rosneft is currently under economic sanctions, while Kesani has pledged its entire holding in Nayara with VTB Bank, which is also under economic sanctions due to Russia-Ukraine war.

Rosneft is one of the world's largest oil and gas companies in terms of reserves and production of liquid hydrocarbons. It has ~6% share in global oil production, ~40% and ~8% share in oil and gas production in Russia, respectively, ~35% share in Russian refining market and has ~3,000 fuel retail outlets in Russia. It owns several oil refineries in key regions of Russia and ownership stakes in refineries outside Russia, and sizable retail sites in Russia and nearby geographies. Nayara benefits from Rosneft's strong market position and expertise in oil and gas sector. In the past, Rosneft had supported Nayara through fund infusion amidst adverse industry scenarios.

UCP Investment Group is one of the largest financial investment groups in Russia. Mareterra Group Holding (earlier known as Genera Group) operates in fields of energy and process efficiency, energy production, green infrastructure and EV charging stations with presence in Europe, Brazil, China, and the US.

Economic sanctions on Russia/Russian entities, including Rosneft, could limit Rosneft's flexibility to support Nayara in case of any requirement.

Recent sanctions on Nayara by European Union impacting its operations

Recently, in July 2025, European Union (EU) imposed sanctions on Nayara which mainly restricts export of Nayara's products to EU markets and restrictions on European entities to trade with Nayara or provide any trade related services to Nayara. Sanction package also included reduction in price cap for Russian crude to US$47.60/bbl from September 2025 compared to previous price cap of US$60/bbl and restriction on sale of products, in EU market, made of Russian crude, from January 2026.

Nayara's ~30% sale is derived from exports while balance ~60%-70% is domestic sales. However, per Nayara, it had negligible direct/indirect exports to EU and minimal reliance on EU based entities for trade services while its majority exports are through traders for sale into multiple geographies. Post sanction, Nayara's refinery throughput witnessed some decline amidst crude sourcing, exports and logistics-related challenges, however, it has gradually improved to ~85%-90% in recent period. Also, Nayara has been able to import required crude quantity/grades and able to export refined products with the support of trade, banking partners and group entities. Nayara expects to achieve nearly 100% throughput in the medium-term.

However, Nayara's ability to continue its operations optimally amidst sanctions and any further sanction-related development adversely impacting Nayara will be a key rating monitorable.

Exposure to volatility of crude prices, fuel cracks, and foreign exchange rates

Oil and petroleum product prices are a function of global demand-supply dynamics, which is primarily influenced by Organization of Petroleum Exporting Countries (OPEC) policies, geo-political situation in countries with oil reserves, economic growth and exchange rates among others. Per its policy, Nayara hedges its inventory exposure through hedging instruments on a regular basis, which reduces impact of market volatility in crude oil and product prices on its profitability. Nayara imports majority its crude requirement, which is denominated in US Dollar and other foreign currencies. However, the company has a natural hedge in the form of exports (~30% of total sales). Domestic sales to OMCs are linked to US Dollar, which further mitigates risk.

Competitive industry and regulatory risk

The company faces stiff competition from PSU OMCs, which operates ~90% of retail outlets in the country. However, post-deregulation of motor spirit (MS) and especially high-speed diesel (HSD), the company has been expanding its retail presence and remains committed to increase the same, going forward. The company is exposed to the regulatory risk, as interference by Government of India (GoI), may affect its profitability. However, Nayara's sales consist of sizeable exports, which offsets the impact to an extent. GoI has been imposing windfall taxes on export of certain products, however, GOI has also reduced/removed windfall taxes when product margins normalise. Consequently, Nayara's profitability remains sensitive to regulatory interventions.

Applicable criteria

[Definition of Default]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Factoring Linkages Parent Sub JV Group]
[Financial Ratios – Non financial Sector]

[Liquidity Analysis of Non-financial Sector Entities](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas and consumable fuels	Petroleum products	Refineries and marketing

Incorporated in 1989, Nayara (formerly known as Essar Oil Limited) is engaged in crude oil refining and marketing. It owns India's second-largest single location refinery – at Vadinar, Gujarat – having a capacity of 20 MMTPA (equivalent to 140 million barrels) and high complexity of 11.8, allowing it to process wide range of crude oils. Nayara also has a presence in fuel retailing, with 6,700+ operational retail outlets across India. Nayara has 450 KTPA polypropylene plant commissioned in July 2024.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (Prov.)
Total operating income	132,652	128,876	31,357
PBILDT	19,318	11,212	3,596
PAT	12,085	6,061	2,325
Overall gearing (times)	0.64	0.39	0.34
Interest coverage (times)	9.02	6.63	10.06

A: Audited; Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument/facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures - Non convertible debentures	INE011A07107	December 16, 2020	8%	December 15, 2025	256.84	CARE AA-; Stable
Fund-based - LT - Cash credit	-	-	-	-	2,500	CARE AA-; Stable
Fund-based - ST - Bill discounting/bill purchasing	-	-	-	-	850	CARE A1+
Non-fund-based - LT- Bank guarantee	-	-	-	-	474.77	CARE AA-; Stable
Non-fund-based - ST - BG/LC	-	-	-	-	13,500	CARE A1+
Term loan - long term	-	-	-	December 31, 2044	5,164.14	CARE AA-; Stable
Term loan - long term	-	-	-	March 31, 2037	3,314.80	CARE AA-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST - BG/LC	ST	13,500	CARE A1+	1)CARE A1+ (23-Jul-25)	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (19-Mar-24) 2)CARE A1+ (24-Aug-23)	1)CARE A1+ (13-Dec-22)
2	Fund-based - LT - Cash Credit	LT	2,500	CARE AA-; Stable	1)CARE AA-; Stable (23-Jul-25)	1)CARE AA-; Stable (10-Oct-24)	1)CARE AA-; Stable (19-Mar-24) 2)CARE AA-; Stable (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)
3	Term loan - long term	LT	5,164.14	CARE AA-; Stable	1)CARE AA-; Stable (23-Jul-25)	1)CARE AA-; Stable (10-Oct-24)	1)CARE AA-; Stable (19-Mar-24) 2)CARE AA-; Stable (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)
4	Term loan - long term	LT	3,314.80	CARE AA-; Stable	1)CARE AA-; Stable (23-Jul-25)	1)CARE AA-; Stable (10-Oct-24)	1)CARE AA-; Stable (19-Mar-24) 2)CARE AA-; Stable (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)
5	Fund-based - ST - bill discounting/ bill purchasing	ST	850	CARE A1+	1)CARE A1+ (23-Jul-25)	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (19-Mar-24) 2)CARE A1+ (24-Aug-23)	1)CARE A1+ (13-Dec-22)
6	Debentures - non-convertible debentures	LT	256.84	CARE AA-; Stable	1)CARE AA-; Stable (23-Jul-25)	1)CARE AA-; Stable (10-Oct-24)	1)CARE AA-; Stable (19-Mar-24) 2)CARE AA-; Stable (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)
7	Debentures - non-convertible debentures	LT	-	-	-	-	1)Withdrawn (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)
8	Non-fund-based - LT - bank guarantee	LT	474.77	CARE AA-; Stable	1)CARE AA-; Stable (23-Jul-25)	1)CARE AA-; Stable (10-Oct-24)	1)CARE AA-; Stable (19-Mar-24) 2)CARE AA-; Stable (24-Aug-23)	1)CARE AA-; Stable (13-Dec-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of Instrument	Complexity Level
1	Debentures - non-convertible debentures	Simple
2	Fund-based - LT - cash credit	Simple
3	Fund-based - ST - bill discounting/bill purchasing	Simple
4	Non-fund-based - LT - bank guarantee	Simple
5	Non-fund-based - ST - BG/LC	Simple
6	Term loan - long term	Simple

Annexure-5: Lender details:

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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