



NUMALIGARH REFINERY LIMITED



A B r a n d A p a r t

**ANNUAL
REPORT**

2007-2008



V I S I O N

To be a vibrant, growth oriented energy company of national standing and global reputation having core competencies in Refining and Marketing of petroleum products committed to attain sustained excellence in performance, safety standards, customer care and environment management and to provide a fillip to the development of the region.

M I S S I O N

- *Develop core competencies in Refining and Marketing of petroleum products with a focus on achieving international standards on safety, quality and cost.*
- *Maximise wealth creation for meeting expectations of stakeholders*
- *Create a pool of knowledgeable and inspired employees and ensure their professional and personal growth.*
- *Contribute towards the development of the region.*



C o n t e n t s

Notice to the Shareholders	5
Performance Profile	8
Directors' Report	20
Annexures to Directors' Report	51
Report on Corporate Governance	55
Auditors' Report	70
Annexures to Auditors' Report	72
Comments of Comptroller & Auditor General of India	76
Balance Sheet	77
Profit & Loss Account	78
Schedules	79
Cash Flow Statement	104
Human Resource Accounting	108
Social Accounts	109



BOARD OF DIRECTORS



Shri Ashok Sinha
Chairman



Dr.B.K.Das
Managing Director



Shri Dipak Chakravarty
Director(Technical)



Shri Nilmoni Bhakta
Director(Finance) (w.e.f. 25.7.2007)



Shri J.P.Rajkhowa
Director



Shri P.C.Sharma
Director



Shri H.S.Das
Director



Shri C.B.Singh
Director (up to 13.5.2008)



Shri Manu Srivastava
Director



Shri S.A. Narayan
Director (up to 3.12.2007)



Shri S.Radhakrishnan
Director



Shri R.K.Singh
Director



Shri S.K.Joshi
Director



Shri N.M.Borah
Director (w.e.f. 8.5.2008)

ANNUAL REPORT 2007-2008

Bankers

State Bank of India
HDFC Bank Limited
ICICI Bank Limited
United Bank of India
Union Bank of India
Canara Bank
UCO Bank
Standard Chartered Bank

Auditors

Messrs P.K.Mitra & Co.
Chartered Accountants
18, R.N.Mukherjee Road
Kolkata-700001

Refinery Unit

Pankagrath
Numaligarh Refinery Complex
Golaghat District, Assam
Pin-785699

Co-ordination Office

Tolstoy House, 6th Floor
15-17 Tolstoy Marg
New Delhi-110001

Marketing Office

Divine Plaza, 4th Floor
Near Dispur Super Market
G.S.Road, Guwahati-781006

Registered Office

147, Udayan
R.G.Baruah Road
Guwahati-781005





Notice to the Shareholders

Notice to the Shareholders

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of Numaligarh Refinery Limited will be held in the Conference Hall of Hotel Brahmaputra Ashok, M.G.Road, Guwahati-781001 on Friday, the 12th September, 2008 at 3.00 P.M. to transact the following Ordinary & Special Business.

A. Ordinary Business

1. To receive and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on 31st March, 2008 along with the Report of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India.
2. To declare dividend.
3. To appoint a Director in place of Shri S. Radhakrishnan, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri S. Radhakrishnan, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. K. Singh, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri R. K. Singh, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S. K. Joshi, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri S. K. Joshi, being eligible, offers himself for re-appointment.

B. Special Business

6. Appointment of Director

To consider and if thought fit, to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:-

"RESOLVED THAT Shri N. M. Borah, Director (Operations), Oil India Limited, be and is hereby appointed as a Director of the Company."

Registered Office:

147, Udayan,
R.G. Baruah Road,
Guwahati- 781005
Date: 20.08.2008

By Order of the Board of Directors

Sd/-

H. K. Sarmah

Company Secretary

Notes:

1. Explanatory statement under Section 173 of the Companies Act, 1956, in respect of the above item of Special Business is annexed hereto.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies, in the alternative, to attend and vote instead of himself and such proxy need not be a member. Proxies, in order to be effective, should be duly completed & affixed with the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.
3. In order to help us in providing appropriate answers backed by relevant financial data, the shareholders may please send their queries that they would desire to raise at the AGM at least one week in advance to the Company Secretary at the Registered Office.



Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

Item No.7: Appointment of Director

Shri N. M. Borah, Director (Operations), Oil India Limited was appointed as Director on the Board of the Company w.e.f. 8.05.2008 in place of Shri S. A. Narayan pursuant to Article 100 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956 in accordance with the directions of the Govt. of India.

In order to make him liable to retire by rotation pursuant to section 255(2) of the Companies Act, 1956, it is proposed to appoint him as Director in the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri N. M. Borah as a Director of the Company. A brief resume of Shri N.M. Borah is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri N.M. Borah as Director of the Company.

Except Shri N. M. Borah, no other Director is interested or concerned in the Resolution.

Registered Office:

147, Udayan,
R.G. Baruah Road,
Guwahat- 781005
Date: 20.08.2008

By Order of the Board of Directors

Sd/-
H. K. Sarmah
Company Secretary



Performance Profile

Performance Profile

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
1 Crude Oil Processed (TMT)	2568	2504	2133	2042	2200	1879	2307
2 Capacity Utilisation (%) [Installed capacity 3000 TMT]	86%	83%	71%	68%	73%	63%	77%
3 Production Quantity (TMT)	2302	2268	1958	1873	1982	1691	2060
of which							
Light Distillates %	15.2%	14.7%	14.1%	14.8%	14.5%	13.2%	12.6%
Middle Distillates %	80.4	80.7%	80.6%	80.4%	81.5%	81.7%	83.0%
Heavy Ends %	4.4%	4.6%	5.3%	4.8%	4.0%	5.1%	4.3%
4 Refinery Fuel and Loss as % of Crude Processed	10.24%	10.5%	10.3%	9.72%	9.64%	11.06%	11.07%
5 Market Sales (TMT)	2,391	2,333	1,961	1,927	1,834	1,736	2,114
6 Manpower (Nos.)	788	718	705	683	674	658	655
7 Sales and Earnings (Rs. in Million)							
i) Sales Turnover	87,641.60	79,303.22	58,203.67	42,989.90	32,202.56	28,047.36	22,612.81
ii) Gross Profit before Depreciation, Interest & Tax	5,840.35	8,384.24	6,470.02	7,479.32	6,154.34	5,853.99	4,804.59
iii) Depreciation	1,556.57	1,576.16	1,394.62	1,377.11	1,326.69	1,273.73	1,356.29
iv) Interest	232.38	205.57	347.11	555.03	1,046.05	1,405.13	2,001.49
v) Adjustment for prior period	(79.60)	771.42	(28.05)	(24.12)	9.27	5.21	113.66
vi) Profit before tax	4,131.00	5,831.09	4,756.34	5,571.30	3,772.33	3,169.92	1,333.15
vii) Tax #	402.89	143.06	267.00	1,479.78	1,622.79	1,423.67	103.36
viii) Profit After Tax.	3,728.11	5,688.03	4,489.34	4,091.52	2,149.54	1,746.25	1,229.79
# Includes Deferred Tax provision - Rs. (538.18) million (Current year) & - Rs. (520.78) million (Previous year)							
8 What the Company Owned (Rs. in Million)							
i) Gross Fixed Assets (including Capital Work-in-Progress)	32,195.74	30,833.62	29,640.56	27,766.13	26,415.66	26,147.85	26,958.02
ii) Net Fixed Assets (including Capital Work-in-Progress)	20,862.71	21,053.49	22,267.05	21,760.96	21,788.23	22,835.85	24,925.83
iii) Net Current Assets (including investments)	5,201.54	4,910.30	4,491.23	2,651.88	4,308.07	1,060.18	493.13
iv) Intangible Assets to the extent not written off	49.22	68.92	72.18	—	—	—	—
Total Assets Net (ii+iii+iv)	26,113.47	26,032.71	26,830.46	24,412.84	26,096.30	23,896.03	25,418.96

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
9 What the Company Owed (Rs. in Million)							
i) Share Capital	7,356.32	7,356.32	7,356.32	7,356.32	7,356.32	7,356.32	7,356.32
ii) Reserve & Surplus	15,084.65	13,093.36	9,556.96	6,661.35	3,997.45	2,578.21	1,997.64
iii) Miscellaneous Expenditure to the extent not written off	—	—	—	3.07	—	18.49	63.28
iv) Net worth (i)+(ii)-(iii)	22,440.97	20,449.68	16,913.28	14,014.60	11,353.77	9,916.04	9,290.68
v) Borrowings	776.17	2,148.52	5,961.89	6,291.74	11,676.13	12,245.28	16,128.28
vi) Deferred Tax Liability	2,896.33	3,434.51	3,955.29	4,106.50	3,066.40	1,734.71	—
Total Funds Employed (iv+v+vi)	26,113.47	26,032.71	26,830.46	24,412.84	26,096.30	23,896.03	25,418.96
10 Internal Generation (Rs. in Million)	4,766.71	6,929.15	5,801.21	6,554.53	5,045.98	4,248.96	2,855.14
11 Ratios							
i) Gross profit before Depre- ciation, Interest & Tax as % age of Net Sales & Other income.	7.87%	12.41%	13.05%	20.10%	22.94%	24.29%	24.30%
ii) Profit after Tax as % age of Average Net Worth.	17.38%	30.45%	29.03%	32.26%	20.21%	18.18%	13.90%
iii) Profit after Tax as % age of Share Capital	50.68%	77.32%	61.03%	55.62%	29.22%	23.74%	16.72%
iv) Average Net worth as % age of Share Capital	292%	254%	210%	172%	145%	131%	120%
v) Gross profit before Depreciation, Interest & Tax as % age of Average Capital Employed.	24.59%	35.29%	28.06%	31.29%	25.80%	25.06%	19.39%
vi) Profit Before Tax as % age of Average Capital Employed	17.39%	24.54%	20.63%	23.31%	15.82%	13.57%	5.38%
vii) Profit After Tax as % age of Average Capital Employed	15.70%	23.94%	19.47%	17.12%	9.01%	7.48%	4.96%
viii) Long Term Debt Equity Ratio	0.03	0.09	0.26	0.32	0.86	1.23	1.55
12 Earning Per Share (Rs.)	5.07	7.73	6.10	5.56	2.92	2.37	1.67
13 Book Value Per Share (Rs.)	30.51	27.80	22.99	19.05	15.43	13.48	12.63

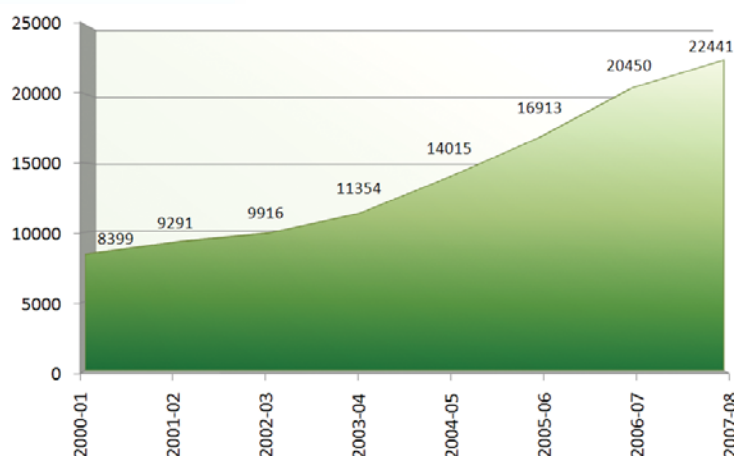


	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
14 SOURCES AND APPLICATION OF FUNDS (Rs. in Million)							
SOURCES OF FUNDS							
OWN							
Profit after Tax	3,728.11	5,688.03	4,489.34	4,091.52	2,149.54	1,746.25	1,229.79
Depreciation	1,552.90	2,406.62	1,368.34	1,377.74	1,315.43	1,279.81	1,361.76
Deferred Tax provision	(538.18)	(520.78)	(151.21)	1,040.10	1,331.69	1,166.54	—
Investments	—	—	—	—	—	460.00	—
Miscellaneous Expenses / Intangible Assets written off	19.69	21.20	11.40	0.34	218.86	35.96	41.68
BORROWINGS							
Decrease in Working Capital	338.83	—	—	1,656.19	—	—	720.58
Adjustment on account of retir- ement / reclassification of assets	229.50	144.23	14.67	(1.79)	81.65	922.11	(20.27)
	5,330.85	7,739.30	5,732.54	8,164.10	5,097.17	5,610.67	3,333.54
APPLICATION OF FUNDS							
Capital Expenditure	1,591.62	1,337.29	1,889.10	1,348.68	349.46	111.94	251.45
Adjustment for Misc. Expenditure / Intangible Assets	(0.01)	17.94	80.51	3.41	200.37	(8.83)	4.50
Dividend	1,471.26	1,839.08	1,397.70	1,250.57	647.36	529.65	375.17
Tax on distributed profits	250.04	312.55	196.03	177.05	82.94	67.86	—
Repayment of Loans (Net)	1,372.35	3,813.37	329.85	5,384.39	569.15	3,883.00	2,242.42
Investments(Net)	630.07	(25.10)	643.09	—	—	—	460.00
Increase in Working Capital	—	444.17	1,196.26	—	3,247.89	1,027.05	—
Transitional Provision for Employee Benefit	15.52	—	—	—	—	—	—
	5,330.85	7,739.30	5,732.54	8,164.10	5,097.17	5,610.67	3,333.54
15 Changes in Working Capital (Rs. in Million)							
A) Current Assets							
Inventories	1,003.36	229.49	806.53	1,222.16	3,250.36	472.27	(877.19)
Sundry Debtors	2,691.82	(576.19)	922.18	(539.60)	362.67	245.64	1,083.81
Cash & Bank Balances	1,217.18	3,594.05	295.63	(250.93)	(1,635.07)	1,722.33	(56.11)
Other Current Assets	(22.38)	37.04	2.76	—	—	—	—
Loans & Advances, Others	(54.02)	(692.94)	(654.02)	(468.20)	(406.88)	895.05	1,379.59
	4,835.96	2,591.45	1,373.08	(36.57)	1,571.08	3,335.29	1,530.10

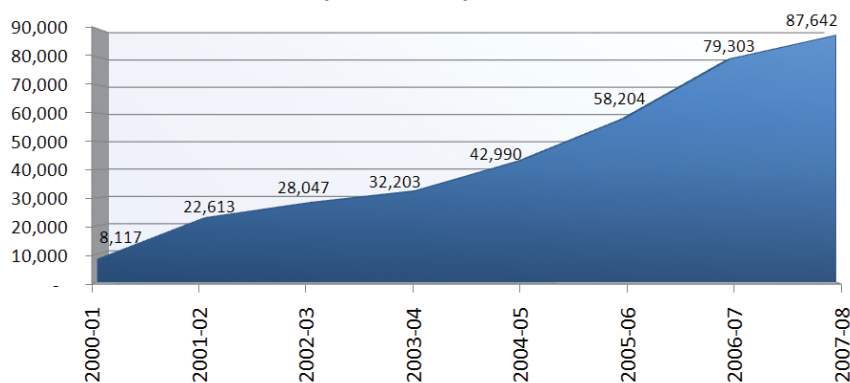
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Less:							
B) Current Liabilities & Provisions							
Current Liabilities	5,575.28	2,727.26	(436.63)	2,760.70	(1,753.65)	2,011.79	(627.79)
Provisions	(400.49)	(579.98)	613.45	(1,141.08)	76.84	296.45	2,878.47
	5,174.79	2,147.28	176.82	1,619.62	(1,676.81)	2,308.24	2,250.68
C) Working Capital (A - B)	(338.83)	444.17	1,196.26	(1,656.19)	3,247.89	1,027.05	(720.58)
HOW VALUE IS GENERATED (Rs. in Million)							
Value of Production	67,678.05	60,132.41	45,366.12	35,165.36	26,055.18	22,153.18	16,398.95
Less : Direct Materials							
Consumed	68,326.80	57,242.01	42,879.22	30,013.64	21,748.73	17,844.48	13,050.02
Value Added	(648.75)	2,890.40	2,486.90	5,151.72	4,306.45	4,308.70	3,348.93
Add : Other Incomes (including P.Y.A)	7,934.41	6,139.42	5,173.79	3,277.23	2,859.14	2,293.07	2,928.21
Total Value Generated	7,285.66	9,029.82	7,660.69	8,428.95	7,165.59	6,601.77	6,277.14
HOW VALUE IS DISTRIBUTED (Rs. in Million)							
A) Operation							
Employees' Benefits	540.80	485.07	384.26	346.32	304.51	280.26	278.98
Other Costs	811.42	906.83	778.36	579.19	716.01	472.73	1,307.23
	1,352.22	1,391.90	1,162.62	925.51	1,020.52	752.99	1,586.21
B) Providers of Capital							
Interest on Borrowings	232.38	205.57	347.11	555.03	1,046.05	1,405.13	2,001.49
Dividend	1,471.26	1,839.08	1,397.70	1,250.57	647.36	529.65	375.17
	1,703.64	2,044.65	1,744.81	1,805.60	1,693.41	1,934.78	2,376.66
C) Taxation							
Corporate Tax	941.07	663.84	418.21	439.68	291.10	257.13	103.36
Tax on distributed profits	250.04	312.55	196.03	177.05	82.94	67.86	—
	1,191.11	976.39	614.24	616.73	374.04	324.99	103.36
D) Re-investment in Business							
Depreciation	1,556.57	1,576.16	1,394.62	1,377.11	1,326.69	1,273.73	1,356.29
Provision on Investment	13.49	25.10	—	—	—	—	—
Deferred Tax	(538.18)	(520.78)	(151.21)	1,040.10	1,331.69	1,166.54	—
Retained Profit	2,006.81	3,536.40	2,895.61	2,663.90	1,419.24	1,148.74	854.62
	3,038.69	4,616.88	4,139.02	5,081.11	4,077.62	3,589.01	2,210.91
Total Value Distributed	7,285.66	9,029.82	7,660.69	8,428.95	7,165.59	6,601.77	6,277.14



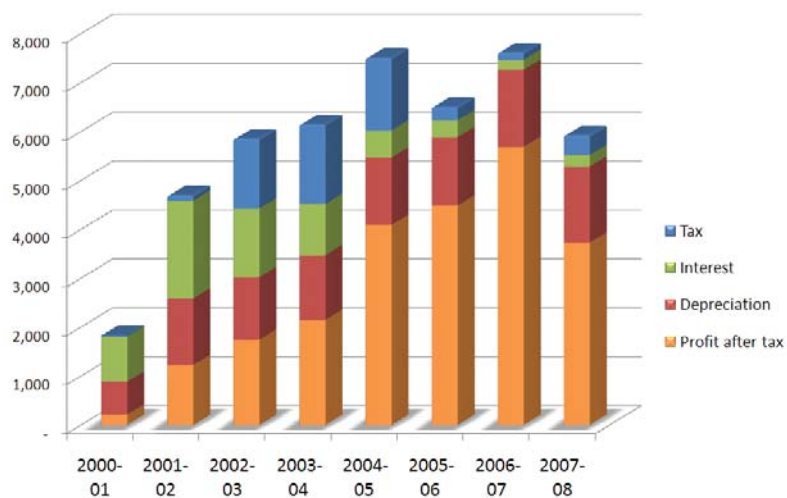
Net Worth (Rs. Million) CAGR 15.23%



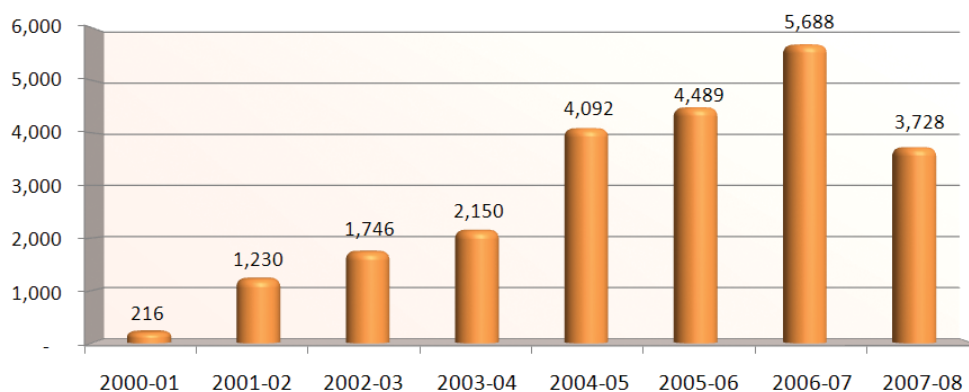
Turnover (Rs Million) CAGR 38.83%



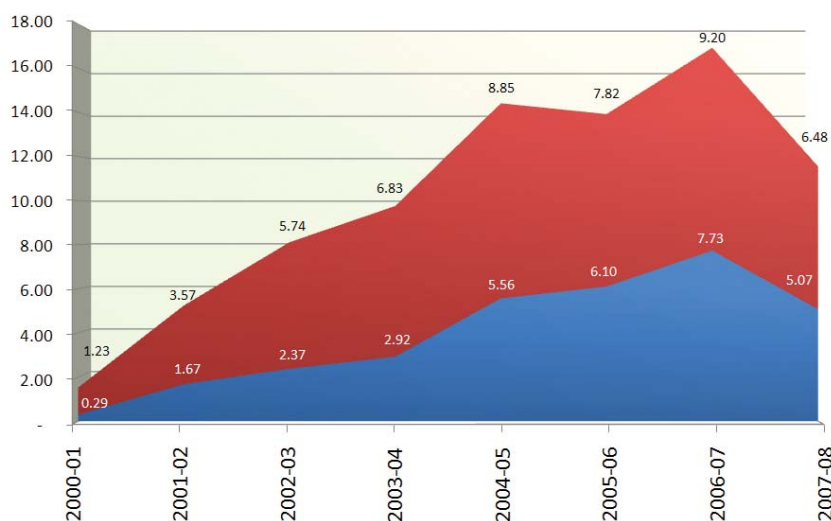
Gross Profit (Rs million)



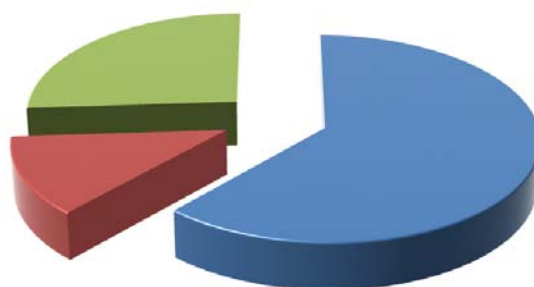
Profit After Tax (Rs Million) CAGR 26.23%



EPS and CEPS (Rs per share of Rs 10/-)



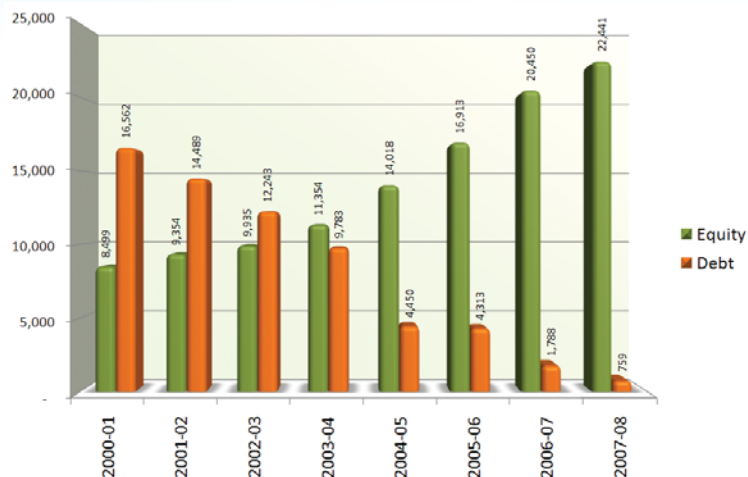
Share holding Pattern



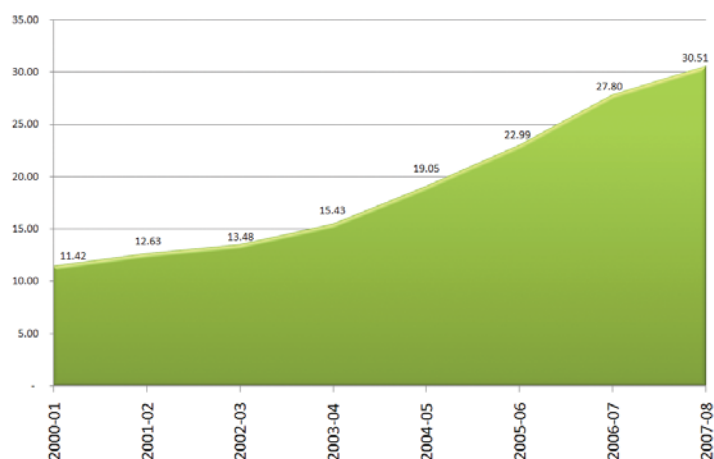
- BPCL (61.65%)
- Oil India Limited (26.00%)
- Govt. of Assam (12.35%)



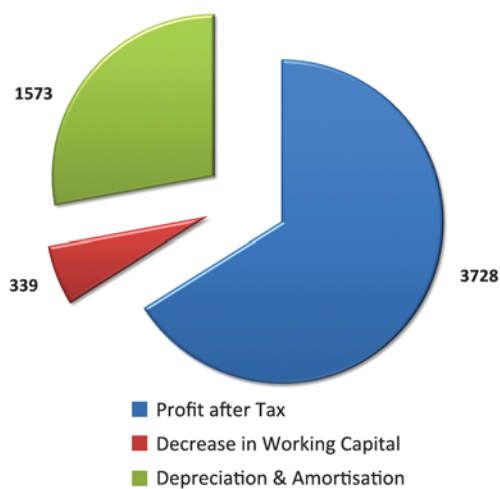
Debt Equity (Rs Million)



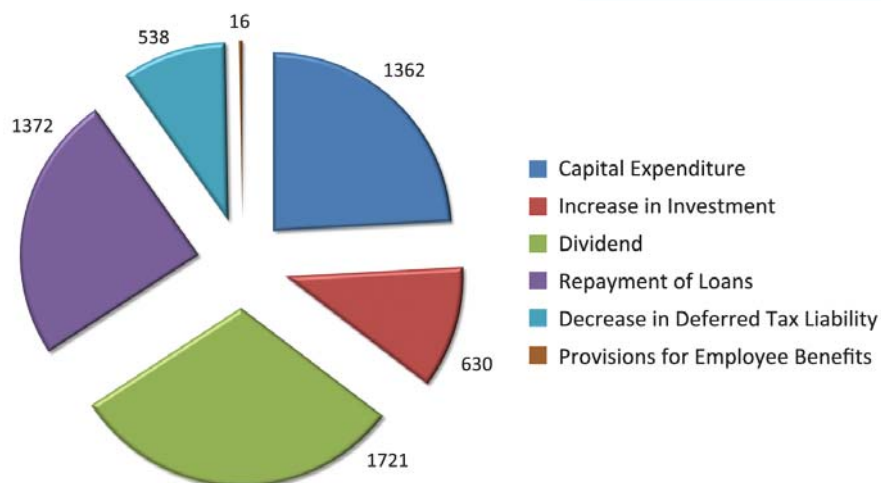
Book Value per share (face value Rs 10/- each)



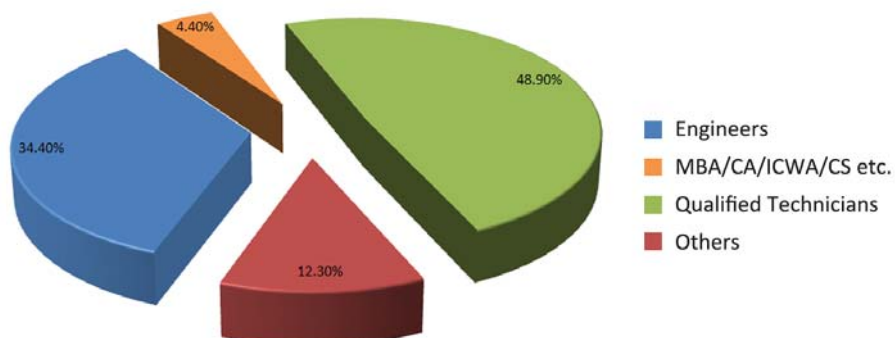
Sources of fund (Rs Million)



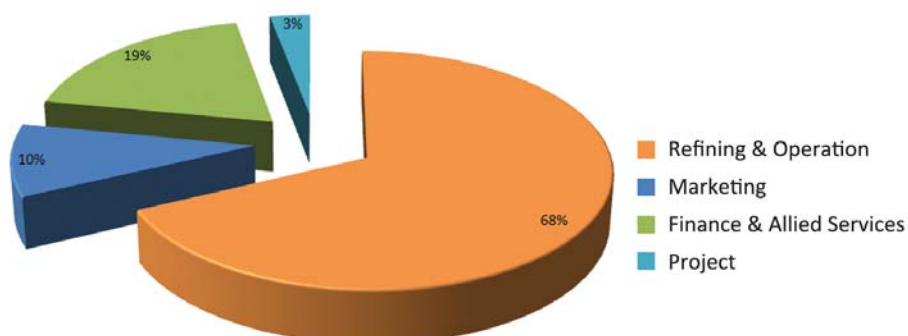
Application of Fund (Rs Million)



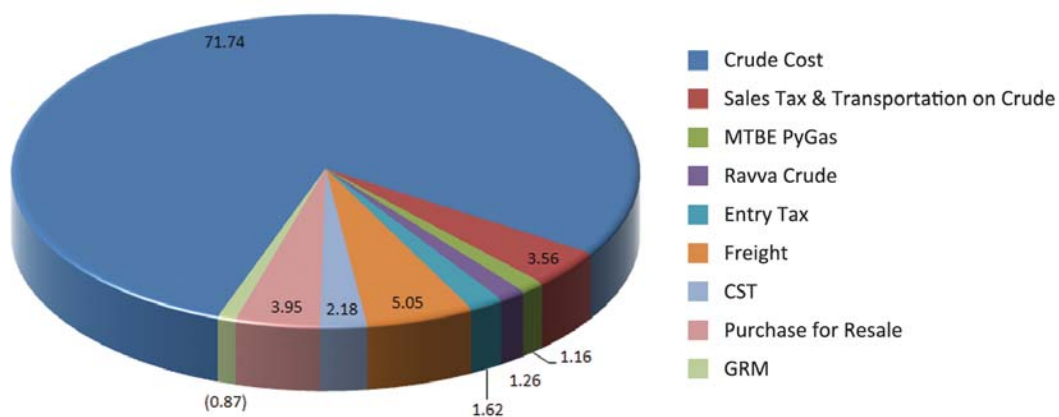
Manpower Qualification wise



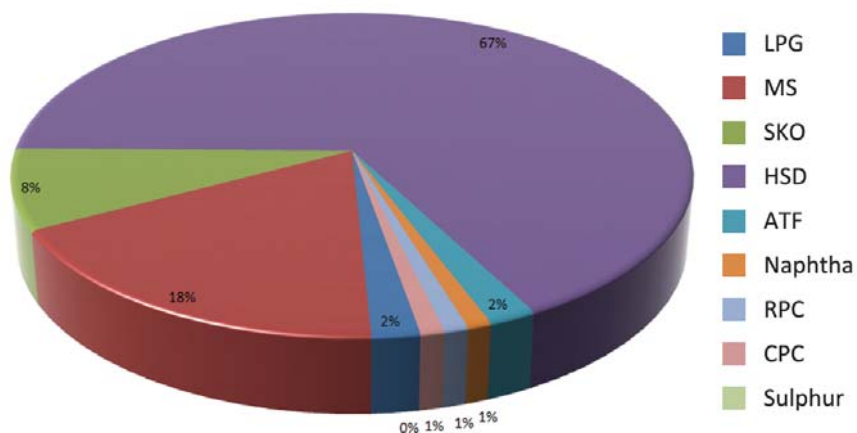
Manpower Function wise



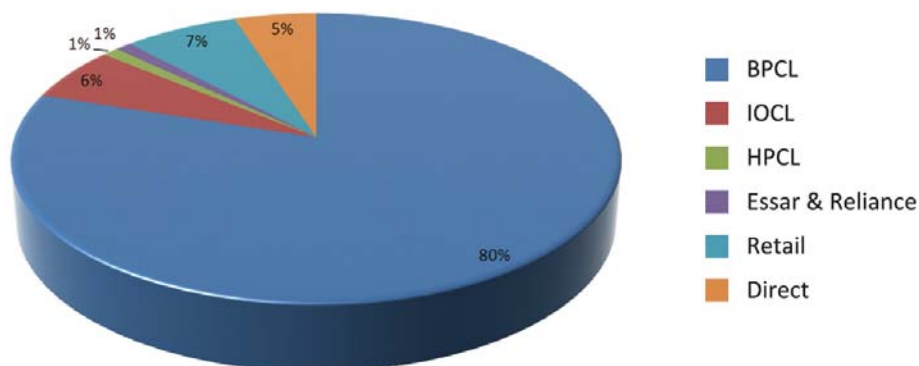
Distribution of Sales Value- (\$ 80.66 per bbl)



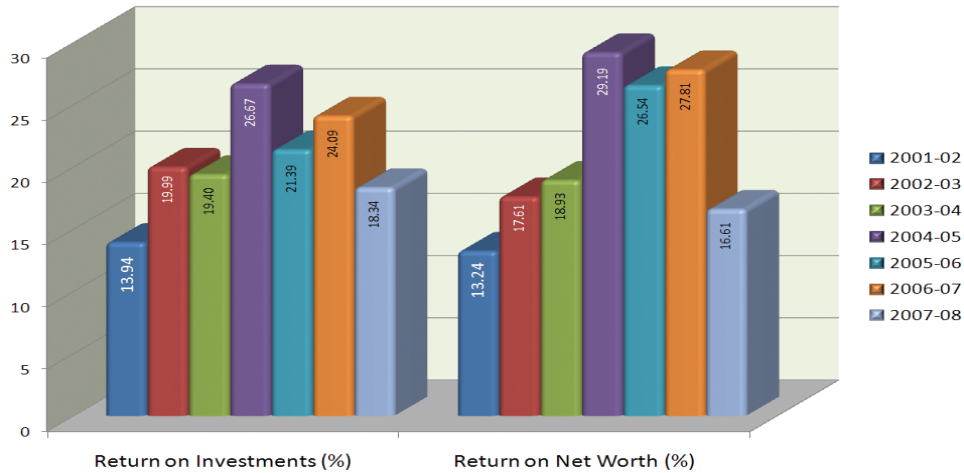
Product wise Sales Pattern



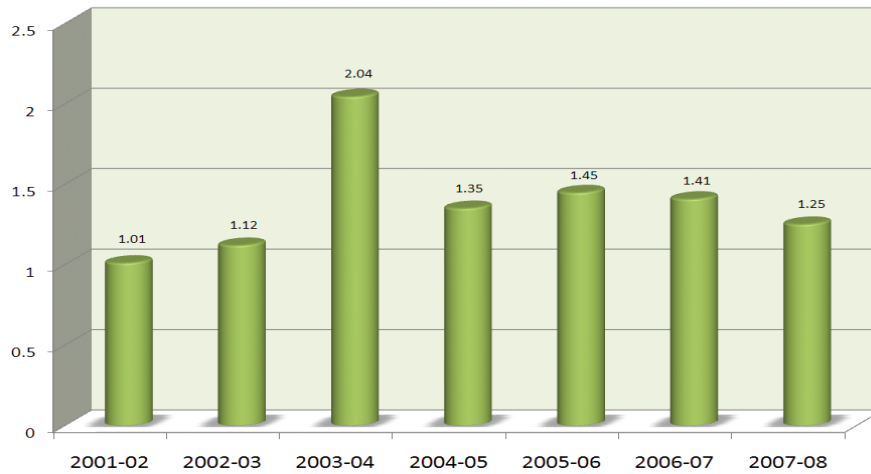
Party wise % age of sales



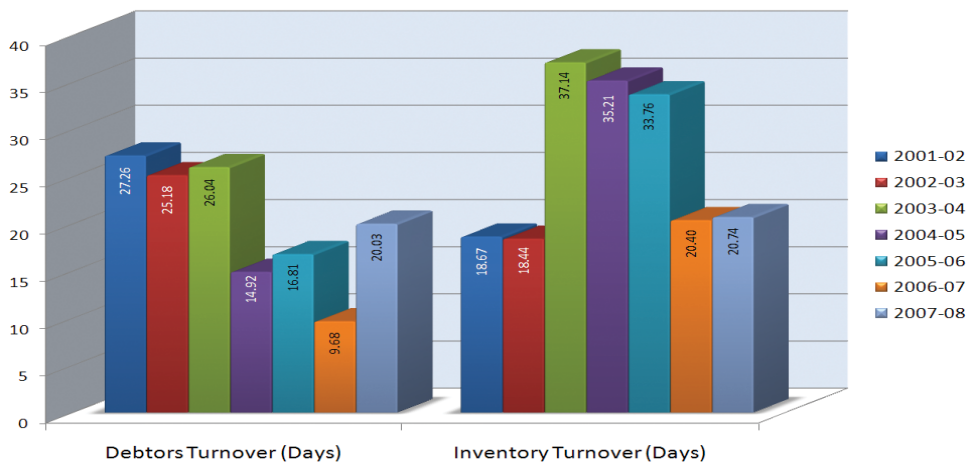
Return on Investment & Net Worth



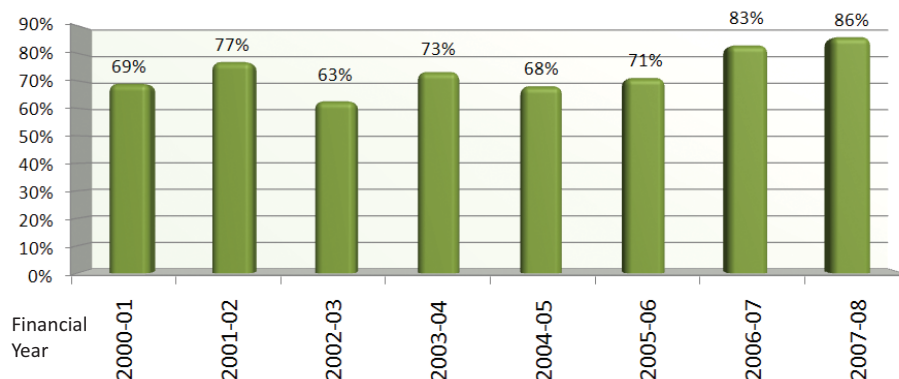
Current Ratio



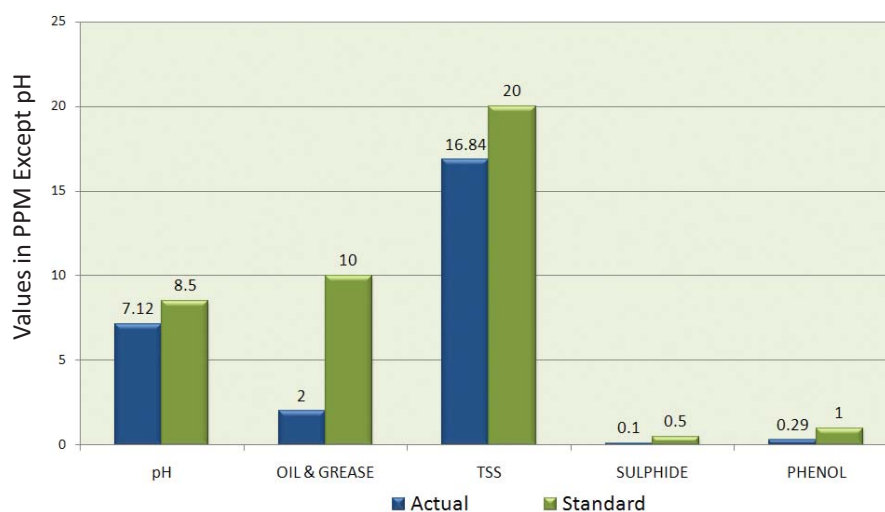
Turnover Ratios



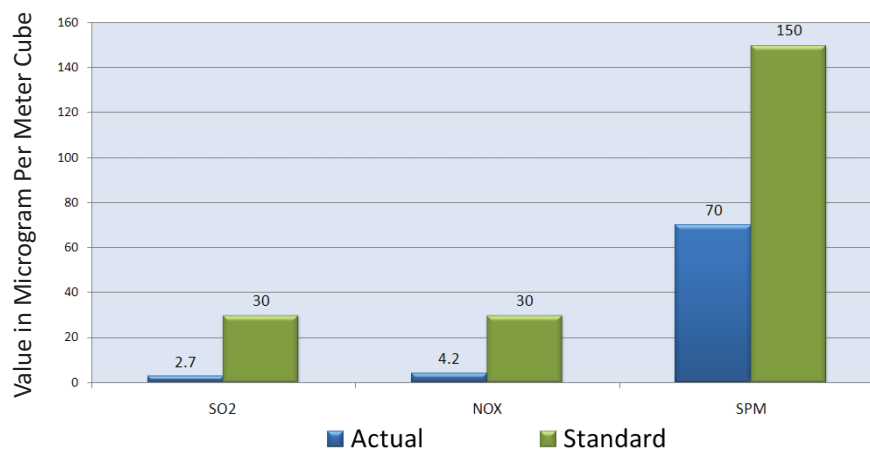
Capacity Utilisation



Treated Effluent Water Quality at Numaligarh Refinery vis-a-vis National Standards



Ambient Air Quality at Numaligarh Refinery Township vis-a-vis National Standards





Directors' Report

Directors' Report to Shareholders

Your Directors take pleasure in presenting their 15th Annual Report on performance of your Company together with audited statement of accounts for the financial year ended 31st March, 2008.

You will be pleased to know that your Company continued to maintain the trend of excellent performance in its physical operational parameters. However, financial results, notwithstanding record performance in terms of crude processed as well as highest ever sales turnover, were lower in comparison to the previous year mainly due to the impact of sales tax and pipeline charges on crude payable to crude oil suppliers' consequent to direction received from the Government of India. The crude throughput of 2.568 Million Metric Tonnes(MMT) recorded during the year has been the highest ever achieved by the Company.

FINANCIAL PERFORMANCE

a) Financial Results

During the year, the Company recorded highest ever sales turnover at Rs. 87,641.59 million. The Company recorded a profit before tax (PBT) of Rs. 4131.00 million and a net profit after tax (PAT) of



Rs. 3728.11 million in 2007-08. The PAT in 2007-08 was 34.5% lower than that of the previous year when it stood at Rs. 5688.03 million. The reduction is mainly on account of sales tax and pipeline charges on crude amounting to Rs. 3667.30 million which includes Rs. 956.88 million pertaining to the previous year i.e. 2006-07.

Financial results for the year 2007-08 compared with those of the previous year are summarized below :

(Rs. in Million)

	2007-08	2006-2007
Sales Turnover- Gross	87,641.59	79,303.22
Profit before Depreciation, Interest and Tax	5,919.95	7,612.82
Interest	232.38	205.57
Depreciation	1,556.57	1,576.16
Profit before Tax	4,131.00	5,831.09
Provision for Taxation-Current	933.41	650.34
Provision for Taxation-Fringe Benefit Tax	7.66	13.50
Provision for taxation-deferred	(538.18)	(520.78)
Profit after Tax	3,728.11	5,688.03
Balance brought forward from the previous year	0.10	0.10
Amount available for disposal	3,728.21	5,688.13

The Directors propose to appropriate this amount as under :

Towards Dividend	1,471.26	1839.08
Corporate Dividend Tax	250.04	312.55
For Transfer to General Reserve	2,006.81	3536.40
Balance carried forward to Balance Sheet	0.10	0.10

Summarized Cash Flow Statement :

Inflow / (outflow) from operations	6,411.95	9,373.82
Inflow/ (Outflow) from investing activities	(1,606.99)	(195.10)
Inflow/ (Outflow) from financing activities	(3,587.78)	(5,584.67)
Net increase/(decrease) in cash & cash equivalents	1,217.18	3,594.05

b) Dividend

Your Directors after taking into account financial results of the Company during the year, have recommended for your approval, a dividend of 20% (Rs. 2.00 per share) for the year 2007-2008



which will absorb Rs. 1471.26 million out of profit after tax, exclusive of Rs. 250.04 million towards corporate dividend tax. After carrying forward Rs. 0.10 million to the Balance Sheet, your Directors propose to transfer the remaining balance of Profit and Loss Account amounting to Rs. 2006.81 million to General Reserves. Accordingly, your Company's net worth as on 31st March, 2008 would stand at Rs.22440.97 million as compared to Rs. 20,449.68 million at the end of the previous year.

c) Operating Results

- i) During the year 2007-08, the Company has achieved record performance in terms of quantum of crude processed and sales realisation. Due to higher capacity utilization of the refinery at 85.62%, total sales volume increased from 2.333 MMT in 2006-07 to 2.391 MMT in the current year. Correspondingly, the sales turnover rose from Rs. 79,303.22 million in the previous year to Rs. 87,641.59 million in 2007-08, which represents an increase of 10.51% over the previous year. However, due to increase in international crude oil prices and impact of sales tax and pipeline transportation charges on crude, the profit after tax for the year was lower compared to the previous year.



- ii) During the year the Company had to absorb Rs. 1234.15 million on account of Entry Tax levied by the Government of Assam (previous year Rs. 1072.07 million) and Rs. 1657.90 million towards under recovery of Central Sales Tax (CST) (previous year 2040.34 million). Additionally, an amount of Rs. 3667.30 million has been provided towards sales tax reimbursement and pipeline transportation charges applicable for crude oil supplied by M/s. Oil India Limited (OIL) and M/s Oil and Natural Gas Corporation (ONGC) as per directive of the Government of India. This includes an amount of Rs. 956.88 million pertaining to crude purchases in 2006-07.
- iii) The Gross Refinery Margin (GRM) at \$6.36 per barrel (without product transportation cost and CST under recoveries) in 2007-08 was lower than previous year's corresponding GRM of \$ 10.53 per barrel due to the impact of the high crude oil prices and higher sales tax and transportation charges. The net GRM in 2007-08 came down to \$(-) 0.87 per barrel after taking into account freight cost and CST under recoveries vis-à-vis corresponding net GRM of \$ 3.42 per barrel in 2006-07.
- iv) The Earning Per Share (EPS) stood at Rs. 5.07 as compared to Rs. 7.99 during the previous year. The internal generation of cash during the year was lower at Rs. 4766.19 million as against Rs. 6764.62 in the previous year.





NRL bags the prestigious TERI Corporate Environmental Excellence Award 2008

d) Treasury Operations

During the year, term loan amounting to Rs.1029.79 million has been repaid. Your Company continued its focused attention towards effective utilization of available surplus funds which had helped it to earn an interest income of Rs. 346.43 million during the year. In an effort to further strengthen the treasury management, NRL had adopted e-payment mechanism effective August, 2007 and started making payment of taxes and duties as well as vendors through e-payment route. During the year, long-term loan to equity ratio has also improved to 0.03 as compared to 0.09 in the previous year.

e) Contribution to Exchequer

Your Company has contributed Rs. 8518.06 million to the Central Exchequer and Rs. 4435.09 million to the State Exchequer in the form of taxes & duties compared to Rs. 8006.53 million and Rs. 5476.37 million respectively in 2006-07.



Hon'ble President of India, Smt. Pratibha Patil giving away the National Energy Conservation Award 2007 to NRL MD, Dr. B.K. Das

report that the C&AG has no comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

PHYSICAL PERFORMANCE OF THE REFINERY

During the year 2007-08, the refinery processed 2.568 MMT of crude as against 2.504 MMT in the previous year. This is the highest ever crude throughput achieved by the refinery since commencement of commercial production in October, 2000. Capacity utilization of the refinery is primarily governed by crude receipt from OIL/ONGC. Crude receipt during the year was 2.542 MMT and capacity utilization of the crude distillation unit stood at 85.6%, which was 98.8% of the target

f) Cost Control Initiatives

The Company follows a system of online budgetary control through the SAP R/3 ERP system for optimization of cost whereby expenditures are monitored and controlled on a day to day basis to ensure proper adherence to budget. The Company has also continued its focused initiatives towards reduction in fuel and loss, conservation of energy, improvement in distillate yield, optimization of product mix and other techno-economic parameters.

g) Government Audit Review

The Comments of the Comptroller and Auditor General of India (C&AG) under Section 619 (4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March, 2008 is placed next to the Statutory Auditors Report in the printed Annual Accounts of the Company. We are pleased to



set in the Memorandum of Understanding (MOU) signed with the holding company Bharat Petroleum Corporation Limited (BPCL). Other operating MOU parameters, namely, distillate yield, fuel and loss, specific energy consumption recorded better performance than the MOU targets.

Net distillate yield of the refinery was 84.84% and refinery fuel and loss was contained at 10.24% with hydrocarbon loss at 0.36%. Specific Energy Consumption (SEC) for the year stood at 66.1 MBTU/BBL/NRGF (Million British Thermal Unit / Per Barrel / Nelson Refinery Gross Factor). This was the lowest ever specific energy consumption recorded till date. Strict monitoring and sustained operation of energy conservation schemes implemented earlier had helped in improving energy parameters.

During the year, the refinery produced 0.361 MMT of Euro III equivalent High Speed Diesel (HSD) and 1.192 MMT of Bharat Stage II grade HSD. Production of Liquefied Petroleum Gas (LPG), Motor Spirit (MS) conforming to BS-II and Euro-III equivalent and Aviation Turbine Fuel (ATF) during the year was 0.052 MMT, 0.285 MMT and 0.060 MMT respectively. Sustained operation of Coke Calcination Unit was achieved and 0.032 MMT of Calcined Coke were produced during the year. Total products evacuated from the refinery during the year was 2.314 MMT against the production of 2.301 MMT.



Barges carrying NRL diesel leave Silghat Port for Bangladesh

The MS plant commissioned during 2006-07 was operated at around 123% of installed capacity. In the month of December, 2007, your Company had signed a Technology Licensing Agreement with Indian Oil Corporation Limited's Research & Development Division (IOCL-R&D) for production of Needle Coke in the refinery.

During the year, there was no loss time accident (LTA) and no major fire incident. As on 31st March, 2008, the refinery achieved 2233 days of continuous LTA free operations (more than 6 years) with 10.29 million cumulative LTA free man hours since its last LTA on 18.2.2002. The refinery continued to maintain 100% re-use of refinery treated effluent along with Township effluent. The effluent and air quality parameters were also maintained within the stipulated norms.

MARKETING PERFORMANCE

During the year the Company could achieve a sales volume of 2.159 MMT of petroleum products through the oil marketing companies of which 1.906 MMT were through BPCL. Additionally, 0.232 MMT of MS, Sulphur, RPC and CPC were directly marketed by your Company. Total sales volume for the year stood at 2.391 MMT.

The Company continued to market its major products, namely, Naphtha, MS, SKO & HSD through BPCL while small quantity of MS and HSD is marketed through its retail network. Apart from BPCL, products like LPG and ATF are sold through Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL). Specialty products like RPC, CPC and Sulphur are marketed directly by your Company.

In retail marketing, your Company has so far commissioned 108 NRL Energy Stations of which 61 are located in the North East. During the year, NRL continued its focus on 'quality & quantity' ('Q&Q') and has taken various steps in this regard. Fifty two Energy Stations have already been certified by M/s Det Norske Veritas (DNV) under Q & Q Protocol and 80% of NRL's retail sales are from certified Energy Stations. NRL has engaged M/s DNV for third party certification of its Retail Outlets and exhaustive Q & Q protocol has been developed for inspection of the outlets against over 100 different parameters. 200 tank trucks under NRL fleet are being monitored through Global Positioning





The NRL stall at IITF 2007

System(GPS) based monitoring system. Additionally 3 Energy Stations have also been automated and automation jobs at 10 more Energy Stations are at various stages of completion.

In order to improve reliability of product evacuation in future, Siliguri Marketing Terminal is being commissioned in phases to synchronize with the commissioning of the Numaligarh Siliguri Product Pipeline (NSPL) being implemented by OIL.

During the year, BPCL exported 3400 Metric Tones of HSD (0.15% Sulphur) from the Refinery to Bangladesh Petroleum Corporation. This export is unique since four small river barges were used to deliver the product at a river fed depot of Bangladesh Petroleum Corporation at Baghabari utilizing National Waterways No. II (River Brahmaputra). The agreement is in the process of being renewed for continuance of export to Bangladesh.

The year witnessed a sharp increase in crude oil prices in the international market. However, inability to pass on the burden of higher crude prices to consumers owing to socio-economic reasons had resulted in higher under-recoveries on retail marketing compared to last year.

Retail Outlet operations of the Company continued to achieve high degree of success in 2007-08. NRL Energy Station at Jorabat, which is the highest seller in Eastern Region of the country, registered a record sales of 3006 Kilolitres (KLs) in March, 2008. During the year, most of the Energy Stations of the Company performed well above their competitors in respective trading areas. However, unlike other Public Sector Oil Marketing Companies, NRL is not covered under the government's compensation mechanism against under-recoveries in retail marketing. Therefore, the entire burden of under-recoveries from retailing of MS and HSD are being absorbed by the Company resulting in negative impact on profitability. The Company is actively pursuing for reasonable compensation to offset retail under-recoveries with various authorities and the matter is under consideration of the government.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry structure and developments

The Gross Domestic Product (GDP) growth of the Indian economy in 2007-08 has been reported at 9.0%. This was the third successive year that the country's economy had grown at around 9.0%. In 2006-07, the economy grew by 9.6% which was preceded by a growth of 9.4% in 2005-06. In 2007-08, growth was driven by the service sector which grew by 10.8%. Agricultural and allied sectors grew by 4.5% against 3.8% growth in 2006-07. Industrial growth was, however, significantly lower at 8.5% against 11% growth recorded in 2006-07. Growth was lower in the manufacturing sector too with 8.8% in comparison to the strong growth of 12% in the previous year. The outlook for 2008-09 is relatively less promising in view of prevailing uncertainties in the global economy, high oil prices, depreciating rupee, and inflationary pressures.

The year 2007-08 witnessed high volatility in oil and petroleum product prices. Nations across the globe are reeling under the impact of severe economic pressures triggered by the spiraling oil prices. Oil prices during 2007-08 were nearly double the prices in 2006-07. During the current financial year, international crude oil prices crossed \$140 per barrel in July 2008 before declining. Prices are currently at around \$ 120 per barrel. Factors contributing to the rise in oil prices include strong demand growth in non-OECD, Asian and Middle-East countries; stagnation of OPEC production at 2005 levels; rising cost of oil exploration and production, weakening of US dollar, political unrest in several oil producing nations etc.

Energy Information Administration (EIA) published its five-year forecast for world oil market on 1st July, 2008 which highlights challenges to the global economy from record oil prices that is potentially threatening social welfare of millions of people. EIA predicts that until 2013, current pressures driving high oil prices are unlikely to ease significantly. However, despite high ruling prices, global demand of oil products is projected to grow from 86.9 million barrel per day (mb/d) in 2008 by an average of 1.6% per year to reach 94.1 mb/d in 2013. During the current calendar year, global oil consumption is predicted by EIA to grow by 1.5% against 1.3% growth in 2007.



In India, domestic crude oil production during 2007-08 was marginally higher at 34.12 MMT as compared to 33.99 MMT in the year before. Country's refinery production in terms of crude throughput increased to 150.81 MMT, recording a growth of 6.6% over that of 2006-07 at 141.46 MMT.

During 2007-08, India imported 121.67 MMT of crude oil at \$67.99 billion, which was 40.5% higher than the import bill of \$48.39 billion in the previous year. The country also imported 22.72 MMT of products at \$15.26 billion. Fuel exports in 2007-08 grew by 17% to 39.33 MMT at \$26.77 billion. Diesel export at 14.31 MMT for \$10.18 billion was the largest contributor to petroleum exports from the country. During 2007-08, the net oil import bill, which is crude oil import plus product import minus product exports, was \$56.47 billion compared to \$39.55 billion in 2006-07.

During the year under review, consumption of petroleum products in India was 129.24 MMT against 120.8 MMT in the previous year. The consumption growth in petrol and diesel were phenomenal. Consumption of MS went up by 11.2% to 10.33 MMT and that of HSD by 11.1% to 47.64 MMT. This huge increase in demand for auto fuel is a reflection of the country's economic growth during the year 2007-08. In contrast, during 2006-07, consumption growth of MS and HSD in the country were 7.5% and 6.7% respectively. Notwithstanding higher prices, demand for ATF in 2007-08 grew by 14.1%. LPG demand growth was however limited to 4.3%.

Refinery capacity of the country remained flat during 2007-08 at 148.97 MMT. However, in the remaining four years of XIth Plan (2007-12), India is set for transition into a global refining hub with a total capacity of around 240 MMT. In the coming four years, five new refineries namely, IOC Paradip; Bhatinda (HPCL/Mittal); Bina (BPCL/Oman Oil); RPL Jamnagar and Nagarjuna Oil would join the list of 19 existing refineries.

Refining margin in 2007-08 remained high despite volatility. Regional benchmark Singapore (Dubai Crack) recorded a GRM of \$7.6 per bbl against \$6.1 per bbl in 2006-07. Indian refineries also posted satisfactory margins, the highest being reported for Reliance Industry's Jamnagar refinery at \$15 per bbl.

The year 2007-08 was un-favourable from the marketing perspective with under-recoveries of oil companies scaling new heights. Under-recoveries for public sector oil marketing companies in MS, HSD, kerosene and LPG retailing during the year were in excess of Rs. 70,000 crores, which continues unabated through the first quarter of 2008-09. The year has seen retailers in private sector close down retail outlet operations even as the public sector oil companies struggle to keep their pumps running.





NRL Energy Station

Opportunities and Threats

Notwithstanding mounting under-recoveries from retail marketing, the Company is expected to post reasonable profit in the current financial year leveraging on its strength in refinery operations.

To achieve consolidation and growth, your Company has taken up a number of projects/schemes in its 11th five year plan outlay. Out of these, utilisation of natural gas in place of Naphtha as fuel and feed in the refinery and product evacuation from Numaligarh through a product pipeline (being implemented by OIL) to Siliguri where your Company is constructing one Marketing Terminal are important ventures which are targeted to be commissioned during the year 2008-09. Utilisation of natural gas would provide substantial value addition in terms of higher Net Refinery Margin and transfer of products through product pipeline after commissioning of Marketing Terminal at Siliguri would bring down cost of product positioning outside North East thereby improving profitability. Opportunity also lies in production of needle coke as there is great demand for this high value product in domestic as well as in international market. Among Indian refineries, commercial production of needle coke is an opportunity for North East refineries due to inherent properties of Assam crude.

NRL is also implementing a 12 Mega Watt (MW) Steam Turbine Generator (STG) project for generation of electricity utilizing excess steam in the refinery. This project has recently been registered with United Nations Framework Convention on Climate Change (UNFCCC) under Clean



Development Mechanism (CDM) of the Kyoto Protocol. With successful registration of the 12 MW STG as a CDM project, the Company stands to avail of benefits through trading in the generated carbon credits for a period of 10 years starting 1st December, 2008. Your Company has also assigned M/s Engineers India Limited (EIL) to prepare a Detailed Feasibility Report (DFR) for production of high value paraffin and micro-crystalline wax and the same is in the final stage of completion.

In the current financial year, the second major refinery turnaround after 3 ½ years of operation is planned during October-November 2008. The said activity with several major repairs and maintenance jobs would need to be carried out in a time-bound manner with high degree of precision. Bringing the production system on-line within the scheduled period of 30 days is an important challenge.

On the marketing front, the country is poised to be substantially surplus in petroleum products in the next few years with several new refineries coming on-line in addition to capacity expansion projects being implemented by various refineries. The refining capacity of the country would substantially increase from the current level of 149 MMTPA to 240 MMTPA in 2011-12, an increase of over 60%. In contrast, demand growth of petroleum products in the country is not likely to keep

The butterfly valley at NRL Township



pace with such increased availability. Hence, the emerging surplus situation would pose a challenge for companies like NRL, for whom over 80% of the production need to be marketed outside the North East region. Your Company would need to look into its natural markets in the contiguous countries like Bangladesh to sell its surplus products.

As mentioned earlier, the continued under-recoveries in respect of retail marketing of MS and HSD due to inability to pass on the impact of the unprecedented rise in crude oil prices to the consumers remains an area of concern. Your Company has taken up the matter with the concerned authorities in an attempt to get the issue resolved appropriately.

Turmoil in capital markets, persistent rise in crude oil prices, food and minerals, burgeoning inflation, government policies amidst other factors would have a bearing on the Company's profitability during 2008-09. However, your Company has had its share of challenges in the past and has been able to tide over them successfully. The Company is today resilient enough to take in its stride foreseeable challenges and continue operations profitably.

Internal Control Systems and their adequacy

NRL has a system of internal control to ensure optimum utilization and protection of resources, Information Technology (IT) security, speedy and accurate reporting of financial transactions and compliance with applicable laws and regulations. The effectiveness of internal control systems is achieved through well documented manuals, policies, rules and procedures and clearly defined organizational structures and delegation of Authorities with appropriate limits across functions. The Internal control systems are supplemented by internal audit reviews covering financial, operational and compliance checks on the policies, guidelines and statutory requirements. The audit findings and recommendations are reviewed on an ongoing basis by the top management and Management Audit Committee to ensure that corrective measures are taken in line with the audit findings. The Audit Committee of the Board regularly reviews the audit reports and significant audit findings with the management, internal audit and statutory auditors wherever necessary to ensure adequacy of the internal control system. The use of SAP R/3 providing a high level of system based checks and controls have helped in improving efficiency and effectiveness of the Company's internal control system.

Human Resources

As on 31st March, 2008, total employees strength was 788 of which 399 belonged to the unionized category and 389 to the executive cadre. Amongst them, there are 37 women employees, 9 physically challenged employees, 166 SC/ST employees, 44 belonging to minorities and 200 to Other Backward Communities.

Your Company has always considered that its core strength lies in quality of its human assets. Keeping in mind the emerging needs of the competitive environment, there have been constant endeavours to harmoniously work with and develop human capital.



With the opening up of economy creating numerous avenues, the Company is facing tremendous challenge in retention of its skilled and experienced manpower. To face the emerging challenges, the Company has constantly focused on improving compensation level and endeavours to build competencies in people for attaining excellence in all spheres of work. During the year, a total of 745 employees have been trained through internal training while 238 employees have been trained through external training which includes foreign training.

SC/ST Employees

The prescribed information on SC/ST employees of the Company are given in Annexure – C.

Fulfilment of Social Obligations

As a responsible corporate citizen, there have been constant endeavours to improve the lives of the people in the neighbouring areas under the Company's Community Development initiatives involving local bodies and government departments essentially aiming at providing basic amenities through various innovative and people friendly schemes as under :

Siliguri Marketing Terminal under construction



- Financial assistance to schools and colleges in the nearby areas for developing their infrastructure, purchasing books for library and other educational aids.
- Awarding scholarships to meritorious students.
- Improvement of roads and drinking water facility.
- Agri-allied income generation activities.
- Promotion of Art, Sports, Literature and Culture
- Free Primary and medical health services and medicines through mobile health camps.
- Aid to various self help groups through self employment schemes etc.

Gender – Friendly work place

Your Company is committed to ensure a gender friendly workplace so that both men and women can enjoy a friendly environment to work. The Company has set up a committee with representation from both men and women to inquire into complaints of sexual harassment, if any, and to recommend appropriate action.

Communication to Employees

Employees are kept apprised about major developments within the Company through various communication channels which facilitate seamless flow of information. Half-yearly structured presentations made to employees highlighting the Company's performance in key areas, the quarterly house journal 'Rodali' which reaches out to all employees, the NRL website www.nrl.co.in and the intranet portal 'Eureka' keep employees informed and updated about Company events and happenings.

Industrial Relations

Your Company has been able to maintain a cordial relation with all its employees through mutual support and cooperation at all levels. During the year, NRL continued to maintain harmonious industrial relations and no man days was lost due to industrial relation problem.





NRL wins Oil and Gas Conservation Award 2008 instituted by Centre for High Technology, MoPNG

Implementation of the Official language

The Company has consistently been putting its efforts to increase the use of Hindi as official language under the provision of Official Language Act, 1963 and the Official Language Rules, 1976. Accordingly, various programmes like 'Hindi Week', 'Hindi Day', and 'Hindi Workshops' were held. Employees were encouraged to participate in 'Hindi Training' through correspondence course being imparted by the Centre of Hindi Directorate, Ministry of Home Affairs. An incentive scheme on Hindi Implementation has also been introduced among the employees. The Company's in-house journal 'Rodali' is having a regular Hindi section where employees' participation is encouraging. The Company continued to publish a yearly Hindi house journal 'Prayas' with participation of all section of employees, their spouses and children.

Right to Information Act

Appropriate mechanisms have been put into place within the Company for addressing queries related to Right to Information Act, 2005. An RTI link is present in the Company website www.nrl.co.in in compliance with the requirements under this landmark legislation.

Vigilance

The Vigilance department continued its proactive role on promoting preventive vigilance in the vulnerable areas. It also continued to give focused attention in creating a conducive vigilance

environment in the organization by ways and means emanating from streamlining of rules & procedures, maximization of use of Information Technology, taking corrective actions and ensuring compliances and implementation of manuals, guidelines, advisories, procedures etc. received from the statutory authorities.

In addition to investigation of genuine complaints resulting into logical conclusions, the department also carried out regular as well as surprise inspections at various locations of the Company and corrective actions were suggested on a case to case basis. The Vigilance department provided requisite support and assistance to the inspection team of Chief Technical Examiner's organization of Central Vigilance Commission(CVC) in carrying out intensive examination of works of the Company and the learning experiences from previous such inspections were shared with the concerned departments as part of preventive measures. The department also continued its focus to spread the message of importance of preventive vigilance in every sphere by regular interaction with employees and by holding interactive sessions and orientation programme on vigilance on a periodic basis.

In line with the directives of the CVC, Vigilance Awareness Week was observed in November 2007 at all locations of the Company and a number of awareness programmes for employees as well as users of the services provided by the Company were held on the initiatives taken for improvement of systems and procedures, complaint handling policy and avenues available for redressal of grievances etc.

Health and Safety

The Company always strives to give top most priority to Health and Safety which has resulted in safe operation of plant and in achieving 10 Million LTA free Man hours on 31.01.2008 which is continuing. The Company is firm on continual development of all loss control management tools as adopted in the form of system based management tools such as ISO : 9001, ISO :14001 & OHSAS : 18001 etc.

NRL was the recipient of the prestigious NSCI Safety Award (Shrestha Suraksha Puraskar) among manufacturing sector from National Safety Council, Mumbai for 2006-07. NRL has bagged GREEN TECH GOLD Safety award also for the year 2007-08.

Safety awareness amongst employees, contractors and their employees, security personnel as well as Tank Truck drivers is continually being enhanced by organizing various safety training programs. In



Srestha Suraksha Puraskar presented to NRL during January 2008



order to ensure preparedness of safety arrangements to meet exigencies, mock drills are conducted in line with Oil Industry Safety Directorate norms regularly in the refinery; 5th Off-site Disaster Control Mock drill was successfully conducted by District Administration, Golaghat at NH-39.

Ecology and Environment

From the very onset, the Company has been pursuing a focused program towards environment management by formulating a comprehensive policy for the protection, preservation and development of the environment, in consonance with its overall corporate objective. In its endeavor towards protecting and caring for the environment in every step of its sojourn, your Company has adopted very advanced and comprehensive steps towards pollution control, essentially the stepping-stone towards environment protection. A dedicated environment management cell is continuously working for improvement, monitoring, safeguarding and reporting of environmental activities of the refinery.

Legal and statutory requirements for the refinery have been fully complied with during the year. Further, all the monitored environmental parameters including treated effluent quality and

quantity, stack emissions, ambient air quality, noise level etc. were maintained well within the stipulated standards.



To spread environmental awareness amongst the employees and neighbouring population, a number of awareness programs were taken up during the year. 'World Environment Day' was also celebrated where all the employees as well as local residents and students from various nearby schools participated.

NRL has also complied with all requirements for continuation of certification of Environmental Management System 14001 : 2004.

Clean Development Mechanism (CDM) Initiatives

In its efforts towards reduction of green house gas (GHG) emission, the Company has taken up a project for installation of a 12 Mega Watt Steam Turbine Generator (STG) and also a project for substitution of Naphtha by Natural Gas as fuel and feed in the refinery. The STG project is in an advanced stage of completion and would facilitate generation of power utilizing excess steam in the refinery. The STG project has been successfully registered with UNFCCC as a CDM project with carbon credits being available for a period of 10 years starting from 1st December, 2008. Generation of 'carbon credit' from this project is estimated to be in the range of 42 TMT per annum which can be



OISD 2008 award for NRL

sold to potential buyers in the international market. The other CDM project, namely, Natural Gas Utilisation project would lead to substitution of Naphtha by Natural Gas besides resulting in lower emission of carbon-di-oxide by around 120,000 MT. This will lead to the consequent benefits from the sale of generated 'carbon credits' once the project is registered with UNFCCC. Price Water House Coopers (PWC) has been engaged for providing the advisory services for this project and presently Project Idea Note (PIN) is under preparation.

Certifications and Awards

- During the year 2002-2003, NRL received Management System Certification under ISO 9001:2000 for quality, ISO 14001:1996(recertified as ISO 14001:2004) for Environment and OHSAS 18001:1999 for Occupational Health and Safety from M/s DNV, Norway. All the three certifications were further re-certified in October, 05 for a period of three years upto October, 08 against latest version of the standards. NRL is planning for recertification of all three systems with updated versions by October, 08 integrating all three Management Systems together as Integrated Management System(IMS).
- The Company had the distinction of receiving Level 9 certification under the protocol of International Safety Rating System(ISRS) from M/s DNV.

Some of the important and recently received awards are as follows :

- TERI Corporate Environment Excellence award for two consecutive years of 2007 and 2008. The



award instituted by 'The Energy and Research Institute' is in recognition of the leadership efforts towards Environment Management and Innovative initiatives amongst corporations with turnover above Rs. 500 crores.

- 'Greentech Gold Safety Award 2008' instituted by Greentech Foundation, New Delhi in recognition of the efforts for excellent environment management.
- National Energy Conservation Award 2007(2nd Prize) in Refineries sector instituted by Bureau of Energy Efficiency (BEE) under Ministry of Power.
- 'Shrestha Suraksha Puraskar 2006'(2nd level) in manufacturing sector instituted by the National Safety Council for achieving outstanding occupational safety and health performances and implementing effective management systems and procedures.

NRL has also been selected for 'Oil Industry Safety Awards 2007-2008' (2nd Prize) instituted by Oil Industry Safety Directorate for excellence in safety performance and 'Oil and Gas Conservation Awards for 2008' (2nd Prize) in the areas of 'Furnace /Boiler Efficiency' under category –2 for Group –1 refineries instituted by Centre for High Technology(CHT).



MoU signing function between NRL and BPCL for the year 2008-09



Integrated Information Systems (IIS)

Your Company continued to maintain uninterrupted, safe and secure computing environment during the year. NRL has adopted SAP Enterprise version ERP system as IT enabled business solution that supports all major business processes of the Company.

Information security and control over business systems is of prime importance for successful implementation of ERP system. SAP system and IT setup have been audited by professional auditors and adequacy of checks and control measures have been reviewed and appropriate actions have been taken up to ensure better IT governance. In conformity with the business need and delegation of authority, a revamp exercise was carried out during the year in the user level authorization under the SAP system. The business process cycle was also audited by external consulting firm and observations requiring system correction had also been complied with. This has ensured the elimination of the weaknesses in the system besides ensuring that SAP remains a safe tool for transacting business. The availability of the system has also been continuous and uninterrupted.

Solution Manager has been implemented in NRL SAP Landscape, which provides single window SAP system maintenance, change management, end-user service desk support and documentation. SAP Disaster Recovery (DR) operation has been streamlined during the year and actions are being taken to upgrade existing DR site.

Considerable amount of new IT Systems, Services and Infrastructure have been added during the year 2007-08. Retail Outlet Automation System has been introduced during this year.





Exchange of files and greetings after the signing of agreement between NRL and IOC (R&D) for production of Needle Coke

15 depot locations across the country have been connected through VSATs for on-line SAP operation. Adequate information security measures have been taken by implementing advanced firewall and intrusion detection system over reorganized computer network. Product logistics management has been improved by implementing Vehicle Tracking System. NRL WAN links have been upgraded to meet increased communication demand. Sophisticated IT devices have been installed to manage documents electronically.

PROJECTS:

New value added projects will continue to be a fundamental part of NRL's future growth plans. Accordingly, projects that would add value and help improve margins and profitability in order to remain ahead of competition in this highly competitive market environment are being undertaken. Some of the important projects which are in various stages of implementation are the 'Siliguri Marketing Terminal project' for smooth and economic evacuation of products from the Refinery through pipeline; 'Diesel Quality Upgradation Project' for production of Euro-III HSD at 100% capacity utilization and limited quantities of Euro-IV HSD from April 2010; '12 Mega Watt Steam Turbine Generator' for generating power utilizing surplus steam in the Refinery ; 'Natural Gas Pipeline from Duliajan to Numaligarh' through a joint venture company M/s DNP Limited etc. Your Company continued its focus essentially on projects aimed at producing low volume, high value

products based on inherent strength of North East crude. The 'Wax Project' for production of high value paraffin and microcrystalline wax has been identified as one such value venture, for which the feasibility study is currently on. The Company is also pursuing its efforts to produce high value 'Needle Coke' during the current financial year 2008-09.

The status of major projects presently under implementation are given below along with particulars of proposals which are under study :

ONGOING PROJECTS

- **Siliguri Marketing Terminal Project (SMTP)**

NRL entered into an agreement with M/s Oil India Limited (OIL) for transportation of white oil products from Numaligarh to Siliguri through a product pipeline, for improving reliability of product evacuation, besides reducing freight cost and facilitating high capacity utilization of the refinery.

As reported last year, the product receiving and dispatch terminal at Siliguri is being set up by NRL



Greentech Gold Safety Award 2008 for NRL





at an approved project cost of Rs. 1495.7 million. The construction of the Numaligarh-Siliguri pipeline is under OIL's scope of work. Construction of both the Siliguri Terminal by NRL and the product pipeline by OIL is at an advanced stage of completion. Both facilities are being synchronized for smooth commissioning by second quarter of 2008-09.

- **Diesel Quality Upgradation Project**

To meet requirements of the Auto Fuel Policy, NRL is implementing the Diesel Quality Upgradation Project at an approved project cost of Rs. 4349.4 million for production of HSD conforming to Euro-III and Euro-IV equivalent specifications by April 2010. This project is basically a low cost revamp proposal which entails revamp of existing Crude Distillation Unit, Hydrocarcaker Unit, Hydrogen Generation Unit and Sulphur Recovery Block.

DFR was completed by EIL in January, 2008 and investment approval was obtained on 2nd April, 2008. The Engineering Project Construction Management (EPCM) contract has since been awarded to EIL. Procurement and tendering activities have commenced. Ordering of long lead items is in progress. The first phase of the construction activity will be taken up in forthcoming Refinery Turnaround scheduled in October-November 2008 for facilitating tie-ins. All efforts are being taken to complete the project well in time.

- **12 MW Steam Turbine Generator (STG)**

As part of efforts towards continuous improvement in energy conservation and overall efficiency of plant operations, NRL is installing a 12 MW STG to generate power from surplus steam available in the plant at an estimated project cost of Rs. 330 million. The STG and auxiliaries are supplied by M/s Bharat Heavy Electrical Limited (BHEL) and erection of same is in progress. The project is targeted to be completed by end of 3rd quarter of 2008-09.

• Natural Gas Utilization Project

Due to initial constraints in availability of natural gas from oil fields of North East, NRL has been using naphtha as fuel for its power plant and as fuel and feed in the Hydrogen Plant. However, in view of changing scenario leading to availability of natural gas, NRL has entered into agreement with OIL for purchase of 1 MMSCMD of natural gas which would replace naphtha as feedstock for the production of hydrogen and fuel for power generation and furnaces. The project would provide substantial value addition in terms of higher Net Refinery Margin. The Project is targeted to be completed during the current financial year.

PROJECT PROPOSALS

• Wax Project

Assam crude offers good potential for production of Paraffin and Microcrystalline wax. In order to take advantage of crude composition as well as market demand, EIL has been engaged for preparation of a DFR for production of high value paraffin and microcrystalline wax. The proposed project would produce 50000 TPA of Paraffin Wax (Type 1) and 4500 TPA of Semi-Microcrystalline wax (Grade A). The DFR is expected to be completed by August 2008.



'Swa-Nirbhar' scheme under NRL's community development programme aims at encouraging income generation activities among self-help groups in the vicinity of the Refinery



DPS Numaligarh provides opportunities for overall development of its students

FUTURE PLANS

In addition, the Company has identified following value addition projects/schemes to be undertaken for feasibility study/implementation in a phased manner.

- Naphtha Splitter Unit for supplying of 160 TMTPA of petrochemical grade Naphtha to the proposed Assam Gas Cracker project as feed stock. The process package for Naphtha Splitter Unit has been prepared.
- Production of Needle Coke for value addition.
- Exploring the possibility of projecting some of the major ENCON projects as CDM under Kyoto Protocol.

INVESTMENT IN JOINT VENTURES

• **Brahmaputra Cracker & Polymer Limited (Assam Gas Cracker Project)**

In order to implement the proposed Assam Gas Cracker project at an approved cost of Rs. 5460.61 crores, a new joint venture company Brahmaputra Cracker and Polymer Limited (BCPL) was incorporated on 8th January, 2007 with equity participation from GAIL(India) Limited (70%), OIL(10%), Government of Assam (10%) and NRL(10%). Besides equity participation, NRL will also supply 160 TMT of petrochemical grade Naphtha per annum to the proposed Gas Cracker project as feed. An amount of Rs. 110.00 crores has been earmarked by NRL in the "XIth Five Year Plan" outlay for the Gas Cracker Project.

• DNP Limited (Natural Gas Pipeline Project from Duliajan to Numaligarh)

NRL has initiated actions for substitution of Naphtha by Natural Gas as feed and fuel. In this regard, NRL has signed an agreement with Assam Gas Company Limited (AGCL) for transportation of natural gas from Duliajan to Numaligarh through a new pipeline. Subsequently, a joint venture company DNP Limited has been incorporated with equity participation from AGCL(51%), NRL(26%) and OIL(23%) for implementation, operation and maintenance of the Natural Gas pipeline project. The approved cost of the project is Rs. 318 crores of which NRL's share of equity would be around Rs. 28 crores. The pipeline project is expected to be completed by March, 2009.

Memorandum of Understanding with BPCL

Your Company has achieved 'Excellent' rating with a composite score of 1.396 in accordance with the Memorandum of Understanding (MOU) entered into with BPCL, for the year 2007-2008.

Your Company has also signed the performance MOU with BPCL on 19th March, 2008 for the year 2008-09. The MOU outlines stringent performance targets for sustained and continual improvement in refinery operations and financial parameters.

Particulars of Employees

As there is no employee drawing the specified remuneration, particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2008 are not furnished.

Conservation of Energy, Technology Absorption

The details regarding energy conservation and technology absorption as required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are placed in Annexure A forming part of this report.

Foreign Exchange Earnings and outgo

There was no direct foreign exchange earnings during the year 2007-08. However, foreign exchange outgo during the year was Rs.479.74 Million on account of purchase of products, know-how, professional consultancy fees and travelling expenses etc.

Corporate Governance

NRL being a non listed Company, stipulations as contained in clause 49 of the listing agreement are not mandatory. Yet, as a good corporate practice, a report on Corporate Governance covering the relevant disclosure as per clause 49 of the listing agreement is annexed as **Annexure-B** to the Directors' Report. The Directors' Report also contains a chapter on Management Discussion and



Analysis Report in line with clause 49 of the listing agreement. The forward looking statements made in the 'Management Discussion and Analysis' are based on assumptions and expectations of future events. The Directors cannot guarantee that these are accurate or these expectations will materialize.

Statutory Auditors

M/s. P. K. Mitra & Co., Chartered Accountants, Kolkata were appointed as Statutory Auditors for the year 2007-08 by the Comptroller & Auditor General of India under the provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting. The Comptroller and Auditor General of India will be approached in due course of time for the appointment of Statutory Auditors for the financial year 2008-2009.

Directors' Responsibility Statement

In accordance with Section 217(2AA) of the Companies Act, 1956, the Directors of NRL confirm that :

1. In the preparation of Annual Accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures.



School bags distributed to nearby schools under NRL's community development programme



Officers' Club of NRL co-hosts the 1st All Assam Open Tennis Tournament at NRL Township

2. The Company has selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31st March, 2008 and of the Profit and Loss Account of the Company for the year ended on that date.
3. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. These Accounts have been prepared on a going concern basis.

Board of Directors

Shri S. A. Narayan, Director (HR), BPCL resigned from the directorship of the Company w.e.f. 4.12.2007. Shri C.B.Singh, erstwhile Joint Advisor(Finance), Ministry of Petroleum and Natural Gas ceased to be a Director w.e.f. 14.5.2008 consequent to the withdrawal of his nomination by the Government of India from the Board of the Company.

The Directors have placed on record their appreciation of valuable contribution made and guidance given by Shri S.A.Narayan and Shri C.B.Singh for the development and progress of NRL's business during their tenure as Directors of the Company.

Shri N. M. Borah, Director (Operations), Oil India Limited was appointed as Director on the Board of



the Company w.e.f. 8.5.2008 in place of Shri S.A.Narayan. The Company has received a Notice under section 257 of the Companies Act, 1956 proposing the candidature of Shri N.M.Borah for appointment as 'director liable to retire by rotation' at the ensuing Annual General Meeting.

As required under Section 256 of the Companies Act, 1956, Shri S. Radhakrishnan, Shri R. K. Singh and Shri S. K. Joshi will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Directors at the said meeting.

As required under the Corporate Governance Code, brief bio-data of the above Directors who are appointed/re-appointed at the Annual General Meeting are provided in the Corporate Governance Report.

Acknowledgment

Your Directors take this opportunity to place on record their appreciation for the employees' continued display of their total commitment towards the pursuit of excellence without which the excellent performance of NRL would not have been possible and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

Your Directors sincerely thank NRL's valued customers for their continued cooperation, patronage and confidence and look forward to the continuance of this mutually supportive relationship in future.

The Directors also gratefully acknowledge the support and guidance received from the various ministries of the Government of India, particularly from the Ministry of Petroleum and Natural Gas, Petroleum Planning and Analysis Cell, Centre for High Technology, Oil Industry Development Board, Railways, Income Tax, Customs and Central Excise Department as well as from the Government of Assam and other Government agencies.

The Directors express their heartfelt gratitude to all the NRL dealers, bankers, contractors and suppliers for their contribution to its success.

Yours Directors express their sincere thanks to each and every shareowner of the Company particularly, Bharat Petroleum Corporation Limited, Government of Assam and Oil India Limited for their reposing confidence and continuing support to NRL management.

For and on behalf of the Board of Directors

Sd/-

Place: Mumbai **Ashok Sinha**

Chairman

Date : 20th August, 2008



Annexure to Directors' Report

Annexure - A

Efforts made by NRL with regard to conservation of Energy, Technology Absorption and Foreign Exchange earnings and Outgo, which are required to be given under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

As a part of NRL's continual efforts towards energy conservation, the following Encon schemes have been taken up for implementation during the year 2007-08.

- 12 MW STG for utilizing surplus waste steam and recovering power from PRDS is in advanced stages of implementation and is expected to recover around 14000 MWH of energy.
- Substantial energy saving by cleaning of Fin Fan coolers' finned tubes in Hydrocracker Unit by application of Foam cleaning technique was achieved. Cleaning of Fin Fan coolers of other units also by similar cleaning method is planned in RTA 2008.
- Continual use of energy master in air compressor of CPP for better energy management.
- Continual benefit from the unique Step Less Control system implemented in the Make-up Gas Compressor of the Hydrocracker Unit during the year 2006-07 where, saving of around 600 MT of fuel is taking place per year. This has also improved the energy efficiency of the machine as well as the operational convenience.
- Regular monitoring of all the valves connected with flare system for any passing by Acoustic Leak Detector was carried out throughout the year and timely detection and rectification of such passing valves had resulted in the saving of substantial amount of process/fuel gas from flaring.
- Fugitive emission survey for detecting and rectifying any minor leak from valve glands, flanges etc. was carried out on regular basis through out the year by using Gas Measuring Instrument (GMI).
- During the year new insulation had been provided in the furnace to coke chamber transfer lines as well as over one of the coke chamber resulting the saving of energy by preventing heat loss to the atmosphere.

b) Energy Conservation Measures Planned

In continuation of its energy conservation efforts, NRL has identified various schemes for future implementation. Some of the schemes are as follows:

- Phase wise implementation of Advance Process Control (APC) in the remaining process plants



are in progress (already implemented in CDU/VDU during 2004-05). Activities for APC implementation in DCU and HCU have been taken up.

- Implementation of innovative technology for use of O_2 rich waste air stream available from N_2 plant as enrich air in Sulfur Recovery Unit by replacing the conventional use of process air.
- Works for using Natural Gas to replace Naphtha in GTG and Hydrogen Unit is under progress.
- Replacement of conventional lighting fixture by more energy efficient fittings.
- Improvement of insulation effectiveness of steam lines and heaters.
- Installation of Flare Gas Recovery System for recovery and reuse of refinery waste gas going to flare.

c) Details regarding total energy consumption and energy consumption per unit of production etc. are given in the prescribed Form A.

B. TECHNOLOGY ABSORPTION

NRL has taken up the advantages and benefits of latest development in technology for upgrading the products in line with Auto Fuel Policy of GOI and putting up the following projects:

- Technology for production of Euro-III equivalent grade MS supplied by M/s Axens, France has been fully absorbed.
- NRL is in the process of implementation of Diesel Quality Upgradation Project by Revamping the existing Hydrocracker and Hydrogen unit licensed by M/s CLG , USA and M/s HTAS, Denmark for producing entire HSD conforming to Euro-III Spec.

Details regarding efforts made in technology absorption as per prescribed Form B are annexed hereto.



FORM A

Form for disclosure of particulars with respect of conservation of energy

A. Power & Fuel Consumption		2007-2008	2006-2007
1. Electricity			
a) Purchased			
Unit (million KWH)		0.00	0.00
Total Amount (Rs. Million)		0.00	0.00
Rate / Unit (Rs./KWH)		3.90	3.85
b) Own Generation			
i) Through Diesel Generator			
Units (million / KWH)		—	—
Units per ltrs of Gas Oil		0.02	0.02
Cost / Unit (Rs./KWH)		—	—
ii) Captive Power Plant			
Net (million KWH)		193.70	191.29
Fuel Consumption (Qty - MT)			
Naphtha		64325.75	65097.97
HSD		77.60	152.22
Total Fuel (MT)		64403.35	65250.19
Total Amount (Rs. Million)		2054.55	1795.57
Less: Steam credit		946.94	781.79
Net Amount (Rs. Million)		1107.61	1013.78
Cost / Unit (Rs./KWH)		5.72	5.30
2. Internal Consumption			
a) Liquid Fuel			
Quantity (MT)	Naphtha	26909.20	32658.12
	FO	46856.23	47386.00
	LPG	2294.00	3607.30
	Total Fuel (MT)	76059.43	83651.42
Total Amount (Rs. Million)		1790.53	1757.62
Avg. Rate (Rs./Unit)		23541.26	21011.26
b) Refinery Gas			
Quantity (MT)		123003.60	115917.01
Total Amount (Rs. Million)		2773.45	2535.75
Avg. Rate (Rs./Unit)		22547.75	21875.59

B. Energy Consumption per unit of production

	UNIT	STD. IF ANY	2007-2008	2006-2007
ELECTRICITY	KG/MT		27.98	28.77
LIQUID FUEL	KG/MT		33.05	36.89
REFINERY GAS	KG/MT		53.44	51.12
TOTAL	KG/MT		114.47	116.78



FORM B

Form for disclosure of particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT

Specific areas in which R&D is being carried out by the Company

1. Optimization of operating parameters for production of Euro III HSD at design throughput without installation of new units.
2. Optimization of operating parameters for production of Euro IV Grade MS from the existing MS Unit with minimum modification has been initiated in collaboration with IIP- Dehradun.
3. Developmental activities have been undertaken for production of Branded Fuel of NRL.
4. Optimization of blend to maximize RON of MS pool and lowering consumption of MTBE & Py Gas.
5. Innovative ATF blend optimization by NRL lab study.
6. Optimization of process variables and feed preparation for production of value added product Needle Coke.

Benefits derived as a result of above R&D

1. NRL has established process feasibility of producing Euro III HSD through revamp of existing units.
2. Encouraging pilot plant studies and based on the feasibility study an MOU was also signed with IOCL (R&D) in this regard for production of needle grade coke.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

NRL has completed the 225 TMTPA Motor Spirit project with the latest technological developments and advances provided by M/s Axens, France. With the commencement of production of Euro-III grade MS, the technology has been fully absorbed.

2. Benefits derived as a result of the above efforts, e.g. product quality improvement, cost reduction, product development, import substitution etc.

The MS Plant besides contributing towards value addition to the surplus naphtha produced in the refinery, has also ensured better marketing flexibility and enhanced production of LPG in addition.

3. Information regarding imported technology (imported during last five years reckoned from the beginning of the financial year)

a) Technology imported	Year of Import
Production of Euro-III grade MS	2003-2004
b) Has Technology been fully absorbed?	Yes.

Annexure - B

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Good Corporate Governance results in corporate excellence by ensuring that the powers vested in the executive management are used with care and responsibility to deliver sustained and long term value to its stakeholders. In NRL, our endeavour is to adopt best governance practices, which in our view are critical to ensure optimization of returns and satisfaction levels accruing to all its stakeholders. The interest of all stakeholders including shareholders, employees, customers and the Government exchequer are given paramount importance while taking commercial decisions. The Company has been sharing various information with the shareholders from time to time through Press release, Annual Reports, etc. Being a non listed entity, disclosures required to be made under clause 49 of the Listing Agreement are not mandatory. However, as a good corporate governance practice, relevant information on areas covered under Corporate Governance disclosures are furnished below:

2. Board of Directors

NRL is a Government Company under Section 617 of the Companies Act, 1956 by virtue of being subsidiary of M/s. Bharat Petroleum Corporation Limited (BPCL), a Government Company. In terms of the Articles of Association of the Company, the number of Directors shall not be less than three and more than fifteen.

As on 31st March, 2008, the Board of NRL comprises of three Whole time (Executive) Directors including the Managing Director, two part-time (Ex-Officio) Directors representing the Ministry of Petroleum & Natural Gas, one part-time (Independent Director) appointed by the Government of India and six part-time (Ex-Officio) Directors appointed by the Promoters, namely, Bharat Petroleum Corporation Limited (Four) and Govt. of Assam (Two). One position of part-time (ex-officio) Director is lying vacant w.e.f. 4.12.2007 due to resignation of Shri S. A. Narayan, from the Board of the Company.

The Chairman and Managing Director, BPCL is the Chairman of the Company and he has chaired all meetings of the Board and the Annual General Meeting of the Company held during the year. None of the None-Executive Directors of the Company had any pecuniary relationship/ transaction with the Company.

The Directors neither held membership of more than 10 Board Committees, nor Chairmanship of more than 5 Committees (as specified in Clause 49) across all the companies in which they were Directors.

- a) The details regarding the Board Meetings, Directors attendance thereat and the Annual General Meeting; Directorship held by the Directors as on 31st March, 2008, are as under :



Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 5 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Public Ltd. Companies
(a) Whole Time Directors			No. of Meetings Attended	%		
Dr. B.K.Das, Managing Director	B.E.(Hons) in Electronics and MBA (IIMA)	03.01.1996	5	100	Attended	Director BCPL
Shri Dipak Chakravarty Director (Technical)	BE (Chem. Engg.) and MS (Chem. Engg.)	04-08-2006	5	100	Attended	Director: DNP Ltd. (w.e.f. 15.6.07)
Shri Nilmoni Bhakta Director (Finance)	M.Com AICWAI	25.07.2007	4	100	Attended	Nil
(b) Part-time (Ex-officio)						
Shri Ashok Sinha Chairman & Managing Director Bharat Petroleum Corporation Ltd. Mumbai -400001. [Chairman of the Company]	B.Tech. (Elect.) M.B.A	14.09.01	5	100	Attended	C&MD 1. BPCL Chairman 2. BORI Director 1. PLL 2. BPRL
Shri C. B. Singh, Joint Advisor (Fin. I) Govt. of India Ministry of Petroleum & Natural Gas, New Delhi-110001	MA (Economics)	26.07.06	1	20	Absent	Director 1. Guru Gobind Singh Refineries Ltd.
Shri Manu Srivastava Director (GP), Govt. of India Ministry of Petroleum & Natural Gas, New Delhi-110001	B.Tech(Elect) M.Tech (Com. Tech.)	20.02.07	Nil	--	Absent	Director 1. BCPL
Shri P. C. Sharma, IAS Chief Secretary to the Govt. of Assam, Assam Secretariat Dispur, Guwahati-781006	M.Sc., L.L.B.	28.01.04	1	20	Attended	Chairman 1. DNP Ltd. Director 1. BRPL 2. AGCL 3. BCPL 4. AIDC 5. ASTC 6. AHECL

Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 5 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Public Ltd. Companies
			No. of Meetings Attended	%		
Shri H. S. Das, IAS Principal Secretary to the Govt. of Assam, Finance Department Dispur, Guwahati-6	M.A.(Eco.)	29.08.00	3	60	Absent	Director 1. ASEB 2. ATCL
Shri S.A. Narayan Director(HR) Bharat Petroleum Corpn. Ltd. Mumbai-400001 [Upto 4-12-07]	B.Sc. (Hons), M.A. (Pers), LL.B	14.09.01	2	50	Absent	Director 1. BPCL 3. PIL
Shri S. Radhakrishnan Director (Marketing) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B.Tech (Mech.) M.B.A.	11.12.02	2	40	Attended	Director 1. BPCL 2. IGL 3. Sabarmati Gas Limited
Shri R. K. Singh Director (Refineries) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B. Tech (Mech. Engg)	04.04.06	5	100	Attended	Director 1. BPCL 2. BPRL 3. BORL 4. Premier Oil Cachar BV
Shri S. K. Joshi Director (Finance) Bharat Petroleum Corpn. Ltd. Mumbai-400001	A.C.A, M.B.A.	04.04.06	3	60	Absent	Director 1. BPCL 2. BPRL 3. BORL 4. Petronet CI Ltd. 5. BPR JPDA Ltd.
(c) Part-Time (Independent)						
Shri J. P. Rajkhowa, IAS (Retd.) Former Chief Secretary to the Govt. of Assam Narikalbasti, Guwahati-781024	MA (Economics)	26.07.06	4	80	Attended	Independent Director: 1. NEEPCO

BCPL: Brahmaputra Cracker & Polymer Limited, **BPCL:** Bharat Petroleum Corporation Ltd., **BORL:**



Bharat Oman Refineries Ltd., **PLL**: Petronet LNG Ltd, **BPRL**: Bharat PetroResources Limited **BRPL**: Bongaigaon Refinery & Petrochemicals Ltd, **AGCL**: Assam Gas Company Ltd., **AIDC**: Assam Industrial Development Corporation Limited, **ASTC**: Assam State Transport Corporation Limited, **AHECL**: Assam Hydro-Carbon & Energy Company Limited, **ASEB**: Assam State Electricity Board, **ATCL**: Assam Tea Corporation Limited, **IGL**: Indraprastha Gas Ltd **BPRJPDA**: Bharat PetroResources JPDA Limited., **NEEPCO**: North Eastern Electric Power Corporation Limited.

Note :

1. Percentage computed by considering the meetings attended with the total meetings held during his tenure.
- b) Five Board Meetings were held during the financial year 2007-2008. Date of these Board Meetings are given below:

21 st May, 2007	6 th August, 2007	14 th September, 2007
4 th December, 2007	12 th February, 2008	

2. Audit Committee

NRL took the initiative to introduce Corporate Governance code in the Organization since 1999 by constituting the Audit Committee. The said committee was reconstituted in the year 2001 in accordance with the provisions of Section 292A of the Companies Act, 1956 and the role, powers and functions of the Audit Committee were specified and approved by the Board.

The present Audit Committee was reconstituted by the Board w.e.f. 6th August, 2007 by inducting Shri J. P. Rajkhowa, IAS(Retd.), Independent Director along with three non-executive Directors. The quorum for the meetings of the Committee is two members or 1/3rd of the members of the Audit Committee whichever is higher. Shri J. P. Rajkhowa, IAS(Retd.), Independent Director is the Chairman of the Committee and Shri P. C. Sharma, IAS, Chief Secretary to the Govt. of Assam, Shri H. S. Das, IAS, Principal Secretary to the Govt. of Assam, Finance Department and Shri R. K. Singh, Director (Refineries), BPCL are the members of the Committee. All the members possess the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary of the Committee.

Director(Finance), BPCL and Executive Director (Audit), BPCL along with three Functional Directors of the Company including Managing Director are invited to attend the meetings of the Audit Committee Meeting as Special Invitee. The head of Internal Audit and Statutory Auditors are also invited to attend the Audit Committee Meetings as and when required.

The role and responsibilities of the Audit Committee as approved by the Board includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if, required, the replacement or removal of the statutory auditor, fixation of audit fee and also approval for payment for any other services rendered by the statutory auditors.

3. Reviewing with management, the annual financial statements before submission to the Board, focusing primarily on :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Any change in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Disclosure of any related party transactions i. e transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing with management, performance of statutory and internal auditors, the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Discussion with internal auditors any significant findings and follow up thereon.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
9. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
10. Reviewing the Company's financial and risk management policies.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder (in case of non payment of declared dividends) and creditors.
12. Defining the significant related party transactions

During the financial year 2007-08, five meetings of the Audit Committee were held on the following dates:

21 st May, 2007	30 th July, 2007	14 th September, 2007
16 th October, 2007	24 th January, 2008	



Attendance at the Audit Committee Meetings :

Name of the members	No of Meetings attended	% age thereof (out of 5 nos. meeting held)	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman (w.e.f. 6th August, 2007)	3	100	Attended
Shri P. C. Sharma, Member (Chairman upto 6th August, 2007)	3	60	Attended
Shri H.S.Das, Member	4	80	Absent
Shri R. K. Singh	3	60	Attended

* Percentage computed by considering the meetings attended with the total meetings held during his tenure.

3. Remuneration Committee

NRL being a Govt. Company, appointment and terms & conditions of remuneration of whole time Functional Directors are determined by the President of India through the Ministry of Petroleum & Natural Gas. Details of remuneration paid to the Whole-time Directors during the financial year 2007-2008 are given below :

Name of Directors	All elements of remuneration package of the Directors i.e. salary, benefits, bonuses, pension etc. (in Rs.)	Details of fixed component and performance linked incentives (in Rs.)	Other benefits (in Rs.)	Service Contracts, notice period, severance fees.
Dr. B.K.Das Managing Director	11,39,069/-	Fixed Com: 10,16,417/- PLI & PI : 90,508/-	32,144/-	On successful completion of first five year term as MD on 10.11.2007, tenure was further extended upto 31.03.2011, i.e. the date of his superannuation. Notice period: Three months
Shri Dipak Chakravarty Director(Technical)	10,32,815/-	Fixed Com: 9,25,157/- PLI & PI : 81,612/-	26,046/-	Appointed for five years w.e.f. 04-08-2006 Present contract shall expire on 03-08-2011 Notice period: Three months

Name of Directors	All elements of remuneration package of the Directors i.e. salary, benefits, bonuses, pension etc. (in Rs.)	Details of fixed component and performance linked incentives (in Rs.)	Other benefits (in Rs.)	Service Contracts, notice period, severance fees.
Shri Nilmoni Bhakta Director(Finance) (w.e.f. 25-07-2007)	6,47,619/-	Fixed Com : 5,59,561/- PLI & PI : -	88,058/-	Appointed for five years w.e.f. 25-7-2007. Present contract expire on 24-07-2012. Notice Period : Three months.

PLI : Performance Linked Incentive; PI : Productivity Incentives

4. Investors Grievance Committee

The Company, being a non listed Company with only ten shareholders, no such Committee has been formed.

5. Annual/Extra Ordinary General Meetings

a) Details of location, time and date of last three AGMs are given below:

	Date and Time of the Meetings	Venue
12 th Annual General Meeting	9 th September, 2005 at 3.15 P.M.	Company's Registered Office at Lotus Tower, G. S. Road, Guwahati-781005
13 th Annual General Meeting	22 th September, 2006 at 3.00 P.M.	Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
14 th Annual General Meeting	14 th September, 2007 at 3.00 P.M.	Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001

b) Details of Special Resolution passed during the last three years:

Special Business	Type of Resolution	Date of Meeting
Commencement of New Business	Special Resolution	EGM held on 10-01-2007 at New Delhi
Fixation of remuneration of Statutory Auditors	Special Resolution	14 th AGM held on 14-09-2007



c) Postal Ballot:

No resolution was passed in the 14th AGM through postal ballot. In the ensuing 15th AGM also, the Company has no such resolution proposed for approval of the shareholders through postal ballot.

6. Brief Resumes of Directors seeking re-appointment

The information to be provided in case of appointment/ re-appointment of Directors are as under:

i) Shri S. Radhakrishnan

Shri S. Radhakrishnan, Director(Marketing) of Bharat Petroleum Corporation Limited is a B.Tech.(Mechanical Engg.) from Indian Institute of Technology, Madras and did his MBA from Indian Institute of Management, Bangalore. He is on the Board of NRL w.e.f. 11.12.2002.

Shri Radhakrishnan had joined BPCL in 1977 and was holding several important positions. He has wide ranging experience in the Petroleum Industry. Prior to his appointment as Director (Marketing), BPCL, he was holding the position of Managing Director in Bharat Shell Ltd. Besides holding directorship in BPCL and NRL, he is also a Director on the Board of Sabarmati Gas Limited, Indraprastha Gas Limited and Bharat Stars Services Pvt. Limited

He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

ii) Shri R. K. Singh

Shri R. K. Singh, Director(Refineries), Bharat Petroleum Corporation Limited is a B.Tech.(Mechanical Engg.) from Benares Hindu University. He is on the Board of NRL w.e.f. 4.4.2006.

Shri R. K. Singh had joined BPCL in 1978 and was holding several important positions. He is having wide experience in the Petroleum Industry. Prior to his appointment as Director(Refineries) in BPCL, he was holding the position of ED(LPG), BPCL. Besides holding directorship in BPCL and NRL, he is also a director of Bharat PetroResources Limited, Bharat Oman Refineries Limited and Premier Oil Cachar BV.

He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

iii) Shri S. K. Joshi

Shri S. K. Joshi, Director(Finance), Bharat Petroleum Corporation Limited a Member of the Institute of Chartered Accountants of India and M.B.A. from University of Hull, United Kingdom. He is on the Board of NRL w.e.f. 4.4.2006.

Shri S. K. Joshi had joined BPCL in 1978 and handled different aspects of the Finance function including corporate Accounts, Treasury and Risk Management. Shri Joshi was closely associated with the study group formed for the purpose of preparing a long term perspective plan for the oil industry in India. Prior to his appointment as Director(Finance), BPCL, he was holding the position of



ED (Corporate Treasury) in BPCL. Besides holding directorship in BPCL and NRL, he is also a director of Bharat Oman Refineries Limited, Petronet CI Limited, VI eTrans Pvt. Ltd, Bharat PetroResources Ltd., Bharat PetroResources JPDA Ltd. and Bharat Stars Services Pvt. Limited.

He is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

iv) **Shri N. M. Borah**

Shri N.M. Borah, Director (Operations), Oil India Limited is a bachelors degree holder in Petroleum Engineering from the Indian School of Mines, Dhanbad. He also holds a post graduate diploma in Petroleum Prospecting and Reservoir Evaluation from the Norwegian Institute of Technology, Trondheim, Norway. He is on the Board of NRL w.e.f. 8th May, 2008.

Shri Borah has over 25 years of experience in oil and gas exploration and production industry. As Director (Operations), OIL, he is responsible for company's exploration, development, resource management, oil, gas and LPG production and pipeline business in North India. He is also a member of top level strategy team in OIL and is responsible for OIL's foray into international exploration activities. Prior to joining as Director (Operations), OIL, he worked as a Group General Manager (Main Producing Area) and General Manager (Geosciences), OIL. Besides holding Directorship in OIL and NRL, he is also holding the Directorship in Brahmaputra Cracker & Polymer Limited.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his name as a Director of the Company.

7. **Disclosures and compliance**

- There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- There was no instances of non-compliance of any provisions of Law, guidelines from regulatory authorities etc. during the last three years.
- There are no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.

8. **Code of conduct, Procedure and Disclosures for prevention of Insider Trading and Code of Corporate Disclosure Practice**

NRL, being a non-listed company, the code is not mandatory.

9. **Means of communication**

NRL, being a non listed Company, publishing of quarterly/half yearly and annual financial statements are not mandatory. However, as a good corporate practice, the Company has been sharing relevant information with its shareholders as well as other stakeholders from time to time through its web site (www.nrl.co.in), press release, Annual Reports etc.



10. Management Discussion & Analysis Report

A detailed chapter on Management Discussion & Analysis is incorporated in the Directors' Report.

11. General information to shareholders

a.

Number of AGM	15 th Annual General Meeting
Date and Time	12 th September, 2008 at 3:00 P.M.
Venue	Conference hall of Hotel Brahmaputra Ashok, M.G.Road, Guwahati-781001
Dividend payment	The Board has recommended Dividend @ Rs.2.00 per share for the consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration.

b. Financial year : NRL follows the financial year from April to March.

d. Since the Company's shares are not listed, market price of share is not available.

e. Registrars & Share Transfer Agents:

M/s. Data Software Research Co. Pvt. Limited

'Sree Sovereign Complex'

22, 4th Cross Street Trust Puram

Kodambakkam

Chennai- 600024

Ph: +91-44-24833738/24834487

Fax: +91-44-24834646

Email: dsr cmd@vsnl.com

f. Share Transfer System:

A Committee comprising of all the three Functional Directors, namely, Managing Director, Director (Finance) and Director (Technical) considers the request for transfer/ transmission of shares, dematerialization of shares etc. Transfers in physical form are registered after ascertaining objections, if any, from the transferors. Request for dematerialization of shares are processed and confirmation is given to the depository i.e. NSDL within the stipulated time.

g. Shareholding Pattern as on 31-03-2008

Sl. No.	Name of share holder	Capital contribution (In Rs.)	Nos. of shares held	Percentage of holding (%)
1.	Bharat Petroleum Corporation Limited	453,54,59,640/-	45,35,45,964	61.65
2.	Oil India Limited	191,26,42,020/-	19,12,64,202	26.00
3.	Governor of Assam	90,82,13,370/-	9,08,21,337	12.35
4.	Nominees of Promoters i.e. BPCL & Govt. of Assam	410/-	41	Negligible
	Total	735,63,15,440/-	73,56,31,544	100.00

h. Plant location:

Numaligarh Refinery Limited
Pankagrang,
P.O. Numaligarh Refinery Complex
Dist. Golaghat, Assam
Pin- 785699

i. Address for correspondence:

Numaligarh Refinery Limited
147, Udayan,
R. G. Baruah Road,
Guwahati, Assam
Pin- 781005



Annexure to Directors' Report

Annexure - C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 1.1.2008

Group/Class	Permanent/ Temporary	Total No. of employees	Scheduled Castes	% of total employees	Scheduled Tribes	% of total employees	Remarks
Group - A Other than lowest rung of Group - A	Permanent	376	48	12.76	35	9.30	—
Lowest rung of Group - A	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total		376	48	12.76	35	9.30	—
Group - B	Permanent	—	—	—	—	—	—
Group - C	Permanent	372	25	6.72	49	13.17	—
Group - D (Excluding Sweepers)	Permanent	14	—	—	7	50.00	—
Group - D (Sweepers)	Nil	—	—	—	—	—	—
Total		762	73	9.58	91	11.94	—



Statement showing representation of Scheduled Castes & Scheduled Tribes in each Service Controlled by the Ministry

(a) Position as on 1.1.2008

Grades of the Service including Scale of Pay		Groups	Total No. of Posts	Total No. of Employees	Employees belong to		
Grades	Scale of Pay				Other Community	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NON-SUPERVISORY EMPLOYEES							
I	Rs. 3850	D	14	14	7	—	7
II	Rs. 4150	C	12	12	10	—	2
III	Rs. 4450	C	2	2	2	—	—
IV	Rs. 4700	C	21	21	15	1	5
V	Rs. 4900	C	7	7	5	1	1
VI	Rs. 5200	C	104	104	77	7	20
VII	Rs. 5350	C	151	151	127	14	10
VIII	Rs. 5650	B	75	75	62	2	11
SUPERVISORY EMPLOYEES							
01	RS. 6550- 11350	A	-	-	-	-	-
02	RS. 10750-16750	A	10	10	8	1	1
A	RS. 12000- 17500	A	149	149	100	29	20
B	RS. 13750-18700	A	71	71	59	7	5
C	RS. 16000-20800	A	80	80	71	7	2
D	RS. 17500-22300	A	21	21	15	3	3
E	RS. 18500-23900	A	20	20	18	-	2
F	RS. 19000-24750	A	14	14	11	1	2
G	RS. 19500-25600	A	7	7	7	-	-
H	RS. 20500-26500	A	4	4	4	-	-



Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes during the year 2007

Class of Posts	Total No. of Vacancies		Scheduled Castes						Scheduled Tribes						Rem-arks	
	Notified	Filled	No. of Vacancies reserved		No. of SC	No. of SCs	No. of STs candidates	No. of reservation lapsed	No. of Vacancies reserved							
			Out of Col. 2	Out of Col. 3	Candidates appointed	Vacancies carried forward	Appointed against vacancies reserved for SCs in the 3 rd year of carry forward	After carrying forward for three years	Out of Col. 2	Out of Col. 3	No. of STs candidates appointed	No. of STs vacancies carried forward from the previous year	No. of SCs candidates appointed against vacancies reserved for STs in the 3 rd year of carry forward	No. of reservations lapsed after carrying forward for three years		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Posts filled by Direct Recruitment Group - A Other than lowest rung of Group - A Lowest rung of Group - A	67	67	10	10	7	3	—	—	5	5	7	—	—	—	—	
Group - B	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Group - C	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Group - D (Excluding Sweepers)	2	2	—	—	—	—	—	—	—	—	1	—	—	—	—	
Group - D (Sweepers)	—		—	—	—	—	—	—	—	—	—	—	—	—	—	
Posts filled by Promotion Group - A Other than lowest rung of Group - A	No Promotions have taken place to attract reservation.															
Group - B	No Promotions have taken place															
Group - C	No Promotions have taken place.															
Group - D (Excluding Sweepers)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	



Auditors' Report

Auditors' Report to the Members of Numaligarh Refinery Limited

We have audited the attached Balance Sheet of Numaligarh Refinery Limited as at 31st March, 2008, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the aforesaid order.

Further to our comments in the Annexure referred to above, we report that:

- (a) Accounting Policy No. 3.1 in Schedule – 'X' relating to treatment of Land acquired on perpetual lease basis as freehold, has been considered in this account.
- (b) Accounting Policy No. 4 in Schedule – 'X' relating to Impairment of Assets are based on management's evaluation / estimates, whether technical or otherwise, which we have relied upon.

2. Attention is drawn to the following Notes in Schedule – 'Y'

Note No. 13 relating to non-reflection of interest in Joint Ventures in the accounts in Compliance with Accounting Standard 27 issued by the Institute of Chartered Accountants of India.

Consequential effect of above, if any, on the Profit for the year and on the Net Assets at the year end is not ascertainable at this stage.

3. Read with our comments in forgoing Paragraphs No. 1 and 2:

- 3.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;



- 3.2. In our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of those books;
- 3.3. The Balance Sheet, Profit and loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 3.4. In our opinion, the Balance Sheet, Profit and loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 3.5. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- 3.6. In our opinion and to the best of our information and according to the explanations, given to us the said accounts read with Significant Accounting Policies and Notes appearing in Schedules - 'X' and 'Y' respectively, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- (b) in the case of the Profit and loss Account, of the Profit of the company for the year ended on that date; and,
- (c) in the case of the Cash Flow Statement of the cash flow of the company for the year ended on that date.

For P. K. MITRA & CO.
CHARTERED ACCOUNTANTS

Sd/-
T. N. CHAKRABARTI

PARTNER

Membership No.:- 10610

Place: Mumbai
Date: 8th May, 2008



Annexure to Auditors' Report

(Referred to In our report of even date attached)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets except for items like pipes, valves, meters, instruments and other similar items peculiar to a continuous process industry.
- (b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme a portion of the fixed assets i.e. Plant and Machineries and Motor Vehicles have been physically verified by the management during the year and the discrepancies noticed between book records and physical inventory, which were not material, have been adjusted in the accounts.
- (c) According to the Information and explanations given to us, a substantial part of the fixed assets have not been disposed off by the Company during the year, which might affect going concern concept.
2. (a) As explained to us the inventories of Finished Goods, Raw Material and Stores and Spares except those lying with contractors / third parties have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In accordance with the information and explanations given to us, the procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared with book records were not material considering the size of the company and the nature of its business and the same have been properly adjusted in the accounts.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 therefore the provisions of Sub-clauses of Sub-para (3) are not applicable to the Company.



4. According to the information and explanations given to us, having regard to the explanation that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations given to us in our opinion there was no transactions that needed to be entered in the Register required to be maintained under Section 301 of Companies Act, 1956.

(b) Sub-clause (b) of Sub-para (v) of Para 4 of the Order is not applicable as there are no such transactions exceeding the value of Rupees Five Lacs in respect of any party in the financial year.
6. According to information and explanations given to us the Company has not accepted any deposits from the Public. Hence, the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 are not applicable to the Company.
7. The Company has its Internal Audit System, which appear to be commensurate with its size and nature of business. However, as explained to us, the management is taking necessary measures for further improvements in this regard.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Fringe Benefit Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amount payable



in respect of the aforesaid statutory dues were in arrears as at 31st March, 2008 for a period of more than six months from the date they became payable.

- (c) According to the records of the Company and the information and explanations given to us the particulars of disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Fringe Benefit Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2008 are given below:

Name of the Statute	Nature of Dues	Since when Pending	Amount (Rs. in Million)	From where Dispute is Pending
Excise Act, 1944 (Excise Duty including Penalty and Interest)	Excise Duty	26.12.2005 24.03.2005 10.01.2008	705.09 565.89 731.59 2002.57	Appellate Authority, Central Excise.
Income Tax Act, 1961	Income Tax	08.01.2007	2.33	I.T.A.T.
Service Tax	Service Tax	26.10.2007	13.89	Appellate Authority, Central Excise

10. The Company has not accumulated losses as at 31st March, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures.
12. Based on our examination of records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not chit fund / nidhi / mutual benefit fund / society. Therefore the provisions of Paragraph 4(xiii) of the order is not applicable to the Company.
14. According the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 1 4 (xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of Clause 4(xv) of the order are not applicable to the Company.

16. According to information and explanations given to us the term loans have, prima facie been applied for the purpose for which the loans were obtained.
17. On an overall examination of the Balance Sheet of the Company and information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long term funds have been used to finance short term assets.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Therefore, the provisions of Clause 4(xix) of the order are not applicable to the Company.
20. The Company has not raised any money during the year by public issue.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, nor have we been informed of such case by the management.

For P. K. MITRA & CO.
CHARTERED ACCOUNTANTS

Sd/-

T. N. CHAKRABARTI
PARTNER

Membership No.:- 10610

Place: Mumbai
Date: 8th May, 2008



COMMENT ON THE ACCOUNTS OF NUMALIGARH REFINERY LIMITED FOR THE YEAR ENDED 31st MARCH 2008 UNDER SECTION 619(4) OF THE COMPANIES ACT 1956

The preparation of financial statements of Numaligarh Refinery Limited, Numaligarh for the year ended 31st March, 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 8 May, 2008.

I, on the behalf of Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Numaligarh Refinery Limited, Numaligarh for the year ended 31 March, 2008. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

A. Roychoudhury

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - I,
K O L K A T A

Place : Kolkata
Dated: 4th June 2008



Balance Sheet as at 31st March, 2008

	Schedule		31-03-2008		31-03-2007
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
SOURCES OF FUND					
(1) Shareholder's Fund					
a) Capital	A	7,356.32		7,356.32	
b) Reserves and Surplus	B	15,084.65	22,440.97	13,093.36	20,449.68
(2) Loan Funds	C				
a) Secured Loans		15.45		1,110.22	
b) Unsecured Loans		760.72	776.17	1,038.30	2,148.52
(3) Deferred Tax Liability (net)			2,896.33		3,434.51
TOTAL			26,113.47		26,032.71
APPLICATION OF FUND					
(1) Fixed Assets	D				
a)Gross Block		30,511.25		29,857.33	
b)Less : Depreciation		11,333.03		9,780.13	
c)Net Block		19,178.22		20,077.20	
d)Capital Work-in-Progress	E	1,684.49	20,862.71	976.29	21,053.49
(2) Intangible Assets	D1				
a)Gross Carrying Amount		98.45		98.45	
b)Less : Accumulated amortisation		49.23		29.53	
c)Net carrying amount			49.22		68.92
(3) Investments	F		1,248.06		617.99
(4) Current Assets, Loans & Advances					
a)Inventories	G	9,213.78		8,210.42	
b)Sundry Debtors	H	4,795.66		2,103.84	
c)Cash & Bank Balances	I	5,120.25		3,903.07	
d)Other Current Assets	J	17.42		39.80	
e)Loans & Advances	K	1,099.27		1,153.16	
		20,246.38		15,410.29	
Less:Current Liabilities & Provisions					
a)Liabilities	L	14,466.18		8,890.77	
b)Provisions	M	1,826.72		2,227.21	
Net Current Assets			3,953.48		4,292.31
TOTAL			26,113.47		26,032.71
Statement of Significant Accounting Policies	X				
Notes on Accounts	Y				

For and on behalf of the Board of Directors

As per our report of even date

Sd/-

B.K. Das

Managing Director

Sd/-

Nilmoni Bhakta

Director (Finance)

Sd/-

T.N. Chakrabarti

Partner, M. No. 10610

Sd/-

H.K. Sarmah

Company Secretary

Mumbai

Date : 08th May, 2008

for and on behalf of

P K Mitra & Co.

Chartered Accountants

Mumbai

Date : 08th May, 2008



Profit & Loss Accounts for the year ended 31st March, 2008

	Schedule	31 March 2008 Rs. Million	31 March 2007 Rs. Million
INCOME			
Sale of products(Gross)	N	87,641.59	79,303.22
Less : Excise duty		7,749.23	7,178.65
Sale of products(Net)		79,892.36	72,124.57
Miscellaneous income	O	565.64	285.21
Increase (Decrease) in Inventory	P	740.16	(645.08)
TOTAL		81,198.16	71,764.70
EXPENDITURE			
Purchase of Product of Resale		3,012.64	1,457.92
Raw materials consumed	Q	68,201.17	57,133.78
Increase (Decrease) in Excise Duty on closing stock		(48.65)	216.17
Other Duties, Taxes etc. and charges		1,657.90	2,040.34
Transportation		1,063.93	1,036.21
Consumption of stores, spares and materials	R	111.31	93.13
Power and Fuel	S	14.32	15.10
Employees remuneration and other benefits	T	540.88	485.07
Interest	U	232.38	205.57
Other operating and administration expenses	V	790.90	879.14
Provision for diminution in value of investment		13.49	25.10
Depreciation		1,556.57	1,576.16
TOTAL		77,146.84	65,163.69
Profit		4,051.32	6,601.01
Prior period expenses net	W	(79.68)	769.92
Profit before tax		4,131.00	5,831.09
Provision for Taxation			
-Current Tax		933.41	650.34
-Fringe Benefit Tax		7.66	13.50
-Deferred Tax		(538.18)	(520.78)
Profit after tax		3,728.11	5,688.03
Balance brought forward from last year		0.10	0.10
Disposable Profit		3,728.21	5,688.13
Appropriations:			
Proposed dividend		1,471.26	1,839.08
Tax on Distributed Profits		250.04	312.55
		1,721.30	2,151.63
Transfer to General Reserve		2,006.81	3,536.40
Balance Carried to Balance Sheet		0.10	0.10
Earning per Share		5.07	7.73
Statement of Significant Accounting Policies	X		
Notes on Accounts	Y		

For and on behalf of the Board of Directors

As per our report of even date

Sd/-
B.K. Das
Managing Director

Sd/-
Nilmoni Bhakta
Director (Finance)

Sd/-
T.N. Chakrabarti
Partner, M. No. 10610

Sd/-
H.K. Sarmah
Company Secretary
Mumbai
Date : 08th May, 2008

for and on behalf of
P K Mitra & Co.
Chartered Accountants
Mumbai
Date : 08th May, 2008

Schedule 'A' - Share Capital

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Authorised		
100,00,00,000 Equity Shares of Rs.10 each	10,000.00	10,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, subscribed and paid-up		
735631544 (735631544) fully paid equity shares of Rs. 10 each)*	7,356.32	7,356.32
Total	<u>7,356.32</u>	<u>7,356.32</u>

* Includes 453545998 (463188856) fully paid equity shares of Rs.10/- each held by the Holding Company - Bharat Petroleum Corporation Limited.
Out of the total 735631544 fully paid up shares, 191264202 numbers are in electronic mode

Schedule 'B' - Reserves & Surplus

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Capital Reserve		
(Subsidy Received from Govt. of India)		
As per last Balance Sheet	1,000.00	1,000.00
General Reserve		
Balance brought forward from Previous Year	12,093.26	8,556.86
Less: Transitional Provision for Employee Benefit (Note 16 C)	15.52	—
	<u>12,077.74</u>	<u>8,556.86</u>
Transfer from Profit & Loss Account	2,006.81	3,536.40
	<u>14,084.55</u>	<u>12,093.26</u>
Surplus as per Profit & Loss Account	0.10	0.10
Total	<u>15,084.65</u>	<u>13,093.36</u>



Schedule 'C' - Loan Funds

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Secured Loans		
Banks		
Term Loans	—	750.00
Interest accrued & due	—	1.98
(Secured in favour of participating Banks ranking pari-passu inter-alia by hypothecation of Plant & Machinery, Office equipments, Electrical [Due for repayment within one year - Rs. Nil million, (Previous year : Rs. 750.00 million)])	—	—
Working Capital Loans/Cash Credit	15.45	358.24
(Secured by Hypothecation on Current Assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts)		
Sub Total (a)	15.45	1,110.22
Unsecured Loans		
Working Capital Loans/Cash Credit		
Others	2.21	0.00
(Unsecured Cash Credit with limit of Rs. 100 Million from HDFC Bank)		
Term Loan		
Oil Industry Development Board	758.51	1,038.30
[Due for payment within one year Rs. 279.79 Million (Previous year : Rs 279.79 Million)]		
Sub Total (b)	760.72	1,038.30
Total (a) + (b)	776.17	2,148.52

Schedule - D - Fixed Assets

(Rs. Million)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-04-07	Additions	Deductions on account of Retirement/Reclassifications	As at 31-03-08	As at 01-04-07	For the year	Deductions on account of Retirement/Reclassifications	Upto 31-03-08	As at 31-03-08	As at 31-03-07
	(1)	(2)	(3)	(4)= (1+2-3)	(5)	(6)	(7)	(8)= (5+6-7)	(9)= (4-8)	(10)= (1)-(5)
Land										
Freehold	206.88	75.30	---	282.18	---	---	---	---	282.18	206.88
Buildings	3,174.04	330.96	---	3,505.00	308.48	74.64	---	383.12	3,121.88	2,865.56
Railway Sidings	305.74	---	---	305.74	94.27	14.52	---	108.79	196.95	211.47
Plant & Machinery	23,477.52	332.61	225.55	23,584.58	7,524.18	1,211.73	0.10	8,735.81	14,848.77	15,953.34
Tanks & Pipelines	1,891.32	---	---	1,891.32	1,450.95	195.56	---	1,646.51	244.81	440.37
Dispensing Tanks & Pipelines	117.52	80.37	---	197.89	5.92	6.40	---	12.32	185.57	111.60
Sundries Equipment	473.56	58.40	3.66	528.30	229.94	40.08	3.36	266.66	261.64	243.62
Furniture & Fittings	50.22	5.78	0.20	55.80	31.12	3.12	0.19	34.05	21.75	19.10
Vehicle	160.53	---	0.09	160.44	135.27	10.59	0.09	145.77	14.67	25.26
Grand Total	29,857.33	883.42	229.50	30,511.25	9,780.13	1,556.64	3.74	11,333.03	19,178.22	20,077.20
Previous year	26,669.95	3,331.61	144.23	29,857.33	7,373.51	2,407.87	1.25	9,780.13	20,077.20	19,296.44

- Freehold Land includes Rs. 116.36 Million (Rs. 24.16 Million) in respect of 374.91 acres (357.95 acres) of Land acquired through Government of Assam for which the process of registration is on and registration in the name of the Company is pending. Freehold land includes 1.36 acres (1.36 acres) of disputed land. Cost of land includes Rs. 42.38 million (Rs. 35.28 million) towards land settlement as per Hon'ble Supreme Court Order.
- Plant & Machinery includes Rs. 54.64 Million (Rs. 54.49 Million) towards assets ownership of which doesnot vest with the Company. The amount has been amortised over a period of 5 years, the amount charged off as depreciation for the current year is Rs. 0.49 Million (Rs. 0.29 Million).
- Deduction from Gross Block (Column 3) includes :
 - Rs. 0.19 million (Rs. 0.10 Million) on account of Write off of Physical Verification discrepancies.
 - Rs. 229.31 Million (Rs. 144.13 Million) on account retirement, deletions and reclassifications.
- Depreciation for the year (column 6) includes :
 - Charged to Profit & Loss Account Rs. 1556.57 Million(Rs. 1576.16 Million) including depreciation on idle assets amounting to Rs. 0.83 Million
 - Charged to previous year expenses Rs. Nil Million (Rs. 831.48 Million)
 - Charged to project expenses Rs. 0.07 Million (Rs. 0.23 Million)
- Deduction from Depreciation (Column 7) includes :
 - Rs. 0.04 Million (Rs. 0.06 Million) on account of Write off of Physical Verification discrepancies.
 - withdrawal of depreciation of Rs. 3.70 Million (Rs. 1.19 Million) on account deletions & retirement & reclassification.
- Addition to the Gross Block (Column 2) includes:
 - Rs. Nil Million (Rs. 50.11 Million) on account of CENVAT Credit adjustment
 - Rs. 224.80 Million (Rs. 138.83 Million) on account of Reclassification of Assets



Schedule - D 1 - Intangible Assets

(Rs. Million)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-04-07	Additions	Disposal/ Adjust-ment	As at 31-03-08	As at 01-04-07	For the year	Disposal/ Adjust-ment	Up to 31-03-08	As at 31-03-08	As at 31-03-07
SAP Implem-entation cost	83.34	—	—	83.34	27.27	16.67	—	43.94	39.40	56.07
License Fee for MS Project	15.11	—	—	15.11	2.27	3.02	—	5.29	9.82	12.84
Grand Total	98.45	0.00	0.00	98.45	29.53	19.69	0.00	49.23	49.22	68.92
Previous Year	83.92	17.94	3.41	98.45	11.74	19.50	1.70	29.53	68.92	72.18

Schedule 'E' - Capital Work-in-Progress

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Capital work-in-progress (at Cost)		
Work-in-progress	1,393.45	735.71
Less: Provision for Capital Losses	11.07	11.07
	1,382.38	724.64
Capital Advances (Unsecured, Considered good)	105.30	81.02
Capital Stores (including lying with contractors)	133.60	122.43
Capital goods in transit	9.10	8.62
	1,630.38	936.71
Construction period expenses		
Opening balance	39.58	179.45
Add : Expenditure during the year		
Establishment charges	5.15	5.41
Depreciation	0.07	0.23
Interest	—	37.48
Electricity	1.32	3.69
Rates & Taxes	—	1.15
Others (including miscellaneous stores)	7.99	16.39
	54.11	243.80
Less : Allocated to assets during the year	—	204.22
Balance pending allocation at the end of the year	54.11	39.58
Total	1,684.49	976.29

Schedule 'F' - Investment

		31-03-2008 Rs. Million	31-03-2007 Rs. Million
Non Trade 'Long Term'			
Investment in 7% Oil Companies GOI Special Bonds	643.09		643.09
Less: Provision for Diminution value in Investment	(38.59)	604.50	(25.10)
Investment - Short Term			
UTI Mutual Fund		567.66	—
Contribution towards equity participation in Joint Venture*			
A) DNPL	34.00		
B) BCPL	41.90	75.90	—
Total		<u>1,248.06</u>	<u>617.99</u>

*Refer Note to Account Point No. 13 of Schedule Y

Schedule 'G' - Inventories

(As taken, valued and certified by the Management and valued as per Accounting Policy no. 8)

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Stores and spares	1,072.99	857.89
Less: Provision for unusable materials	(427.86)	(435.08)
Stores and spares in Transit	77.62	51.05
Raw materials	1,853.06	1,838.75
Stock in process	1,136.27	879.54
Finished products	5,501.70	5,018.27
Total	<u>9,213.78</u>	<u>8,210.42</u>

Schedule 'H' - Sundry Debtors

(Unsecured, Considered good unless otherwise stated)

	31-03-2008 Rs. Million	31-03-2007 Rs. Million	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Debts outstanding for a period exceeding six months :				
Considered good	0.43	6.49		
Considered doubtful	1.14	—		
	1.57	6.49		
Less: Provn. for doubtful debtors	1.14	—	0.43	6.49
Other debts			4795.23	2097.35
Total			<u>4795.66</u>	<u>2103.84</u>



Schedule 'I' - Cash and Bank Balances

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Cash on Hand	0.20	0.17
Cheque in Hand/Remittance in Transit	91.77	—
With Scheduled banks :		
In Term deposit accounts	5,000.00	3,850.00
In current accounts	28.28	52.90
Total	<u>5,120.25</u>	<u>3903.07</u>

Schedule 'J' - Other Current Assets

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Interest accrued but not due on Investments	2.77	2.65
Interest accrued but not due on Fixed Deposits	14.29	37.01
Interest accrued on other loans	0.36	0.14
Total	<u>17.42</u>	<u>39.80</u>



Schedule 'K' - Loans and Advances

(Unsecured, Considered good unless otherwise stated)

	31-03-2008 Rs. Million	31-03-2007 Rs. Million	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Advances:				
Advances recoverable in cash, or in kind or for value to be received				
Considered good*	154.29	142.53		
Considered doubtful	10.97	—		
	<u>165.26</u>	<u>142.53</u>		
Less: Provn. for doubtful Advance	<u>10.97</u>	<u>—</u>	154.29	142.53
Loans (Secured) :				
To Employees**			227.44	201.99
(including interest accrued and due thereon, Rs 27.65 million, Previous Year Rs. 21.95 million)				
Claims :				
Considered good	95.80	100.73		
Considered doubtful	30.57	28.50		
	<u>126.37</u>	<u>129.23</u>		
Less: Provn. for doubtful Claim	<u>30.57</u>	<u>28.50</u>	95.80	100.73
Tax paid				
Advance Tax paid (Net of Provision for tax)			206.31	297.95
Deposits :				
Excise & Statutory Authorities***			312.55	329.61
Others			102.88	80.35
Total			<u>1,099.27</u>	<u>1,153.16</u>

* Includes :

Preliminary expenses on joint venture companies - Rs. 7.96 Million - Ref. sch Y. point no. 13

** Includes :

Due from Officers : Rs. 152.39 Million (Rs. 140.67 Million)

Maximum balances : Rs. 152.39 Million (Rs. 140.67 Million)

Due from Directors : Rs. 1.99 Million (Rs. 0.67 Million)

Maximum balances : Rs. 2.04 Million (Rs. 1.08 Million)

*** Deposit with Excise includes Rs. 136.21 million (Rs. 209.70 million) regarding Cenvat credit on capital goods withheld by excise department for utilisation and under litigation and service tax deposit under protest Rs. 3.16 million (Rs. 3.16 million).



Schedule 'L' - Liabilities

	31-03-2008	31-03-2007	31-03-2008	31-03-2007
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Current Liabilities :				
Sundry creditors				
Total outstanding dues to SSI's	—	0.43		
Total outstanding dues to creditors other than SSIs	<u>11,008.27</u>	<u>7,009.36</u>	<u>11,008.27</u>	<u>7,009.79</u>
Advances from Customers			58.29	8.33
Other liabilities			3,397.72	1,855.82
Bank Account - Book Overdraft			1.90	14.04
Interest Accrued but not due on Loans			—	2.79
Total			<u>14,466.18</u>	<u>8,890.77</u>

Schedule 'M' - Provisions

	31-03-2008	31-03-2007
	Rs. Million	Rs. Million
Proposed dividend	1,471.26	1,839.08
Tax on Distributed Profits	250.04	312.55
Provision for employee benefits	105.42	75.58
Total	<u>1,826.72</u>	<u>2,227.21</u>

Schedule 'N' - Sale of Products

	31-03-2008	31-03-2007
	Rs. Million	Rs. Million
Sales (Net of Discount and inclusive of NE adjustment)	87,515.00	79,174.46
Terminal Charges from OMCs	126.59	128.76
Total	<u>87,641.59</u>	<u>79,303.22</u>

Schedule 'O' - Miscellaneous Income

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Interest on bank deposits and others		
Bank Deposits	314.20	81.95
Others	9.03	7.19
Income from Investment		
Short Term	32.23	15.72
Long Term		
Interest on Investment (7% GOI Oil Bond)	45.14	45.02
Other income	153.24	135.33
Provision on Stores written back	7.22	—
Exchange Fluctuations Gain (net)	4.58	—
Total	<u>565.64</u>	<u>285.21</u>

Schedule 'P' - Increase/(Decrease) In Inventory

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Value of closing stock of		
Finished goods	5,501.70	5,018.27
Stock in process	<u>1,136.27</u>	<u>879.54</u>
	6,637.97	5,897.81
Less :		
Value of opening stock of		
Finished goods	5,018.27	5,752.68
Stock in process	<u>879.54</u>	<u>790.21</u>
	5,897.81	6,542.89
Total	<u>740.16</u>	<u>(645.08)</u>



Schedule 'Q' - Raw Materials Consumed

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Opening Stock	1838.75	949.73
Add : Purchases	68,215.48	58,022.80
	70,054.23	58,972.53
Less : Closing Stock	1,853.06	1,838.75
Raw Material Consumed	68,201.17	57,133.78

Schedule 'R' - Consumption of Stores, Spares and Materials

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Stores, spares and materials	217.49	244.91
Less : Charged to other revenue accounts	106.18	151.78
Total	111.31	93.13

Schedule 'S' - Power and Fuel

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Power and Fuel	2,311.73	1,968.42
Less : Consumption of fuel out of own production	(2,297.41)	(1,953.32)
Total	14.32	15.10

Schedule 'T' - Employees' Remuneration and Other Benefits

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Salaries and wages	404.65	345.21
Contribution to provident fund and other funds	30.60	26.51
Contribution to gratuity fund	1.49	3.11
Welfare expenses	104.14	110.24
Total	540.88	485.07

Schedule 'U' - Interest

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
On Fixed Loans	63.80	156.79
On Working Capital	140.69	44.66
On Delayed Payments	27.89	4.12
Total	232.38	205.57

Schedule 'V' - Other Operating and Administration Expenses

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Repairs and maintenance :		
Machinery	130.92	166.19
Building	2.83	1.45
Others	200.14	142.43
	<u>333.89</u>	<u>310.07</u>
Insurance	47.30	41.71
Rent	40.24	27.63
Rates and taxes	5.47	4.44
Charity & donation	37.09	32.91
Remuneration to Auditors	0.42	0.20
Utilities	6.12	3.27
Facility hire charges	19.12	35.43
Travelling and conveyance	100.05	81.05
Telephone, Telex, Cables, Postage etc.	8.24	8.41
Loss on sale / write off of Fixed Assets (net)	0.52	2.80
Provision for stores, consumables & others	—	161.73
Exchange fluctuation loss (Net)	—	4.59
Other expenses	172.75	143.69
Amortisation of intangible asset	19.69	21.21
Total	<u>790.90</u>	<u>879.14</u>

Schedule 'W' - Prior Period Expenses (Income) (Net)

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
Sale of products	5.91	0.88
Purchase for resale	(4.06)	(4.85)
Raw materials consumed	(90.85)	22.81
Consumption of Stores	(18.34)	—
Employee Cost - post retirement medical benefit	8.75	—
Other operating and administration expenses	18.91	(80.41)
Depreciation	—	831.49
Total	<u>(79.68)</u>	<u>769.92</u>



Schedule X: Statement of Significant Accounting Policies

1. Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of The Companies Act, 1956. Revenues are generally recognised on accrual system of accounting except where otherwise stated.

2. Use of Estimate

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statement and notes thereto. Differences between estimates and actuals are recognised in the period in which they materialise.

3. Fixed Assets

3.1 Land

Land acquired on outright purchase / perpetual lease basis are treated as freehold.

3.2 Fixed Assets other than Land

3.2.1 Fixed assets are stated at original cost and are inclusive of all expenses to bring them to a state of use.

3.2.2 Expenditure on assets, other than plant and machinery, not exceeding Rs.1000/- each is charged to revenue.

3.2.3 Machinery spares that can be used in connection with an item of fixed asset and their use is expected to be irregular are capitalized and are depreciated along with related machinery. Subsequent replacement of such spares is charged to revenue.

3.3 Expenditure during construction period

Construction period expenses exclusively attributable to projects are capitalised. Indirect expenses of the project group are allocated to capital facilities costing Rs. 50 million and above.

3.4 Intangible Assets

3.4.1 Expenditure incurred for creating / acquiring intangible assets of Rs. 5 million and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is earlier, from the time the intangible assets start providing the economic benefit.

3.4.2 In other cases, the expenditure including those on software are charged to revenue in the year the expenditure is incurred.



4. Impairment of Assets

The carrying values of fixed assets of identified cash generating units (CGU), are reviewed for impairment at each Balance Sheet date. When events or changes in circumstances indicate that the carrying values may not be recoverable and the carrying values exceed the estimated recoverable amount, the assets of the CGU are written down to the recoverable amount and the impairment losses are recognised in the profit and loss account. The recoverable amount is the greater of net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

5. Borrowing Costs

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset, till the month in which such asset is capitalised. Other borrowing costs are recognised as expense in the period in which these are incurred.

6. Depreciation

- 6.1 Depreciation on fixed assets is provided on Straight Line Method, at rates prescribed under schedule XIV to the Companies Act, 1956. Additions to fixed assets during the year are being depreciated on pro- rata basis from the beginning of the month in which such Assets are capitalised.
- 6.2 Individual assets costing not more than Rs. 5000/- each are depreciated fully in the year of capitalisation.
- 6.3 Depreciation on assets not owned by the Company is amortised over a period of five years from the year of capitalisation.
- 6.4 Computer equipments and peripherals and mobile phones are depreciated over a period of four years. Furniture provided at the residence of management staff is depreciated over a period of seven years.

7. Investment

- 7.1 Current investments are valued at lower of cost or fair market value.
- 7.2 Long Term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is other than temporary.

8. Inventory

- 8.1 Raw materials and Intermediates are valued at cost.

Cost is determined as follows:

- 8.1.1 Raw materials on weighted average cost.
- 8.1.2 Intermediate Stocks at raw material cost plus cost of conversion. In case of decline in price of raw materials and realisable value of the finished products, raw materials and intermediates are valued at net realisable value.



- 8.2** Finished products are valued at weighted average cost or net realisable value inclusive of NE Excise duty benefit, whichever is lower.
- 8.3** Stores and spares are valued at weighted average cost. Obsolete, slow moving/non moving stores for 3 years and above and other materials including project materials identified as surplus are valued at Rs. Nil.

9. Cenvat

Cenvat credit of Excise Duty on eligible material is recognised on receipt of such materials and Cenvat credit of Service Tax is recognised on payment of Service Tax to the Service Provider.

10. Claims and Provisions

Claims on/surrenders to Petroleum Planning and Analysis Cell, Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications subject to final adjustments after pool audit. Other claims are booked when there is a reasonable certainty of recovery. Provisions, as appropriate, are made based on merits.

11. Sales

Sales are net of trade discounts and include, inter-alia, North East excise duty benefit, excise duties/claims from Petroleum Planning and Analysis Cell, Government of India and other elements allowed by the Government from time to time.

12. Classification of Income/Expenses

- 12.1** Expenditure on Research, other than capital expenditure, is charged to revenue in the year of incurrence of expenditure.
- 12.2** Income / expenditure up to Rs 0.50 million in each case pertaining to prior years is charged to the current year.
- 12.3** Prepaid expenses up to Rs.0.01 million in each case, are charged to revenue as and when incurred.
- 12.4** Known liabilities for expenses, are provided for only if, the amount exceeds Rs 0.01 million in each case.
- 12.5** Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue.
- 12.6** Income from sale of scrap is accounted for on realisation.

13. Employee Benefits

- 13.1** Contribution to Provident Fund is charged to revenue.
- 13.2** Liability towards gratuity is paid to a Fund maintained by LIC and administered through a separate trust set up by the Company. Difference between the fund balance and the accrued liability, determined based on actuarial valuation as at the year end, is charged to revenue.



13.3 Other employee benefits e.g. leave encashment, post retirement medical benefits, resettlement benefits etc., long service awards are actuarially evaluated at the year-end and are provided for in the accounts.

13.4 Other long term/ short term employee benefits e.g. Leave fare assistance, medical benefits etc. are provided for in the accounts based on estimates by the management.

14. Duties on Bonded Stocks

Excise duty on Finished stocks lying in bond is provided for, at the assessable value applicable at each of the locations at maximum rates based on end use.

15. Foreign Currency Transactions

15.1 Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.

15.2 Assets & Liabilities/ monetary items carried at historical cost denominated in foreign currency are converted at exchange rates prevailing at the year end. Any gain/loss arising out of such conversion is charged to revenue.

16. Government Grants

Government grants in the nature of promoters' contribution are credited to Capital Reserve and treated as part of shareholders' fund.

17. Provisions, Contingent Liabilities and Capital Commitments

17.1 Provisions are recognised when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

17.2 Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.

17.3 Capital Commitments and Contingent liabilities are considered where the value exceed Rs.0.10 million in each case.

17.4 Show cause notices issued by various Government authorities are considered as Contingent liabilities only when converted into demand.

18. Taxes on Income

18.1 Provision for current tax including the fringe benefit tax is made in accordance with the provisions of the Income Tax Act, 1961 and rules thereunder.

18.2 Deferred Tax on account of timing difference between taxable income and accounting income is provided considering the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date.

19. Joint Ventures

The Company's proportionate share in the assets, liabilities, income and expenditure of joint venture operations are accounted for as per the participating interest in such Joint venture operations.



Schedule Y: Notes Forming Part of Accounts

- 1) Capital Reserve represents grant of Rs.1000 million received from the Government of India during the project period.
- 2) The company was eligible for 100% Income Tax exemption till last Financial Year 2006-07 (pursuant to the provisions of section 80 IB(9) of the Income Tax Act, 1961) and was therefore providing for income tax as per the provisions of section 115 JB of the Income Tax Act. For the current financial year the tax provision has been made as per the normal provisions of the Income Tax Act after considering the carry forward tax credit available to the Company under section 115 JAA.

Provision for taxation in the Profit and Loss Account includes Rs. 2.08 million towards wealth tax (previous year Rs. 1.54 million).

- 3) Fringe Benefit Tax for the current year has been provided in the accounts in accordance with the provisions of the Income Tax Act and rules thereunder. The amount of refund claims based on the revised return submitted for the financial year 2005-06 amounting to Rs.3.85 million has not been considered in the accounts pending assessment. Likely refund of Rs.4.40 million for the financial year 2006-07 has also not been considered pending submission of revised return / assessment.
- 4) As per the requirement of the Accounting Standard 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the net deferred tax liability charged to profit during the year is (Rs.76.13) million [previous year (Rs.520.78) million]. The year end position of deferred Tax Liability and Asset is given below:

	Rs. in Million	
	2007-08	2006-07
a) DEFERRED TAX LIABILITY		
Difference of Book Depreciation & Tax Depreciation	3,389.24	3,456.84
b) DEFERRED TAX ASSETS		
Difference in write offs under Companies Act and		
Income Tax Act	1.92	2.88
Disallowed U/S 43B of Income Tax Act	430.57	—
Provision for Doubtful Claims	14.12	10.92
Provision for Investments	13.12	8.53
Provision for Retirement Benefits	33.18	—
Total	492.91	22.33
NET DEFERRED TAX LIABILITY	2,896.33	3,434.51

- 5) As per information available with the Company, no amounts are outstanding for payment for more than 30 days against supplies made by undertakings categorised as Small Scale Industrial Units.
- 6) The Company is operating under a single segment, i.e., downstream petroleum sector (Refining and Marketing). As such there is no other reportable segment as defined by the Accounting Standard-17- Segment Reporting issued by The Institute of Chartered Accountants of India.
- 7) Recovery made from Wholetime Directors during the year for use of Company's car is Rs 0.01 million (Previous year Rs.0.01 million).
- 8) Purchases of crude oil from ONGC and Oil India Limited have been accounted for provisionally pending finalisation of agreements with respective parties. Adjustments , if any ,will be made on finalisation of agreements. However, during the year, an amount of Rs 3,667.30 million (Previous Year Rs.1544.73 million) has been charged towards crude oil cost for pipe line transportation and sales tax reimbursements including Rs. 956.88 million on account of previous year paid or payable to these parties as per directive from MOP&NG.
- 9) To augment crude availability of the four refineries in Assam, Ravva crude was brought in to Bongaigaon Refinery and Petrochemicals Limited (BRPL) and the transportation cost and other incidentals thereof was to be shared by all four refineries as per the directive of MOP&NG. The Company's share of the transportation cost and other incidentals thereof has been included in crude price and also considered for valuation of stock.
- 10) The Company has numerous transactions with other oil companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustment, if any, arising there from are not likely to be material.
- 11) The Company follows open item system of maintaining customer accounts included in "Sundry Debtors". The transactions continue to appear in the customer accounts till such time the same are matched and cleared. This is an ongoing process. The clearance of such open items is not likely to have a material impact on the outstanding or classification in the accounts.



- 12) In accordance with the disclosure requirements of AS-26, details of intangible asset of the Company as on 31-03-2008 are furnished below :

(Rs. in Million)

Intangible Assets	Gross Amount		Amortisation Amount		Net Amount	
	01.04.07	31.03.08	01.04.07	31.03.08	01.04.07	31.03.08
1) SAP implementation Costs	83.34	83.34	27.27	16.67	56.07	39.40
2) Process License (Axens)	15.11	15.11	2.27	3.02	12.84	9.82

- 13) In compliance with AS -27 "Financial Reporting of Interest in Joint Ventures" the required information is as under

(Rs. in Million)

Name of the Company	Participating Interest	Amount Invested (Ref Schedule F)	Preliminary Expenses (Ref Schedule K)
a) DNP Ltd	26%	34.00	7.90
b) Brahmaputra Cracker & Polymer Ltd	10%	41.90	0.06

Pending compilation of the Accounts by the above companies, segregated amounts of assets, liabilities, income, expenses, contingent liabilities & capital commitments are not ascertainable at this stage and consequently are not reflected in this year's accounts.

- 14) a) Pursuant to change in the accounting policy regarding deposits placed with the Government agencies/local authorities , an amount of Rs 0.48 million has been charged to revenue with corresponding reduction in the profit for the year by the same amount.
- b) Due to change in the accounting policy on provision for excise duties on bonded finished stocks, an additional amount of Rs. 48.81 million has been provided for with corresponding increase in valuation of closing stocks. This has no impact in the profit of the Company.
- 15) An amount of Rs. 1,652.36 millions (Previous year Rs. 2,039.82 millions) has been charged to Profit & Loss Account towards under recovery of CST on petroleum products moved out of the state of Assam.
- 16) a) Pending finalisation of revision in wages of Workmen / Management staff effective 1st January 2007, additional liability arising from such revision being unascertainable, no provision has been made in the accounts except to the extent of ad hoc relief paid or payable.

- b) Provisions on account of employee benefits in terms of AS-15 (Revised) issued by The Institute of Chartered Accountants of India have been made based on
- i) Actuarial valuation for all long term benefits viz. Gratuity, Post Retirement Medical Benefit, Leave encashment, Long service awards and Resettlement benefits.
 - ii) Actual / fair estimation basis by the Management for all known short term employee benefits viz. Leave Fare Assistance, Employers contribution to Provident Fund, Medical reimbursement, uniform allowance, self lease house rent and maintenance, house rent allowance, car maintenance reimbursements etc.
- c) Further, as required under AS-15 (Revised). the transitional benefits pertaining to Long Service Awards and Resettlement allowances amounting to Rs. 15.52 Million as on 31st March,07 has been provided for by way of appropriation from General Reserve of the Company. An amount of Rs 2.36 million has been charged to current year's account on these benefits being first time provision, with corresponding reduction in the profit.
- 17) As per guidelines issued by The Institute of Chartered Accountants of India under AS-28 "Impairment of Assets", the Company has assessed the recoverable amount of the relevant assets and found that no impairment exists in relation to its assets as on 31st March'2008.
- 18) i) Rentals are expensed with reference to lease terms and other considerations. Moreover, rentals pertaining to the period up to the date of commissioning of the assets are capitalised.
- ii) The Company has taken operating lease of product tanks from Bharat Petroleum Corporation Limited for eleven month's duration with renewable option and lease rent amounting to Rs. 17.15 million (previous years Rs. 18.71 million) has been debited to Profit and Loss Account. The future minimum lease payment is as under:

(Rs.in million)

	2007-08	2006-07
Not later than one year	10.64	29.71
Later than one year and not later than five years	43.39	43.98
Later than five years	67.29	274.86

- 19) Earning per share (Face value Rupees 10/- each)

Profit after tax (Rs.in million)	3,728.11	5,688.03
Average number of equity shares	735,631,544	735,631,544
Basic and Diluted Earning per share (Rupees)	5.07	7.73

- 20) Previous year's comparative figures have been regrouped wherever necessary.



21. Capital Commitments and Contingent Liabilities

	31.3.2008 Rs. in Million	31.3.2007 Rs. in Million
I. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	1,791.08	2,190.01
II. Contingent Liabilities		
(a) In respect of taxation matters of prior years		
i) Excise Duty matters	2,002.57	1,345.82
ii) Service Tax matters	13.89	0.00
iii) Sales Tax matters	0.00	34.33
iv) Income Tax matters	2.33	2.33
(b) Other Matters :		
Claims against the Company not acknowledged as debts :		
i) Claim by contractors		
Arbitration cases/other extra claims on capital account	762.36	1,543.09
ii) Land matters	0.00	0.00
iii) In respect of Foreign Letter of Credit	401.16	191.53
iv) In respect of Outstanding Bank Guarantee	14.16	14.16
v) Others	155.18	74.58

22. Director's Remuneration

Salary and allowances	2.22	4.68
Contributions to Provident Fund and other funds	0.22	0.32
Other benefits	1.67	1.56
	4.11	6.56

23. Remuneration to Auditors

(a) Audit fees (includes increase in audit fee for 2006-07 of Rs. 0.07 million)	0.25	0.08
(b) Fees for other services-certification	0.05	0.05
(c) Reimbursement of out of pocket expenses	0.12	0.07
	0.42	0.20

24. Remuneration to Cost Auditors :

(a) Audit fees	0.05	0.05
(b) Fees for other services-certification.	NIL	NIL
(c) Reimbursement of out of pocket expenses	0.02	0.01
	<u>0.07</u>	<u>0.06</u>

25. Licensed Capacity, Installed Capacity (as certified by the Management) and actual production in respect of goods manufactured

			(2007-2008)
			Quatity (MT)
	Licensed Capacity	Installed Capacity	Actual Production
(i) Crude throughput	NA	3,000,000	2,568,485
	NA	(3,000,000)	(2,503,848)
(ii) Production			
Light distillates	—	—	349,189
	—	—	(333,627)
Middle distillates	—	—	1,851,369
	—	—	(1,829,069)
Others	—	—	101,034
	—	—	(104,963)

* The installed capacity is based on processing of neat Assam Crude.

26. Raw materials consumed

	Quantity MT	Value Rs. in Million
Crude Oil	2,568,485	67,317.57
	(2,503,848)	(55,433.80)
Others	21,312	883.60
	(40,924)	(1,699.98)
Total	<u>2,589,797</u>	<u>68,201.17</u>
	<u>(2,544,772)</u>	<u>(57,133.78)</u>



27. Finished goods sold and stocked

(2007-2008)

Petroleum Products	Opening Stock		Production	Sales		Closing Stock	
	(MT)	(Rs./ Million)	(MT)	(MT)	(Rs./ Million)	(MT)	(Rs./ Million)
Light Distillates							
LPG	409	9.43	52,223	51,359	1,591.18	1,273	44.30
Naphtha	42,138	1,108.98	12,166	11,231	497.97	43,074	1,293.13
MS *	30,893	1,225.82	284,800	298,058	15,178.98	17,634	968.11
Sub Total	73,440	2,344.23	349,189	360,648	17,268.13	61,981	2,305.54
Previous Year	(51,766)	(1,316.72)	(333,627)	(311,953)	(12,381.00)	(73,440)	(2,344.23)
Middle Distillates							
ATF	4,064	124.36	60,146	57,975	2,082.08	6,235	235.60
SKO	8,668	205.44	237,506	227,579	6,730.68	18,594	583.44
HSD ***	60,543	1,984.69	1,553,717	1,564,747	57,683.74	49,514	2,058.87
Sub Total	73,275	2,314.50	1,851,369	1,850,301	66,496.50	74,343	2,877.91
Previous Year	(142,221)	(4,206.43)	(1,829,069)	(1,898,015)	(64,597.00)	(73,275)	(2,314.50)
Others							
RPC	33,211	284.97	65,910	81,928	857.92	17,193	160.38
Sulphur	50	0.08	3,328	3,353	5.41	25	0.03
CPC	6,362	74.49	31,797	28,818	443.34	9,341	157.83
Sub Total	39,623	359.54	101,034	114,098	1,306.68	26,559	318.24
Previous Year	(23,725)	(229.00)	(104,963)	(89,064)	(942.00)	(39,623)	(359.54)
Grand Total	186,339	5,018.27	2,301,592	2,325,047	85,071.30	162,884	5,501.70
Grand Total - Previous year	(217,712)	(5,752.15)	(2,267,659)	(2,299,032)	(77,921.00)	(186,339)	(5,018.27)

* MS production includes blending of Naphtha - 33657 MT (57612 MT) with MTBE & Py Gas - 21312MT (40924 MT)

* Closing stock of MS includes 7.07 MT (3144.80 MT) lying at depot.

** Closing stock of HSD includes 6196.29 MT (13687.09 MT) lying at depot and in transit.

**** HSD and MS sales include 980.60 MT (1815.48 MT) and 669.15 MT (271.28 MT), respectively on account of stock/transit loss

28) Finished Goods Purchased and Sold

(2007-08)

Particulars	HSD		MS	
	QTY (MT)	(Rs. in Millions)	QTY (MT)	(Rs. in Millions)
Purchase	61,365 (33,752)	2,671.06 (1,321.71)	6,553 (2,342)	417.56 (136.21)
Sales	61,365 (33,752)	2,194.95 (1,241.94)	6,553 (2,342)	375.34 (140.71)

29. Value of imports calculated on C.I.F. basis

	2007-08 Rs. in Million	2006-07 Rs. in Million
(a) Raw Materials	244.06	436.94
(b) Capital goods	393.02	107.18
(c) Components and spare parts (including chemicals and catalysts)	216.09	231.87

30. Expenditure in foreign currency (on cash basis)

(a) Purchase of products	446.43	530.71
(b) Know-how	17.46	0.09
(c) Professional Consultancy Fees	13.97	39.62
(d) Other matters		
i) Travelling	1.13	1.29
ii) Others	0.75	0.30

31. Value of raw materials, stores/spare parts and components including chemicals & catalysts consumed (on derived basis)

	Imported		Indigenous		Total
	Rs. in Million	%	Rs. in Million	%	Rs. in Million
Crude Oil	Nil	Nil	67,317.57	100.00	67,317.57
	(Nil)	(Nil)	(55,433.80)	(100.00)	(55,433.80)
Others	258.70	29.28	624.90	70.72	883.60
	(627.03)	(36.88)	(1072.96)	(63.12)	(1,699.98)
Stores/Spare parts and Components (including chemicals & catalysts)	38.38	34.48	72.93	65.52	111.32
	(27.59)	(29.62)	(65.55)	(70.38)	(93.13)

32. Earnings in foreign exchange

2007-08 Rs. in Million	2006-07 Rs. in Million
NIL	NIL

33. Research and Development

	2007-08 Rs. in Million	2006-07 Rs. in Million
(a) Revenue expenditure	NIL	NIL
(b) Capital expenditure	NIL	NIL



34. Statutory information pursuant to Part - IV of Schedule - VI to the Companies Act, 1956

Balance Sheet Abstract and Companies General Business Profile

I. Registration Details

State Code 2

Registration No. **02-03893 of 1993-94**

Balance Sheet Date **31** **03** **2008**
Date Month Year

II. Capital raised during the year (Rs. Lakhs)

Public Issue	Right Issue
N I L	N I L
Bonus Issue	Private Placement
N I L	N I L

III Position of Mobilisation and Deployment of Funds (Rs. Million)

Total Liabilities	Total Assets
42,406.37	42,406.37

Sources of Funds :

(Excluding deferred tax liability)

Paid-up Capital	Reserves & Surplus
7,356.32	15,084.65
Secured Loans	Unsecured Loans
15.45	760.72

Application of Funds :

Net Fixed Assets	Investments
20,911.93 *	1,248.06
Net Current Assets	Misc. Expenditure
3,953.48	NIL
Accumulated losses	
N I L	

*Includes Capital work-in-progress & Intangible Assets

IV Performance of Company (Rs. Million)

Turnover	Total Expenditure
87,641.59*	83,510.59
Profit/Loss Before Tax	Profit/Loss After Tax
4,131.00	3,728.11
Earning per Share in Rs.	Dividend rate %
5.07	20

* includes miscellaneous income.

V Generic Names of Principal Products/Services of Company

Item Code No. (ITC Code)	: 2710
Product Description	: PETROLEUM PRODUCTS

Note :

ITC code of products as per Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics.

The schedules referred to above form an integral part of Accounts.

For and on behalf of the Board of Directors

Sd/-
B.K. Das
Managing Director

Sd/-
H.K. Sarmah
Company Secretary
Mumbai
Date : 08th May, 2008

As per our report of even date

Sd/-
Nilmoni Bhakta
Director (Finance)

Sd/-
T.N. Chakrabarti
Partner, M. No. 10610
for and on behalf of
P K Mitra & Co.
Chartered Accountants
Mumbai
Date : 08th May, 2008



Cash flow statement for the year ended 31st March, 2008

	Notes	2007-08	(Rs.in Million) 2006-07
A Cash Flow from Operating Activities			
Net Profit Before tax & prior period items		4,051.32	6,602.51
<i>Adjustments for :</i>			
Depreciation		1,556.57	1,576.16
Interest expenditure		63.80	156.79
(Profit) / Loss on Sale/Write Off of fixed assets(net)		0.52	2.80
Income from Investments		(391.57)	(142.69)
Dividend Received		—	—
Interest Income		(9.03)	(7.19)
Other Non-Cash items	Note 4	(0.22)	200.74
Operating Profit before Working Capital Changes		5,271.39	8,389.12
<i>Invested in:</i>			
Trade receivables		(2,692.96)	573.46
Other receivables		(11.73)	(148.24)
Inventories		(996.14)	(391.22)
Current Liabilities & Provisions		5,611.14	2,711.39
Cash generated from Operations		7,181.70	11,134.51
Income Taxes paid (net of Refund)		(849.43)	(989.27)
Cash flow before Prior Period Items		6,332.27	10,145.24
Prior Period Items		79.68	(771.42)
Net Cash from Operating Activities		6,411.95	9,373.82

	Notes	2007-08	(Rs.in Million) 2006-07
B Cash Flows from Investing Activities			
Purchase of fixed assets		(1,366.31)	(1,179.72)
Purchase of intangible assets		—	(17.94)
Adjustments on account of retirement/ reclassifications of fixed assets		—	831.48
Intangible Assets written off in the Balance Sheet		19.70	21.20
Sale of fixed assets		—	—
Investment in Joint Venture Companies		(75.90)	—
Investment in Subsidiary Companies		—	—
Purchase of/ Accretion to Investments		(567.66)	—
Sale of Investments		—	—
Reduction in Investment consequent to amalgamation		—	—
Income from Investment		374.51	142.69
Dividend Received		—	—
Interest Received		8.67	7.19
Net Cash from Investing Activities		<u>(1,606.99)</u>	<u>(195.10)</u>



	Notes	2007-08	(Rs.in Million) 2006-07
C Cash Flows from Financing Activities			
Issue of Equity Share Capital		—	—
Accretion to Reserves on account of amalgamation		—	—
Long term Borrowings		—	—
Repayment of Long-term loans/borrowings		(1,029.79)	(2,525.00)
Net Increase/Decrease(-) in other borrowings		(340.58)	(1,273.65)
Interest paid		(65.78)	(192.29)
Dividend Paid		(1,839.08)	(1,397.70)
Corporate Dividend Tax		(312.55)	(196.03)
Net Cash used in Financing Activities		(3,587.78)	(5,584.67)
D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)			
		1,217.18	3,594.05
E Cash & Cash Equivalents at beginning of Period			
	Note 1	3,903.07	309.02
F Cash & Cash Equivalents at end of Period (D+E)			
	Note 1	5,120.25	3,903.07

Notes to the Cash Flow Equivalents

1. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cheques on hand and balances with banks and investments in short term deposit accounts. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts :

	For the FY 2007-08	For the FY 2006-07
Cash and Cash equivalents as at 31st March'08 / 31st March'07		
Cash/cheques in Hand	0.17	0.19
Cash at Bank	52.90	8.83

	For the FY 2007-08	For the FY 2006-07
Remittance in transit	—	—
Fixed Deposits with Banks	3,850.00	300.00
	<u>3,903.07</u>	<u>309.02</u>
Cash/cheques in Hand	0.20	0.17
Cash at Bank	28.28	52.90
Remittance in transit	91.77	—
Fixed Deposits with Banks	5,000.00	3,850.00
Cash and Cash Equivalents as restated	5,120.25	3,903.07
Net change in Cash and Cash equivalents	<u>1,217.18</u>	<u>3,594.05</u>

2. The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.
3. In Part-A of Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
4. "Other Non-Cash items" comprise of provisions for Stores and Consumables, provision for Claims and provision for Investments and write back of Provisions.

For and on behalf of Board of Directors

Mumbai
Date : 08th May 2008

Sd/-
B.K. Das
Managing Director

We have audited the above Cash Flow Statement of Numaligarh Refinery Limited for the year ended on 31st March, 2008 prepared by the Company and certify that the Statement has been derived from the Accounts of the Company.

For and on behalf of
P. K. Mitra & Co.
Chartered Accountants

Mumbai
Date : 08th May 2008

Sd/-
T. N. Chakrabarti
Partner
M.No.10610



Human Resource Accounting : 2007-08

Human resources is being considered by NRL as the key to the organisation's success. Development of human resources is a continuous process and gets the top priority to meet new challenges. The value of human assets who are committed to achieve excellence in all fronts is being recognised by NRL. The Human Resource profile, as given in the table below, shows that NRL is a youthful Company.

Category	A G E				Total
	20-30	30-40	40-50	Over 50	
Technical					
Executives	119	144	44	16	323
Workmen	28	288	52	2	370
Sub Total	147	432	96	18	693
Others					
Executives	3	27	24	12	66
Workmen	1	17	11	0	29
Sub Total	4	44	35	12	95
Grand Total	151	476	131	30	788
Average age 36 yrs.					

The human resources have been valued by adopting Lev and Schwartz Model with the following assumptions:

- (i) Continuity of present pattern of employee compensation, both direct and indirect.
- (ii) Continuity in career growth as per present policy of the Company.
- (iii) Discount factor @ 5% p.a.

Value of Human Resources

	Rs Million				
	2007-08	2006-07	2005-06	2004-05	2003-04
Executives	6,526.59	5,893.44	5,787.64	4,563.15	4,624.92
Staff	4,905.33	3,893.90	4,926.73	4,496.06	4,307.41
	11,431.93	9,787.34	10,714.37	9,059.21	8,932.33

Human Assets vis-à-vis Total Assets

Value of Human Assets	11,431.93	9,787.34	10,714.37	9,059.21	8,932.33
Net Fixed Assets	20,862.71	21,053.49	22,267.05	21,760.96	21,788.23
Net Current Assets	3,953.48	4,292.31	3,848.14	2,651.88	4,308.07
	36,248.12	35,133.14	36,829.56	33,472.05	35,028.63
Profit before tax	4,131.00	5,831.09	4,756.34	5,571.30	3,772.33
Value Added	7,285.66	9,029.82	7,660.69	8,428.95	7,165.59

Ratio of

Profit(before tax) to Human Resources	36%	60%	44%	61%	42%
Value Added to Human Resources	64%	92%	71%	93%	80%
Human Resources to Total Resources	32%	28%	29%	27%	26%

Social Accounts 2007-08

	(Rs in Million)			
	2007-08	2006-07	2005-06	2004-05
I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES				
a) Social Benefits to Employees				
1 Welfare facilities-Canteen & Club	46.24	8.87	22.50	12.14
2 Ex-gratia/Awards	45.49	72.21	24.52	25.50
3 Medical facilities	51.34	48.30	35.33	37.60
4 Retirement Benefits	4.69	3.58	3.13	7.78
5 Interest Concessions	6.90	6.71	6.69	6.50
6 Training and career development	11.00	10.60	4.87	3.73
7 Clothing and Uniform	14.18	18.85	4.59	7.67
8 Holiday Benefits	17.82	28.45	11.13	30.98
9 Transport Facilities	22.58	18.17	13.26	13.46
10 Insurance	7.87	6.25	3.68	2.48
11 Educational Facilities	1.74	2.97	1.01	0.67
12 Township Costs	30.40	24.99	23.05	21.80
13 Power Service at Township	20.89	36.09	27.69	20.16
14 Others**	102.60	70.04	59.94	33.22
Total (a)	383.73	356.07	241.41	223.70
b) Social Cost to Employees				
Extra hours put in by Officers/Workmen	1.71	2.22	3.27	2.06
Total (b)	1.71	2.22	3.27	2.06
Net Social Income to Employees (a+b)	382.02	353.85	238.14	221.64
II. SOCIAL BENEFITS TO COMMUNITY				
Local Taxes	5.47	4.44	4.58	1.72
Environment Improvements	3.23	2.85	1.25	8.15
Expenditure on Project-Education	8.49	10.86	4.56	3.88
- Agriculture & allied	3.60	3.19	1.37	0.59
- Infrastructure	13.22	11.84	2.36	3.85
- Medical	5.85	2.01	1.00	0.93
- Sports & Culture	3.87	2.98	2.86	1.21
Generation of job potential to local people	49.79	49.79	45.82	43.06
Generation of business	2,191.30	2,221.84	2,671.13	2,405.52
Total Social income to community	2,284.82	2,309.81	2,734.94	2,468.91



III. SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC

a) Benefits to the General Public

		(Rs. in Million)			
	2007-08	2006-07	2005-06	2004-05	
Taxes paid to State Government	4,208.03	5,303.81	5,042.63	2,915.40	
Dividend paid to State Government	227.06	227.05	172.56	154.40	
Taxes and Duties paid to Central Government	8,518.06	8006.53	5,640.53	5,323.10	
Total (a)	12,953.15	13,537.40	10,855.71	8,392.90	

b) Costs to the General Public

Purchase of Power	6.12	3.27	3.81	6.01	
Total (b)	6.12	3.27	3.81	6.01	
Net Social Income to the Public (a-b)	12,947.04	13,534.13	10,851.91	8,386.89	
Net Social Income to Employees, Community and General Public (I+II+III)	15,613.88	16,197.79	13,824.98	11,077.44	

* Includes Repairs & Maintenance - Contract Services @ 4% of total Expenditure & Depn. On buildings @30% of Total Expenditure

** Includes Other Allowances - Workman @50% of total Expenditure & Other Allowances - Management Staff @50% of Total Expenditure



NRL Energy Station

