

## Nayara Energy Becomes First Indian Refinery Hit by EU Sanctions on Russia



Nayara Energy's refinery at Vadinar, Gujarat, has become the first Indian entity in the energy sector to be directly impacted by Western sanctions targeting Russia. On Friday, July 18, 2025, the European Union (EU) announced fresh curbs on Russian oil exports, specifically designating the refinery and signaling a new phase in economic pressure aimed at Moscow.

The EU's foreign policy chief, Kaja Kallas, confirmed the inclusion of "the biggest Rosneft refinery in India" in the latest sanctions package. This move targets Nayara Energy due to Russian state oil giant Rosneft's substantial 49.13% stake in the company. Nayara Energy, formerly Essar Oil, operates India's second-largest single-site refinery with a capacity of 20 million metric tons per annum and manages a network of over 6,750 fuel retail outlets across India. The remaining ownership is held by an investment consortium, Kesani Enterprises Company, which includes Russia's United Capital Partners (UCP) and Mareterra Group Holding.

The new EU measures are designed to limit Russia's ability to fund its ongoing conflict and include several key components. The price cap on Russian seaborne crude, previously set at \$60 per barrel by the G7 grouping of seven developed economies, will be lowered. This revised cap, expected to be around \$47 per barrel, aims to force Russia to sell its oil at deeper discounts, thereby reducing its revenue. Additionally, 105 more "off-radar" vessels have been sanctioned, bringing the total to 223 out of a fleet of 400 oil tankers, further hindering Russia's capacity to evade existing price cap mechanisms. Crucially, the sanctions also include curbs on refined petroleum products made from Russian crude oil and re-exported from third countries to

the EU, with limited exceptions. This last point directly impacts Nayara Energy's ability to export fuel products like petrol and diesel to Europe.

India, through its Ministry of External Affairs, promptly responded to the EU's announcement, stating that it "does not subscribe to any unilateral sanction measures." External Affairs Ministry spokesperson Randhir Jaiswal emphasized India's commitment to its legal obligations and its paramount responsibility to ensure energy security for its citizens. He also called for "no double standards, especially when it comes to energy trade."

While Nayara Energy is not a primary exporter of fuels to Europe, accounting for an estimated 4% of India's total fuel exports to the continent in 2025, the sanctions could nonetheless impact its operations and future prospects. Industry experts are seeking greater clarity on the specifics of the new regulations, particularly concerning product exports. This development underscores the complexities of global energy markets and the far-reaching implications of international sanctions on entities with Russian linkages, even those operating in third countries.