



Chairman's Address

27th Annual General Meeting

10th August 2020

Dear Shareowners,

It is a privilege to welcome you all to the 27th Annual General Meeting of your Company.

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

The last few months have been tough with most of our efforts focussed on adapting to the changing circumstances that have unfolded in the wake of the COVID-19 pandemic. On the positive side, the crisis has thrust upon us opportunities to break free from the conventional ways in which we have been carrying out our business and also to explore other possibilities to stay current and relevant. Rising up to the occasion in these testing times, we have yet again manifested our resilience and undying spirit of team work and perseverance and maintained our performance levels. A large number of our employees today are working remotely and Company meetings including today's AGM are being held on virtual platforms- a paradigm shift that is slowly becoming the new normal.

Your company completed the year 2019-20 on a positive note, leveraging the best of existing circumstances. Progressing towards realising our strategic vision, we took giant steps to secure the Company's future. However, unanticipated bottlenecks and unprecedented volatilities affected the bottom lines. I take this opportunity of sharing with you the performance highlights of your Company during the last financial year 2019-20.

The refinery processed 2,383 TMT of Crude Oil compared to 2,900 TMT in the year 2018-19, the decline is mainly attributable to Refinery Turn Around undertaken after a gap of 4 years and lower capacity utilization during March 2020 in the aftermath of COVID-19. However, improved results were recorded in terms of Specific Energy Consumption and Energy Intensity Index, a clear demonstration of our continual energy saving efforts. During the year 2019-20, the refinery also processed maiden imported Miri Light Crude Oil from Malaysia. Product sales during the year was 2,361 TMT against production of 2,300 TMT. Overall, in terms of production efficiency, NRL continues to be in the league of best performing refineries in the country with one of the highest distillate yields, lowest specific energy consumption and high gross refining margins (GRMs).

On the financial front, the Company's profitability in year 2019-20 was adversely affected due to inventory losses in the month of March 2020, as Crude Oil prices reached a new low impacted by the pandemic situation coupled with the extended Refinery Turn Around. Revenue from operations recorded a dip at Rs. 14,073 Crore during the year 2019-20 as compared to Rs. 18,511 Crore in the previous year due to lower sales volume and reduction in prices of petroleum products in the international market. Profit before tax decreased to Rs. 1,735 Crore during the year 2019-20, from Rs. 3,052 Crore in the previous year. Consequently, Profit after tax decreased to Rs. 1,381 Crore during the year as compared to Rs. 1,968 Crore in the previous year. NRL's net worth stood at Rs. 5,304 Crore as on 31st March, 2020. Together with a near-zero debt position and favourable credit ratings, it makes for a strong balance sheet position to raise funds for the upcoming refinery expansion project.

Your company has been at the forefront of BSVI transition in the country and began supplying BS-VI auto fuels to the market from the first week of February 2020, well ahead of schedule date of 01st April 2020, enabling oil marketing companies to upgrade their inventory of automotive fuels – Petrol and Diesel to BS VI, in their retail outlets and terminals.

Our immediate focus is on three major ongoing projects namely the Refinery Expansion Project, Indo-Bangladesh Friendship pipeline (IBFPL) and Bio Refinery Project; which have gained momentum and recorded definitive progress in the last few months. I am happy to share the good news that the Ministry of Environment, Forest & Climate Change has



granted Environmental clearance for the Refinery Expansion Project on 27th July 2020, the zero date for the Project. Lining up of Technical Management Consultant for Refinery Project, EPCM for Pipeline project and allocation of 200 acres of land to set up Crude Oil Terminal in Paradip are other significant developments in implementation of the integrated mega refinery expansion project. Meanwhile, the 130 KM Indo-Bangla Friendship Pipeline (IBFPL) for exporting NRL products from the Siliguri Marketing Terminal to Bangladesh is progressing well. Also, the country's first 2G bamboo based bio refinery being executed through a JV with Finnish collaborators has recorded adequate progress on ground. Stringent monitoring of the aforesaid projects taking into consideration lockdowns, travel restrictions, logistic disruptions and migrant worker availability will be critical to ensure their scheduled completion and commissioning.

While business remains our mainstay, reaching out to the community through our well designed CSR programs with empathy, compassion and development as its cornerstones have been one of the key drivers of our corporate philosophy. A perceptible change in the socio economic indices in our immediate vicinity and in the aspirational district adopted by your company shows that we are on the right track, though course corrections are adopted as and when necessary.

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.

NRL has gone from strength to strength with its parent company BPCL to handhold and guide it from its formative stage when the Refinery project was under implementation till its present stage of accomplishments and growth. It has been a long journey of learning, achieving and dreaming together while nurturing and building a culture of trust and collaboration. With impending disinvestment of BPCL's stake in NRL having gained momentum, BPCL and NRL will soon be parting ways, however, the legacy of expertise, dexterity, professionalism and the spirit of team work that has been built brick by brick is sure to hold our employees in good stead, under any circumstances and dispensations.

Acknowledgements

The NRL Board would like to put on record their sincere appreciation for the hard work and efforts put in by every employee that has motivated your company to aspire, plan and pursue stated vision with focused attention. The Board also acknowledges the contribution of all the stakeholders including customers, dealers, contractors, suppliers and bankers and thanks them for their relentless 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, particularly Bharat Petroleum Corporation Limited, Oil India Limited and Government of Assam for the unwavering trust placed in our capabilities in delivering value.

I take this opportunity to extend my sincere gratitude to all my colleagues on the Board for their wholehearted co-operation, without which we would not have come so far. I also wish to express my thankfulness to Directors on BPCL Board who have lent support and direction in steering the Company ahead. Last but not the least, I wish to thank you all for the encouragement and confidence reposed in the Company's Management.

With its brilliant track record and benefiting out of its rich experience of 27 years, NRL is bound to achieve its well-conceived vision. I am confident that it will continue to spread prosperity and bring cheer and hope in the lives of the people it touches.

Thank You.

A handwritten signature in blue ink, appearing to read 'D. Rajkumar', is positioned above the printed name.

D. Rajkumar
Chairman