NUMALIGARH
REFINERY
LIMITED

Managing Director's New Year Message 2012

Dear Colleague,

As another calendar year draws to a close, I take this opportunity to share with you some thoughts on the organization that we are all a part of.

2011 has been yet another year that has put to test our credentials and standing as a Company and I would congratulate each one of you for rising to the occasion at all times and contributing positively in your individual areas, leading to realization of our targets and goals. It is because of your unwavering sincerity and dedication that we can claim with pride to be one of the best refineries in the country in terms of physical performance. This, however has not necessarily translated into financial gains primarily due to change in duty structure of crude and petroleum products and other factors over which we have very less or no control. The need of the hour is to remain steadfast in our efforts and commitment in this challenging environment, while remaining open to explore and tap on new opportunities that come our way. No doubt, the challenges we face as a Company and as an industry are formidable. However, throughout our Company's brief and glorious history, we have embraced challenges as opportunities to achieve results, the right way.

Our immediate priority is the successful completion and commissioning of the Rs. 577 crores Wax plant designed to generate premium paraffin and microcrystalline wax as also the Rs. 87 crores Naphtha Splitter unit which would produce 160 TMT of petrochemical grade Naphtha. While we remain focused on implementing more and more value addition projects to sustain and enhance our profitability, our diversification plans to other sectors is being carefully chalked out weighing the avenues and opportunities of growth and development. Collaborations and partnerships in joint venture projects has been our means to select suitable partners in the energy industry for mutual benefits while gaining and leveraging on valuable insights and exposure to related sectors.

Time and again, sustainability issues have come to the fore on account of sub-economic size of the Refinery. To address this, we have embarked on an ambitious plan of capacity expansion of the Refinery from 3 MMTPA to 8 MMTPA using lesser priced imported crude. Though at a very preliminary stage, this would be the most prudent way forward towards ensuring enduring viability of the Company, leading the way to further growth and prosperity.

On the retail marketing front, we are constantly realigning ourselves to suit the requirements of the ever-changing and dynamic market scenario. NRL's per-pump-throughput is significantly higher than industry average. You will appreciate that within the North East Region, with barely 6% of the total number of Retail Outlets, NRL has secured 13% market share, a testimony to wide scale customer devotion and loyalty to the NRL brand. In the near future, favourable retail pricing of products permitting, NRL plans to achieve 33% market share in North East with necessary expansion of the Company's retail network. However, we need to keep in mind that the we cannot evade risks at all times and small term risks for long term viability and visibility needs to be taken at times in order to build a strong enterprise.

Our values should guide our work every day. We need to recognize at all times that the way we conduct ourselves is fundamental in achieving our business goals and building up our value system. Our vision, values and strategies should be grounded in benefiting the community around us, protecting the environment, and working in a transparent and ethical manner. I am sure each one of you will continue to contribute towards achieving the Company's goals and objectives.

With that note, I take this opportunity to wish you and your family a very happy and prosperous New Year 2012.

Sincere regards,

(Dipak Chakravarty)

Guwahati
1st of January, 2012