Chairman's Speech
31st AGM, Numaligarh Refinery Limited

Date : 30th of August 2024, Friday   Venue : NRL Centre, Guwahati

Esteemed Stakeholders and members of the NRL Board,

It is a matter of immense pride and privilege for me to welcome you all to the 31st Annual General Meeting of Numaligarh Refinery Limited.

At a time when India is charting its course towards becoming a global economic powerhouse under the visionary leadership of our Hon'ble Prime Minister, Shri Narendra Modi, NRL remains steadfast in aligning its efforts with the national priorities of 'Atmanirbhar Bharat' and 'Viksit Bharat'.

I take this moment to express my deepest gratitude to all our shareholders and investors for your unwavering belief in NRL and continued support in this journey. Together, we have made tremendous strides in contributing to India's energy security and fostering socio-economic development, particularly in the Northeast region, which holds a special place in the Government's 'North-east Hydrocarbon Vision 2030'.

NRL's success over the past 31 years is a testament to the tireless efforts and exceptional dedication of its workforce. Their commitment to excellence has been the driving force behind NRL's transformation into a model public sector enterprise, not only within the Northeast but across India's oil and gas sector. Together, we have consistently demonstrated our ability to create value for all stakeholders, while also playing a critical role in fulfilling the national vision of an inclusive and self-reliant India.

As we stand at the threshold of another year, I am confident that the collective goodwill and trust that you have placed in NRL will propel us to new heights. Your company, which completed 31 years of service to the nation on 22nd April 2024, continues to evolve as a key player in India's energy transition journey, and Net Zero goals.

The Notice of AGM, Director's Report, and Audited Accounts have been tabled, and with your kind permission, I consider them as read.

The Annual Report of your company for the Financial Year 2023-24 is available on your Company's website www.nrl.co.in . It provides a comprehensive and transparent account of your Company's performance across all parameters—qualitative, quantitative, financial, and non-financial. The report outlines the significant achievements we made during this year, surmounting challenges.

I now take the privilege of sharing with you the notable milestones we have achieved, and the remarkable progress made during the year, all of which continue to contribute to India's growth and development.

The Financial Year 2023-24 ended on a positive note despite loss of operations during the first quarter on account of the planned Refinery shutdown and an unforeseen fire incident. It is indeed praiseworthy that NRL bounced back with gusto after the initial setback, demonstrating exemplary resilience, perseverance and unwavering commitment of its employees.

Financial Performance

During the Financial Year 2023-24, your Company registered a Profit Before Tax (PBT) of Rs. 2,912 Crore, while the net profit recorded was Rs.2,160 Crore. The reduction in profit figures as compared to last year was due to loss of operations in the first quarter due to planned Refinery Turnaround and the unforeseen fire incident as mentioned earlier. Revenue from operations recorded during the year was Rs. 23,731 Crore while Gross Refining Margin was $13.17 per bbl. The Earning per Share (EPS) for the year 2023-24 was Rs.13.95. During the year, the Company's net worth soared a notch higher to Rs.13,926 Crore. I am happy to say that the Company continued to contribute significantly to the Central and State Exchequer in the form of taxes, duties and dividends, with a contribution of Rs. 3,819 Crore extended during the FY 2023-24. During the year, the Company recorded the highest ever standalone capital expenditure of Rs. 8,502 Crore, marking an increase of 24% over last year; which is an indicator of the fast paced progress made in executing projects on the anvil, big and small ensuring long term growth and sustainability.

Physical Performance

During the Financial Year 2023-24, the Refinery processed 2,510 TMT of Crude Oil, out of which 2,458 TMT was domestic Crude Oil and 52 TMT was imported Crude Oil. This implies a Crude throughput equivalent to 100% capacity utilization for 10 months, a considerable feat taking into account that the refinery was recuperating from a valuable quarter lost during the beginning of the Financial Year 2023-24. This is also a manifestation of improved reliability of plant units. Further, the Refinery could achieve the MoU target for Distillate Yield of 86.54% by maintaining a higher throughput of secondary units on a continuous basis during the last three quarters of the financial year. The Refinery continued to show impressive performance with respect to Specific Energy Consumption (SEC) and Energy Intensity Index (EII), pointers that determine energy efficient operations. SEC of the refinery at 61.57 MBN was better than last year as well as the MoU target of 61.7 MBN and improved primarily due to higher capacity utilization of secondary units and several ENCON measures taken in the Refinery over the years. EII of the refinery during the year improved to 81.4 as compared to 82.3 in the previous year.

Marketing Performance

Spreading its wings, your Company opened its first international liaison office in Dhaka, Bangladesh during the year. This will pave the way for expansion of NRL's business activities in Bangladesh and subsequently in other neighbouring countries. During the year, 38 TMT of Gas Oil was exported to Bangladesh through the India Bangladesh Friendship Pipeline (IBFPL) from NRL's terminal in Siliguri. NRL also signed an MoU with the Inland Waterways Authority of India (IWAI) for petroleum product transportation to Bangladesh via Jogighopa jetty, that would be put up in the vicinity of NRL's upcoming terminal. During the year, MoUs were signed with various oil companies for sale purchase of additional products, post Refinery expansion. In order to be in readiness to handle more railway rakes at the Siliguri Marketing Terminal, additional land measuring 64,621 Sqm (15.97 Acre) has been taken on long term lease from the Railways to construct an additional loading spur.

Total product sales during the year was 2,720 TMT. NRL's LPG bottling plant recorded the highest ever capacity utilisation of 68 TMT during the year against installed capacity of 42 TMT. Your Company remains the market leader in the country with regard to Wax production and sales. Wax exports during the year was 1.1 TMT out of total Wax sales of 38 TMT. Sales within Northeast was registered at 1,173 TMT, which was 43% against 41% of the total sales in the previous year, thus contributing towards reduction in freight under recoveries.

Projects

Your Company has made significant progress in the ongoing mega Numaligarh Refinery Expansion Project with a train comprising of the 6 MMTPA Refinery, the 1,635 KM Paradip Numaligarh Crude Oil Pipeline and Crude Oil Import Terminal at Paradip; which is expected to be completed by December 2025. Environmental clearance for the 360 KTPA Poly-Propylene Plant (Petchem Project) has recently been received. This along with the 2.4 KTPA Green Hydrogen Project and imminent commissioning of the 2G Biorefinery being implemented through the JV, M/s Assam Biorefinery Pvt. Ltd demonstrate NRL's push to diversify its product portfolio while transitioning towards cleaner energy and aligns with achieving its net zero goals by the year 2038. The total investment on ongoing projects is in excess of Rs. 45,000 Crore.

CSR

Your Company remains focussed on executing quality CSR projects that can touch as many lives as possible in line with provisions of Companies Act 2013. This year, NRL's CSR expenditure primarily focused on 'Health and Nutrition' as per guidelines of Department of Public Enterprise and Ministry of Corporate Affairs. The Company walked the extra mile to improve the rural health infrastructure by renovating and providing medical equipment to 40 Hospitals and 8 Public Health Centres in Golaghat District of Assam, as a primary healthcare intervention measure. During the year, your Company collaborated with Govt of Assam to set up a High Performance Sports Training and Rehabilitation Centre at Jorhat, Assam. An amount of Rs.94.18 Crore, including set off of Rs.8.20 Crore, from previous Financial Year, was spent during the financial year 2023-24 for CSR activities undertaken by the Company.

The 3S Mantra

The three Ss- Safety, Security, and Sustainability form the bedrock of your Company's operations and guiding principle of its future aspirations.

Safety

Your Company continues to thrive in adoption of best practices in Safety Management systems. During the year, the Health, Safety & Environment (HSE) policy has been revised incorporating OISD Guideline 206. Special efforts have been undertaken for dissemination and educating our people on all updated OISD guidelines, standards and recommended practices. Your company has scrupulously implemented all internal and external audit recommendations on safety.

Security

In an era marked by evolving threats, maintaining robust security measures is paramount. Your Company has made substantial investments in advanced security technologies and infrastructure to safeguard its assets, information, and people. Your Company attaches high priority on cyber security and has recently implemented Security Operations Center (SOC) solution to primarily monitor IT systems on 24 x 7 basis, thereby enabling the management to promptly respond, protect and defend the organization's assets including intellectual property, personnel data, business systems, and brand integrity from potential cyber threats.

The NRL Security Operations Center (SOC) solution consist of SIEM (Security Information and Event Management system), EDR (Endpoint Detection and Response), NDR(Network Detection and Response), Brand, Deep & Dark Web Monitoring & Firewall Analyzer.

Besides, your Company has successfully implemented its Business Continuity Plan (BCP), which is a comprehensive strategy designed to ensure that NRL can continue operating and recover quickly in the event of an IT disruption or disaster, as a part of which all NRL IT Systems are being continuously replicated to AWS Cloud.

Sustainability

Sustainability is at the core of your Company's business strategy and operations. During the year, NRL has been able to bring to the cusp, commissioning of the 2G Biorefinery, that would have a carbon negative impact on the environment and would be a shining example our commitment towards sustainability. The decision to rely on grid power for the new refinery train is yet another manifestation of NRL's resolve to reduce Scope1 emissions, while foraying into Petchem reinforces NRL's resolve to mitigate Scope 3 emissions. Apart from the above, more green projects are on the drawing board for making the Company environmentally sustainable.

There is enhanced focus on HSE and Social Responsibility which is detailed in the Business Responsibility and Sustainability Report (BRSR) featuring in NRL's Annual Report since last year, a step your Company has undertaken beyond its mandate to highlight initiatives taken with respect to environmental, social and governance (ESG) perspectives.

Corporate Governance

Your Company has been resolute in practicing the highest level of integrity, transparency and accountability in all its spheres of business and will continue to imbibe the best business practices and highest principles of work and ethics in its onward journey. Your Company has been consistently achieving 'Excellent' grading for compliance of the stipulations contained in DPE Guidelines on Corporate Governance.

Acknowledgement

On behalf of NRL Board of Directors, I take the opportunity to convey my heartfelt thanks to our valued shareholders viz. Oil India Limited, Govt. of Assam and Engineers India Limited for bestowing their continued support and trust which has been a source of motivation for all our endeavours. I wish to express my deep gratitude for the unstinted support and valuable guidance received from the Ministry of Petroleum and Natural Gas, Govt. of India at every step of our journey. I would also place on record my sincere thanks to the Govt. of Assam for their support and goodwill, which has helped in taking forward NRL's plans and projects in a seamless manner. Special thanks to Central Govt. Ministries, Oil PSUs and all other stakeholders for their affirmative engagements and collaborations which have added value to our efforts. I would be failing in my duties if I don't thank my colleagues in the NRL Board for their passion, commitment and support which has been the driving force in tiding over challenging situations and soaring greater heights of growth and progress.

Conclusion

In conclusion, I am confident that with the collective efforts of our talented workforce, the unwavering support of our stakeholders, and our strategic vision, NRL will continue to achieve new heights of success and contribute positively in the growth story of our Nation.

Warm regards,

Dr. Ranjit Rath
Chairman
NRL