Chairman's Address

28th NRL Annual General Meeting

18th September 2021

Dear Shareowners,

It is a pleasure and privilege to welcome you all to the 28th Annual General Meeting of NRL. It is also a great honour for me to address this AGM of NRL as Chairman of the Company for the first time.

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

Introduction

25th March 2021 has been a red letter day for the Company. As part of BPCL's disinvestment process, a Share Purchase Agreement (SPA) was signed between BPCL and consortium of OIL & EIL for sale of its entire 61.65% holding in NRL. With this, OIL has become NRL's holding company with majority equity stake of 80.16% ; while Govt. of Assam and EIL have acquired equity stake of 15.47% and 4.37%. The Govt. of Assam's stake in the Company is in the process of being enhanced finally to 26% in the Financial Year 2021-22; which would proportionately decrease the shareholding of OIL. Subsequently, an amount of Rs. 500 Crore was transferred by Govt. of India to OIL on 27th May 2021 due to which the current equity holding of OIL is 77.06% and Govt. of Assam is 18.57%.

NRL and OIL have a very special place in the hearts of the people of Assam, since both the Companies have its origins in the State and have grown and contributed continuously towards its economy. The Central Government as well as the State Government have laid huge emphasis on Act East Policy with focus on creating long lasting business relations with the neighbouring countries on the North Eastern frontiers of our country. Together, OIL and NRL will be able to play a pivotal role in contributing towards fulfilling this vision. With the massive refining expansion project of NRL and aggressive exploration plans of OIL in existing and new hydrocarbon blocks in North East India, OIL-NRL will be able to contribute immensely in ensuring energy security of the nation and achieve the targets set by the Ministry of Petroleum and Natural Gas under North East Hydrocarbon Vision 2030. Presence of EIL in the consortium will further boost the technical expertise, which has become more relevant considering the expansion plan of NRL.

It is my firm belief that together OIL and NRL can create tremendous synergy that would help both the organisations to consolidate their business plans and achieve sustainable growth and success in all their ambitious endeavours.

COVID effect

We have stepped into the second year of the pandemic that reared its unsavoury head in the beginning of the year 2020 and the second wave of COVID-19 is not yet over. Though the pandemic has wrecked havoc on businesses and economies worldwide, it has been a wake-up call for all organizations and companies to rise above their traditional operating models and explore and adapt to novel and innovative ways of conducting their businesses. It gives me a lot of satisfaction to see NRL seamlessly adapt to the situation and managing to remain relevant and profitable.This is manifested in the results achieved in the last financial year 2020-21 transcending adversities and bottlenecks alike. Other than sustaining profitable operations, the focus has been to maintain the momentum of progress for major projects on the anvil that promise to secure the Company's future in the long run.

Performance highlights

I take this opportunity of sharing with you the highlights of your Company's performance during the last financial year 2020-21.

During the FY 2020-21, the refinery processed 2,707 TMT of Crude Oil, a 14% increase over the previous year with Sales Volume of 2,924 TMT, 24% over previous year. Besides Assam Crude Oil, imported Crude Oil of 42 TMT was also processed in the refinery. There was increase in production of HSD by 16% at 1,837 TMT and MS by 37% at 632 TMT over the previous year. The refinery also recorded highest ever Wax production of 47 TMT, 17% over previous year and highest ever LPG bottling at 57 TMT, 27% over previous year.

NRL posted Revenue from Operations at Rs. 18,544 Crore which was higher by 31.77% as against Rs.14,073 Crore of the previous year, primarily on account of higher sales volume.

Higher Crude throughput and increase in overall margins resulted in NRL posting record Profit before tax of Rs. 4,083 Crore, an increase of 135 % over previous year and Profit after Tax of Rs. 3,036Crore, an increase of

120%. The Earning per Share (EPS) for the FinancialYear 2020-21 stood at Rs. 41.27 as compared to Rs. 18.78 in 2019-20. Net worth of the company has increased by 7 % to Rs. 5,763.44 Crore as on 31st March 2021. The outstanding financial records has also led to the highest ever contribution to the Govt. exchequer at Rs. 6,468 Crore.

Major projects

The company continues to assiduously and aggressively pursue major ongoing projects in hand; namely the Refinery Expansion Project, Bio Refinery Project and Indo-Bangladesh Friendship pipeline(IBFPL).

At a revised estimated cost of Rs. 28,026 Crore after change in initial configuration to make the facility Petrochemical ready, the Refinery Expansion Project to enhance capacity from 3 MMTPA to 9 MMTPA including the Crude Oil Import Terminal at Paradip port, Odisha and a 1635 KM Crude Oil Pipeline from Paradip to Numaligarh is being monitored closely and rigorously.

The 2G Bio Refinery, the first of its kind with bamboo biomass as feedstock that is being implemented through NRL JV M/s Assam Bio Refinery Pvt. Limited is progressing well and is expected to be completed by September, 2022.

The Government of India has advanced the target for 20 per cent ethanol blending in petrol (also called E20) to 2025 from 2030. E20 will be rolled out from April 2023.This measure is aimed at reducing the country’s oil import bill and carbon dioxide pollution. This new initiative is also part of measures to improve energy security and self-sufficiency measures. The 2G Bio Refinery, the first of its kind with bamboo biomass as feedstock, being implemented through NRL's JV, Assam Bio Refinery Private Limited shall produce cellulosic ethanol as its main product and shall be a game-changer in the production of green hydrocarbon. The project is progressing well and is expected to be completed by September, 2022.

The 130 KM India Bangladesh Friendship Product Pipeline from NRL's Siliguri Marketing Terminal to Parbatipur in Bangladesh that is being implemented with Grant-in-aid support of Rs. 285 crore from the Government of India for the Bangladesh portion of the pipeline is also progressing at desired pace.

With this and several other ongoing projects undertaken during the Financial Year 2020-21, NRL recorded the highest ever standalone CAPEX of Rs. 924 Crore. The Company also achieved the distinction of highest procurement using the GeM(Government e-Marketplace portal) at Rs. 277 Crore.

Digital Initiatives

In a world which is driven and connected digitally like never before, NRL has been a frontrunner in adopting the latest and best practices in information technology. The financial year 2020-21 has seen NRL launch a few more noteworthy initiatives. The Paperless Office Solution, AAROHAN was launched in the month of August 2020 and has resulted in total digital transformation of the procurement cycle to be eventually implemented for all business processes of the organization including HR, benefit management and other internal and external processes which are carried out through SAP. Another important development is the commencement of S/4 HANA (High Performance Analytical Appliance) migration project from December 2020 that would improve performance due to its ability to process data faster with embedded analytical capability. Other initiatives include cloud hostedDigital Capital Project Management Tools;Immersive VR Training for safety training and marketing operations etc.

CSR

At a time when the world is fighting the pandemic at every level, NRL joined hands with collectives to extend support in every way possible by ramping up facilities and provisions to tackle the situation. An amount of Rs. 32 Crore was earmarked to fight COVID-19; which included creating a 120 bedded COVID care facility with 20 bedded ICU at Jorhat Medical College and Hospital.NRL extended support to different COVID Care Centres set up in adjacent Sarupathar, Bokakhat ,Golaghat, Nagaon and Bajali. The VKNRL School of Nursing at Numaligarh was converted to a 75 bedded COVID Care Centre manned by Doctors, Nurses and Paramedics of VKNRL Hospital and VKNRL School of Nursing round the clock.

NRL has also handed over medical equipment and provisions including N95 masks, Pulse Oximeters, hand sanitizers, nebulizers, BP measuring instruments to Golaghat Govt. Hospital. Moreover, medical equipment like Oxygen Concentrators are being provided to different Civil Hospitals/Model Hospitals of Golaghat District.

Apart from above, lot of other projects were also taken up in the other heads outlined in the CSR policy, namely, Education and Skill

Development, Livelihood, Infrastructure development, Promotion of Arts, Sports, Literatures and Culture.

Corporate Governance

Your company has been advocating and practicing the highest levels of integrity, transparency and accountability in all its business activities as spelt out in its Corporate Governance agenda, diligently working towards and adopting the best business practices of work and ethics.

Acknowledgements

The NRL Board would like to put on record their sincere appreciation for the hard work and efforts put in by every employee despite challenges and adversities unleashed due to the pandemic.

The Board also acknowledges the contribution of all the stakeholders including customers, dealers, contractors, suppliers and bankers for their unrelenting support and cooperation at all times.

The Board of Directors would like to place on record, their sincere gratitude for the support extended by the Central Government, particularly the Ministry of Petroleum & Natural Gas as well as from the Government of Assam and other Government Departments.

The Board would like to thank all the shareowners of NRL, Oil India Limited Government of Assam and Engineers India Limited for the trust reposed on the company in executing major projects.

I take this opportunity to extend my sincere gratitude to all my colleagues on the NRL Board for their wholehearted support, co-operation and focus to

keeping the NRL flag flying high. I also wish to express my sincere gratitude for reposing your faith and confidence in the Company's Management.

We are on a path of rapid growth and progress and I am sure that with our collective efforts, we will be able to achieve the goals that we have set for ourselves.

Thank you and Jai Hind

S C Mishra

Chairman