

■ Annual Report

2009-2010



NUMALIGARH REFINERY LIMITED



Vision

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.

Mission

- 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.

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Shri Ashok Sinha
Chairman



Dr. B. K. Das
Managing Director

Board of Directors

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 S. Ghosh & Co.
Chartered Accountants
11, Old Post Office Street
2nd Floor, Kolkata - 700001

Refinery Unit

Pankagrart
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



Shri Dipak Chakravarty
Director (Technical)



Shri Nilmoni Bhakta
Director (Finance)



Shri J. P. Rajkhowa
Director



Shri H. S. Das
Director



Shri Manu Srivastava
Director



Shri S. Radhakrishnan
Director



Shri S. K. Joshi
Director



Shri R. K. Singh
Director



Shri N. M. Borah
Director



Shri Ravi Capoor
Director

Management Team

Mr. V. K. Thakral	Chief Vigilance Officer
Mr. A. K. Bhattacharya	GM (Mktg. & Corp. Plng.)
Mr. D. Ghosh	GM (Operation)
Mr. D. K. Goswami	GM (HR & Legal)
Mr. G. Mukerji	Head (Marketing)
Mr. M. R. Baruah	GM (Insp. & Tech. Service)
Mr. P. K. Bora	GM (Commercial & CC)

Mr. S. R. Medhi	GM (Finance)
Mr. Thomas Zachariah	Advisor (Projects)
Mr. B. Ekka	DGM (HR)
Mr. D. Choudhury	DGM (Commercial)
Mr. P. K. Barua	DGM (Internal Audit)
Mr. S. Chakraborty	DGM (Maintenance)
Mr. S. K. Barua	DGM (Finance & B.D.)



Notice to the Shareholders

Notice is hereby given that the 17th 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 10th September, 2010 at 3.00 P.M. to transact the following Ordinary Business :-

A. Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended 31st March, 2010 along with the Reports of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India thereon.
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.
6. To fix remuneration of the Statutory Auditors:

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

"RESOLVED THAT in partial modification of the Resolution passed by the Shareholders of the Company at the 14th Annual General Meeting held on 14th September, 2007 read with provisions of Section 224(8)(aa) of the Companies Act, 1956, remuneration payable to Statutory Auditors for the financial year 2009-10 appointed by the Comptroller and Auditor General of India (C&AG) under the provisions of Section 619(2) of the said Act, be and is hereby approved to be fixed at Rs. 2,75,000/- plus actual reasonable travelling and out of pocket expenses and Service Tax as applicable and for subsequent years, the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of statutory auditors."

Registered Office:

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

Date: 12th August, 2010

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 special resolution against item No. 6 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 for the Special Resolution pursuant to Section 173 of the Companies Act, 1956

Following is the Explanatory Statement in respect of Special Resolution against item No. 6 of the Notice dated 12th August, 2010.

Item No. 6: Fixation of remuneration of Statutory Auditors

At the 14th Annual General Meeting held on 14th September, 2007, the shareholders had, by way of a Special Resolution fixed the remuneration of Statutory Auditors at Rs. 1,50,000/- plus actual reasonable travelling allowances, out of pocket expenses and service tax for the year 2006-07 and Rs. 1,75,000/- plus actual reasonable travelling allowances, out of pocket expenses and service tax for subsequent years i.e. from 2007-08 till further recommendation for increase in the remuneration is approved by shareholders.

Subsequent to the appointment of M/s. S. Ghose & Co., Chartered Accountant as Statutory Auditors of the Company for the year 2009-10 by the Comptroller & Auditor General of India, a new audit approach – ‘Three Phase Audit of Annual Accounts of PSUs’ – has been introduced by the C&AG, New Delhi with effect from financial year 2009-10. Under the aforesaid approach, C&AG would review the Accounts of PSUs thrice during a financial year for finalization of Books of Accounts. The first phase is after the half yearly accounts are ready for listed PSUs and who are required to follow SEBI guidelines. The second phase is in the month after the draft Final Accounts of the Financial Year is prepared by the PSUs and this audit is to be carried out concurrently in the presence of the Statutory Auditor. The third phase audit will be carried out only after the PSUs hand over the duly adopted Final Accounts by the Board of the PSUs for review of comments, if any, by the C&AG team.

Due to introduction of the three phased audit by C&AG, the scope of work of statutory auditors have increased considerably as they would be required to depute the Audit Team at least thrice a year to the Company for carrying out the audit process as against deputing only once when the aforesaid audit fee was fixed.

In view of the above, the Audit Committee of the Board in its meeting held on 29.3.2010 had recommended the proposal for enhancement of statutory auditors fee from existing Rs. 1,75,000 to Rs. 2,75,000/- plus travelling and out of pocket expenses and service tax as applicable, for the financial year 2009-10 to the shareholders for approval. The Audit Committee also recommended the shareholders for authorizing the Board of Directors to decide and fix the remuneration of statutory auditors appointed by the C&AG for subsequent years pursuant to section 224(8)(aa) of the Companies Act, 1956.

It is therefore proposed to seek the approval of the shareholders by way of passing a special resolution pursuant to the provisions of the Companies Act, 1956.

None of the Directors are concerned or interested in the Special Resolution.

By Order of the Board of Directors

Registered Office:

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

Date: 12th August, 2010

Sd/-

H. K. Sarmah

Company Secretary



Performance Profile



Performance Profile

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
1 Crude Oil Processed (TMT) :	2619	2251	2568	2504	2133	2042	2200	1879	2307
2 Capacity Utilisation (%) : [Installed capacity 3000 TMT]	87%	75%	86%	83%	71%	68%	73%	63%	77%
3 Production Quantity (TMT) :	2366	2016	2302	2268	1958	1873	1982	1691	2060
Light Distillates %	15.7%	15.5%	15.2%	14.7%	14.1%	14.8%	14.5%	13.2%	12.6%
Middle Distillates %	80.0%	80.3%	80.4%	80.7%	80.6%	80.4%	81.5%	81.7%	83.0%
Heavy Ends %	4.4%	4.2%	4.4%	4.6%	5.3%	4.8%	4.0%	5.1%	4.3%
4 Refinery Fuel and Loss as % of Crude Processed :	10.47%	11.68%	11.04%	11.49%	11.02%	10.06%	9.94%	11.34%	11.35%
5 Market Sales (TMT) :	2,355	2,023	2,391	2,333	1,961	1,927	1,834	1,736	2,114
6 Manpower (Nos.):	820	789	788	718	705	683	674	658	655
7 Sales and Earnings (Rs. in Crore) :									
i) Sales Turnover	7,874.09	8,853.35	8,764.16	7,930.32	5,820.37	4,298.99	3,220.26	2,804.74	2,261.28
ii) Profit before Depreciation/ Amortisation, Interest & Tax:	512.27	484.02	586.00	840.55	648.14	747.97	615.43	585.40	480.46
iii) Depreciation/Amortisation	153.64	147.96	157.62	159.74	140.60	137.75	132.67	127.37	135.63
iv) Interest	5.14	21.43	23.24	20.56	34.71	55.50	104.61	140.51	200.15
v) Adjustment for prior period	(8.22)	(4.96)	(7.96)	77.14	(2.81)	(2.41)	0.93	0.52	11.37
vi) Profit Before Tax	361.71	319.59	413.10	583.11	475.64	557.13	377.22	317.00	133.31
vii) Tax #	129.63	83.95	40.29	14.31	26.70	147.98	162.28	142.37	10.34
viii) Profit After Tax	232.08	235.64	372.81	568.80	448.94	409.15	214.94	174.63	122.97
# Includes Deferred Tax provision - Rs. (6.60) crore (Current year) & - Rs. (43.64) crore (Previous year)									
8 What the Company Owned (Rs. in Crore):									
i) Gross Fixed Assets (including Capital Work-in-Progress)	3,582.39	3,347.22	3,219.57	3,083.36	2,964.06	2,776.61	2,641.57	2,614.79	2,695.80
ii) Net Fixed Assets (including Capital Work-in-Progress)	2,155.43	2,071.31	2,086.28	2,105.35	2,226.71	2,176.09	2,178.82	2,283.58	2,492.58
iii) Net Current Assets (including investments)	739.87	571.78	520.15	491.03	449.12	265.19	430.81	106.02	49.31
iv) Intangible Assets to the extent not written off	1.76	3.94	4.92	6.89	7.22	—	—	—	—
Total Assets Net (ii+iii+iv)	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63	2,389.60	2,541.89
9 What the Company Owed (Rs. in Crore):									
i) Share Capital	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63
ii) Reserve & Surplus	1,714.41	1,615.02	1,508.47	1,309.34	955.70	666.14	399.75	257.82	199.76
iii) Miscellaneous Expenditure to the extent not written off	—	—	—	—	—	0.31	—	1.85	6.33
iv) Net worth (i)+(ii)-(iii)	2,450.04	2,350.65	2,244.10	2,044.97	1,691.33	1,401.46	1,135.38	991.60	929.06
v) Borrowings	207.65	50.39	77.62	214.85	596.19	629.17	1,167.61	1,224.53	1,612.83
vi) Deferred Tax Liability	239.37	245.99	289.63	343.45	395.53	410.65	306.64	173.47	—
Total Funds Employed (iv+v+vi)	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63	2,389.60	2,541.89
10 Internal Generation (Rs. in Crore)	393.27	340.02	476.67	692.92	580.12	655.45	504.60	424.90	285.51
11 Ratios:									
i) Gross profit before Depreciation/ Amortisation, Interest & Tax as %age of Net Sales & Other income	7.70%	6.25%	7.90%	12.44%	13.07%	20.10%	22.94%	24.29%	24.30%
ii) Profit after Tax as %age of Average Net Worth	9.67%	10.26%	17.38%	30.45%	29.03%	32.26%	20.21%	18.18%	13.90%
iii) Profit after Tax as %age of Share Capital	31.55%	32.03%	50.68%	77.32%	61.03%	55.62%	29.22%	23.74%	16.72%
iv) Average Net worth as % age of Share Capital	326%	312%	292%	254%	210%	172%	145%	131%	120%

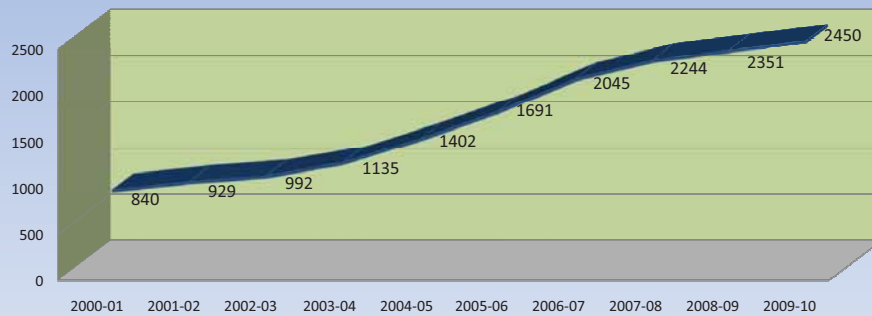
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
v) Profit before Depreciation/Amortisation, Interest & Tax as % age of Average Capital Employed.	21.52%	21.15%	24.67%	35.38%	28.11%	31.29%	25.80%	25.06%	19.39%
vi) Profit Before Tax as % age of Average Capital Employed	15.20%	13.96%	17.39%	24.54%	20.63%	23.31%	15.82%	13.57%	5.38%
vii) Profit After Tax as % age of Average Capital Employed	9.75%	10.30%	15.70%	23.94%	19.47%	17.12%	9.01%	7.48%	4.96%
viii) Long Term Debt Equity Ratio	0.02	0.02	0.03	0.09	0.26	0.32	0.86	1.23	1.55
12 Earning Per Share (Rs.)	3.15	3.20	5.07	7.73	6.10	5.56	2.92	2.37	1.67
13 Book Value Per Share(Rs.)	33.31	31.96	30.51	27.80	22.99	19.05	15.43	13.48	12.63
14 SOURCES AND APPLICATION OF FUNDS (Rs. In Crore)									
SOURCES OF FUNDS									
OWN :									
Profit after Tax	232.08	235.64	372.81	568.80	448.93	409.15	214.95	174.63	122.98
Depreciation/Amortisation	153.23	144.61	157.26	242.79	137.97	137.81	131.54	127.98	136.18
Deferred Tax provision	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01	133.17	116.65	—
Investments	—	0.46	—	2.51	—	—	—	46.00	—
Miscellaneous Expenses written off	—	—	—	—	—	—	21.89	3.60	4.17
BORROWINGS :									
Loans (Net)	157.26	—	—	—	—	—	—	—	—
Decrease in Working Capital	—	—	33.88	—	—	165.61	—	—	72.06
Adjustment on account of retirement / reclassification of assets	1.30	—	22.95	14.42	1.47	(0.18)	8.17	92.21	(2.03)
	537.27	337.07	533.08	776.44	573.25	816.40	509.72	561.07	333.36
APPLICATION OF FUNDS :									
Capital Expenditure	236.49	127.65	159.16	133.72	188.91	134.85	34.94	11.19	25.15
Adjustment for Misc.Expenditure / Intangible Assets	—	1.03	—	1.79	8.05	0.34	20.03	(0.88)	0.45
Dividend	110.34	110.34	147.13	183.91	139.77	125.06	64.74	52.97	37.52
Tax on distributed profits	18.75	18.75	25.00	31.26	19.60	17.71	8.29	6.79	—
Repayment of Loans (Net)	—	27.23	137.24	381.34	32.99	538.44	56.92	388.30	224.24
Investments (Net)	—	—	63.00	—	64.31	—	—	—	46.00
Increase in Working Capital	168.09	52.07	—	44.42	119.62	-	324.80	102.70	—
Transitional Provision for Employee Benefit	3.60	—	1.55	—	—	—	—	—	—
	537.27	337.07	533.08	776.44	573.25	816.40	509.72	561.07	333.36
15 Changes in Working Capital (Rs. in Crore) :									
A) Current Assets :									
Inventories	571.63	57.15	100.34	22.95	80.65	122.22	325.04	47.23	(87.72)
Sundry Debtors	(24.58)	(337.68)	269.18	(57.62)	92.22	(53.96)	36.27	24.56	108.38
Cash & Bank Balances	(169.35)	(220.01)	121.72	359.41	29.56	(25.09)	(163.51)	172.23	(5.61)
Other Current Assets	2.65	0.03	(2.24)	3.70	0.28	—	—	—	—
Loans & Advances, Others	38.71	(18.48)	(5.40)	(69.29)	(65.40)	(46.82)	(40.69)	89.51	137.96
	419.06	(518.99)	483.60	259.15	137.31	(3.65)	157.11	333.53	153.01
Less:									
B) Current Liabilities & Provisions									
Current Liabilities	197.87	(558.03)	557.53	272.73	(43.66)	276.07	(175.37)	201.18	(62.78)
Provisions	53.10	(13.03)	(40.05)	(58.00)	61.35	(114.11)	7.68	29.65	287.85
	250.97	(571.06)	517.48	214.73	17.69	161.96	(167.69)	230.83	225.07
C) Working Capital (A - B)	168.09	52.07	(33.88)	44.42	119.62	(165.61)	324.80	102.70	(72.06)



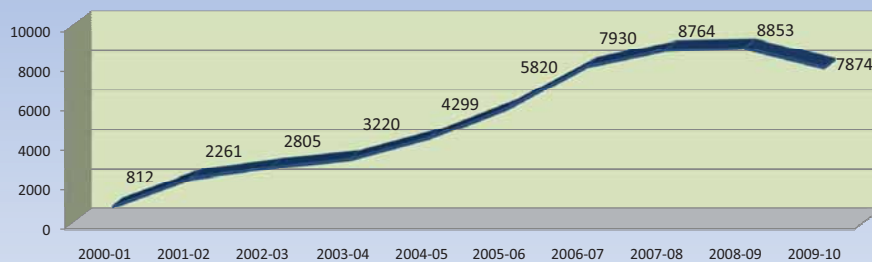
Value Added

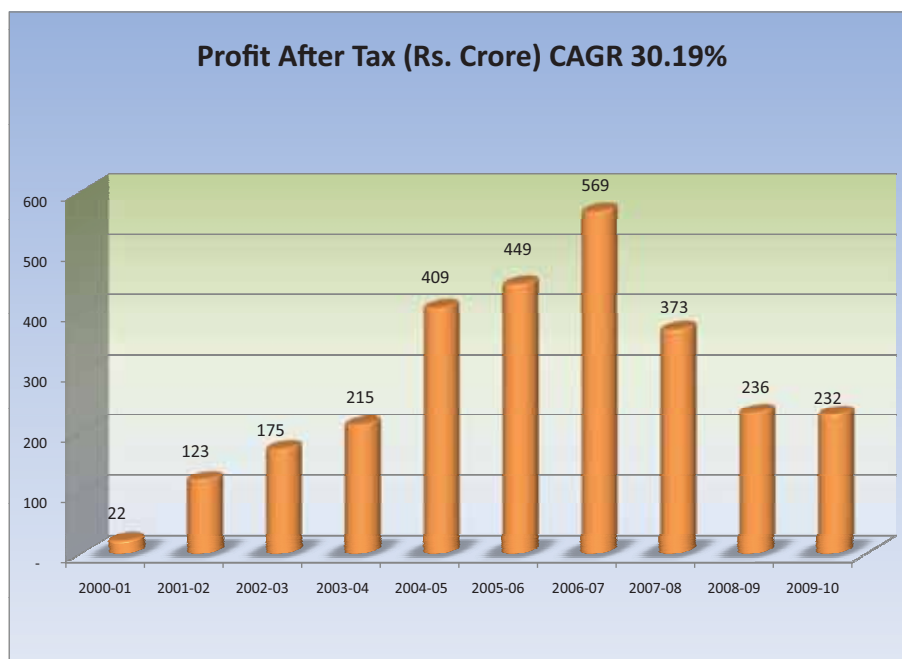
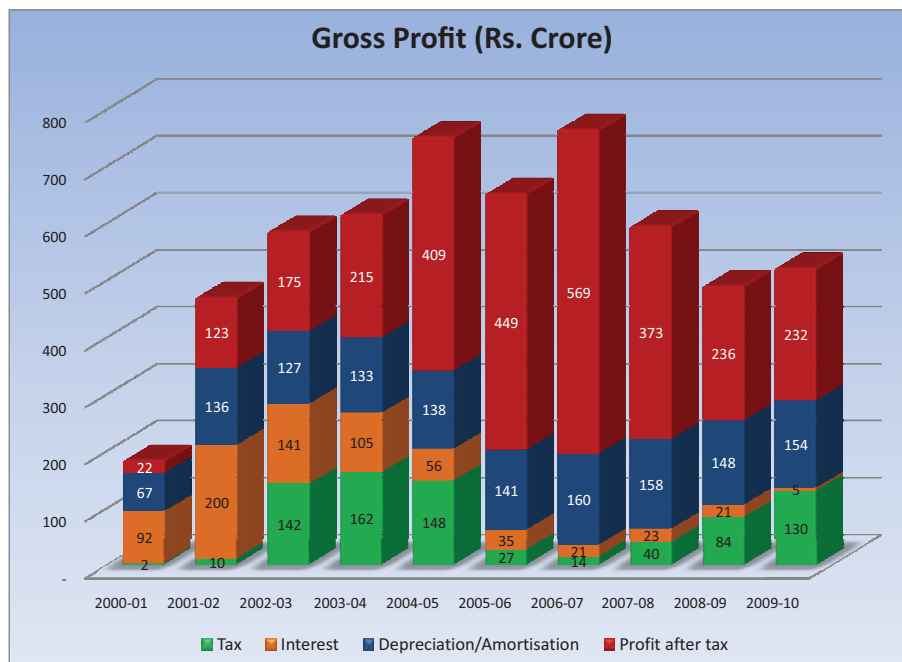
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
HOW VALUE IS GENERATED (Rs. in Crore) :									
Value of Production :	6,588.20	7,140.63	6,767.81	6,013.24	4,536.61	3,516.54	2,605.52	2,215.32	1,639.90
Less : Direct Materials Consumed :	6,532.67	7,073.07	6,832.68	5,724.20	4,287.92	3,001.36	2,174.87	1,784.45	1,305.00
Value Added	55.53	67.56	(64.87)	289.04	248.69	515.18	430.65	430.87	334.90
Add : Other Incomes (including P. Y. A)	685.74	622.75	793.44	613.94	517.38	327.72	285.91	229.31	292.82
Total Value Generated	741.27	690.31	728.57	902.98	766.07	842.90	716.56	660.18	627.72
HOW VALUE IS DISTRIBUTED (Rs. in Crore) :									
A) Operation :									
Employees' Benefits	104.89	87.42	54.08	48.51	38.43	34.63	30.45	28.04	27.90
Other Costs	115.89	117.77	79.18	88.55	76.70	57.88	71.60	47.27	130.72
	220.78	205.19	133.26	137.06	115.13	92.51	102.05	75.31	158.62
B) Providers of Capital									
Interest on Borrowings	5.14	21.43	23.24	20.56	34.71	55.50	104.61	140.51	200.15
Dividend	110.34	110.34	147.13	183.91	139.77	125.06	64.74	52.97	37.52
	115.48	131.77	170.37	204.47	174.48	180.56	169.35	193.48	237.67
C) Taxation:									
Corporate Tax	136.23	127.59	94.11	66.38	41.82	43.97	29.11	25.71	10.34
Tax on distributed profits	18.75	18.75	25.00	31.26	19.60	17.71	8.29	6.79	—
	154.98	146.34	119.11	97.64	61.42	61.68	37.40	32.50	10.34
D) Re-investment in Business									
Depreciation/ Amortisation	153.64	147.96	157.62	159.74	140.60	137.75	132.67	127.37	135.63
Provision on Investment	—	(3.86)	1.35	2.51	—	—	—	—	—
Deferred Tax	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01	133.17	116.65	—
Retained Profit	102.99	106.55	200.68	353.64	289.56	266.39	141.92	114.87	85.46
	250.03	207.01	305.83	463.81	415.04	508.15	407.76	358.89	221.09
Total Value Distributed	741.27	690.31	728.57	902.98	766.07	842.90	716.56	660.18	627.72

Net Worth (Rs. Crore) CAGR 12.63%

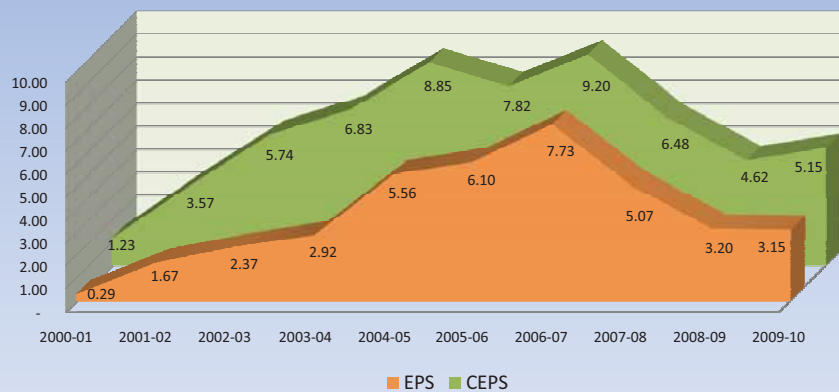


Turnover (Rs. Crore) CAGR 28.72%

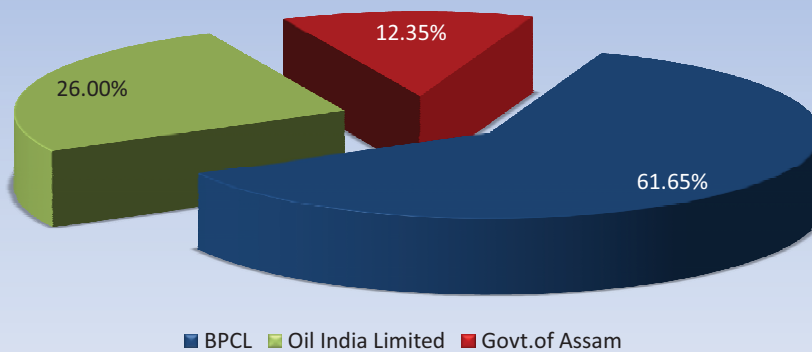


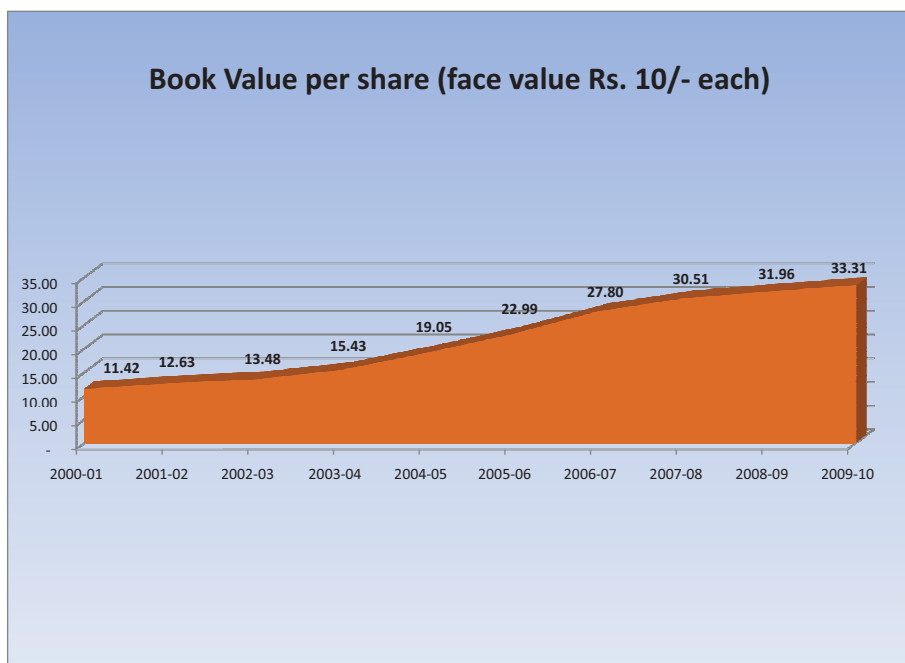
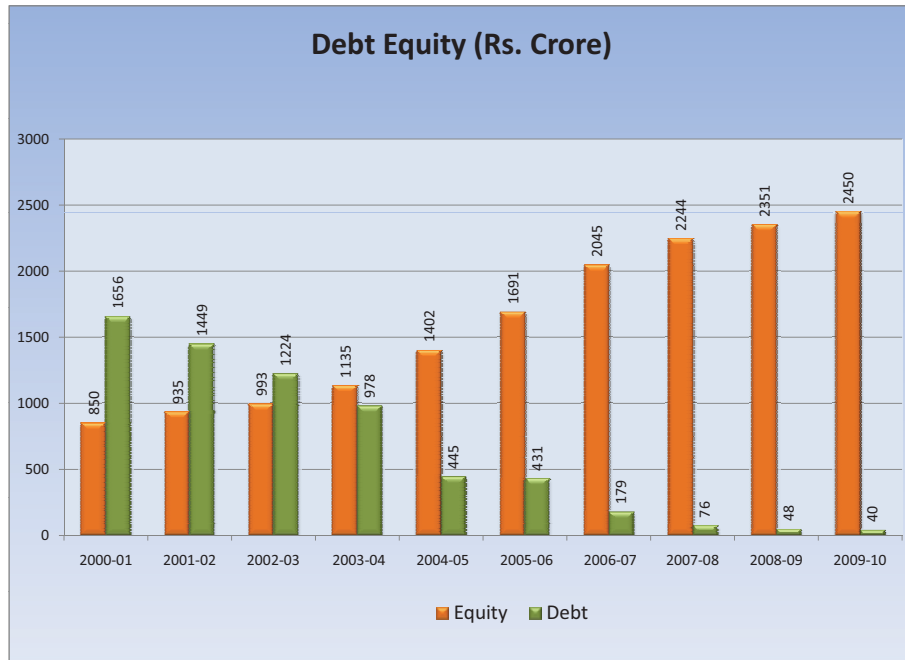


EPS and CEPS (Rs. per share of Rs. 10/-)

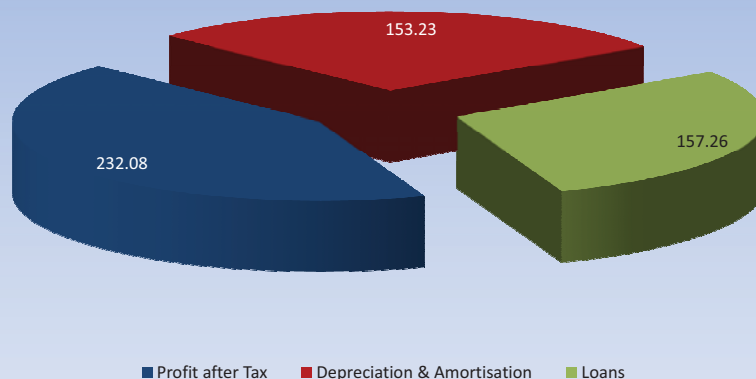


Shareholding Pattern

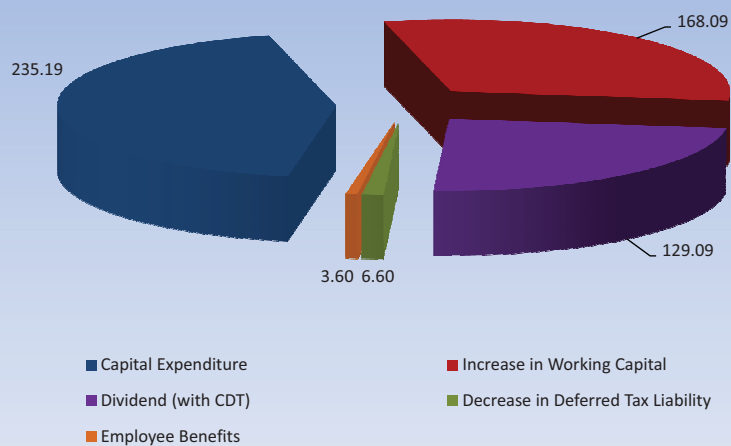




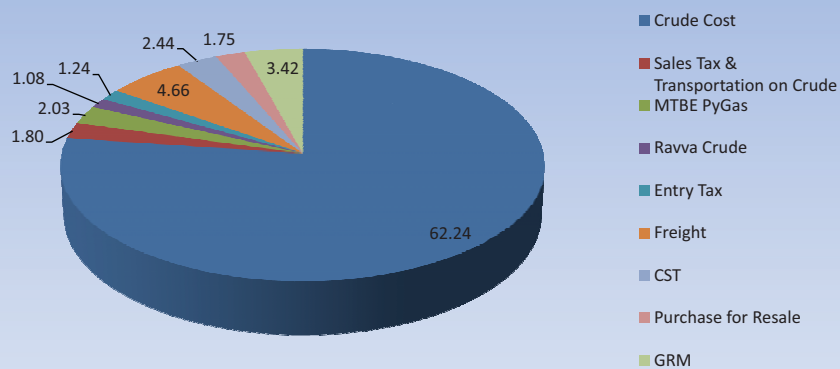
Sources of Funds (Rs. Crore)



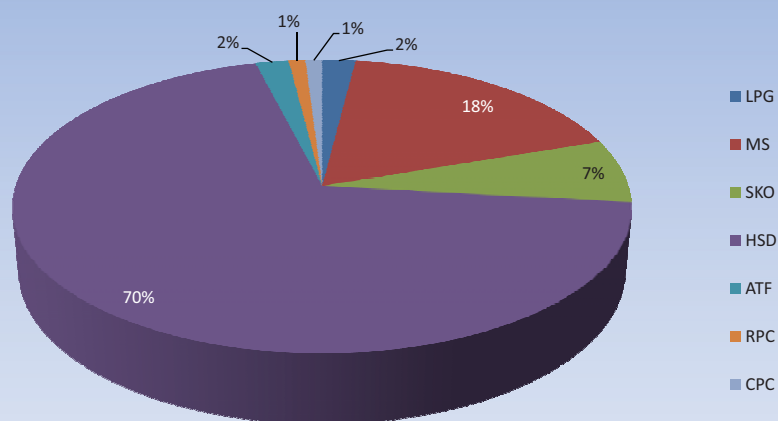
Application of Funds (Rs. Crore)

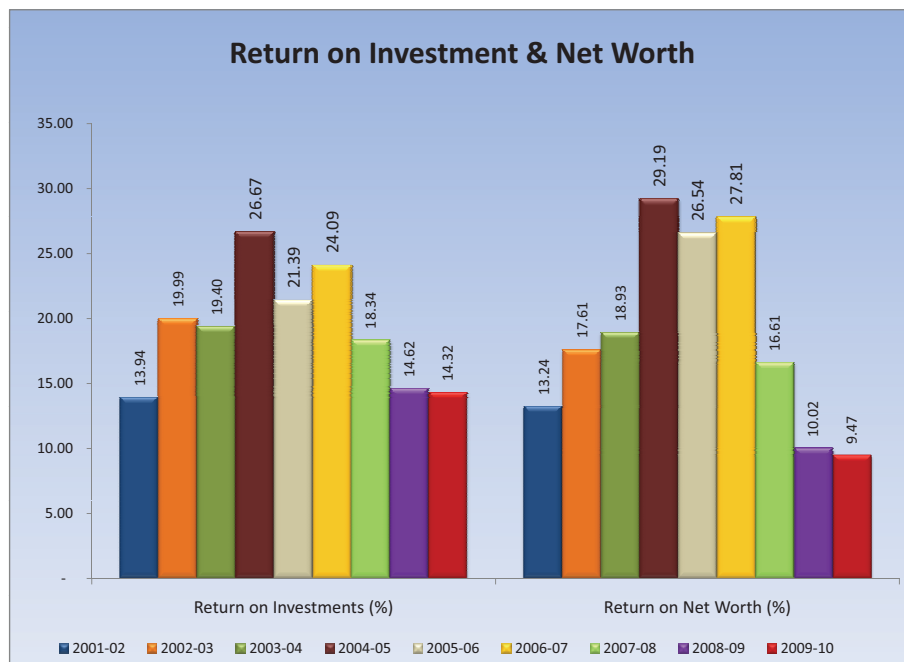
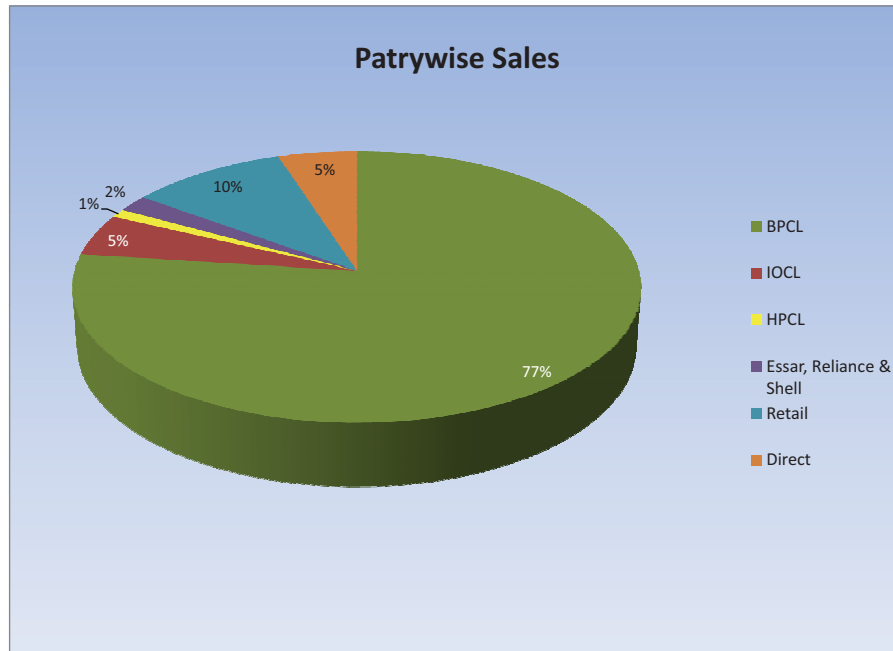


Distribution of Sales Value (\$ 79.15/bbl)



Productionwise Sales Pattern

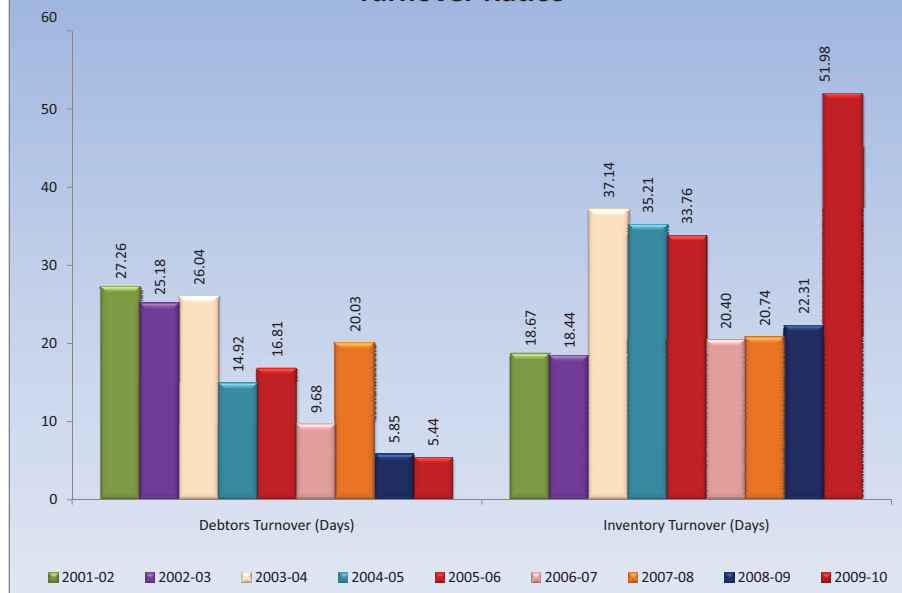


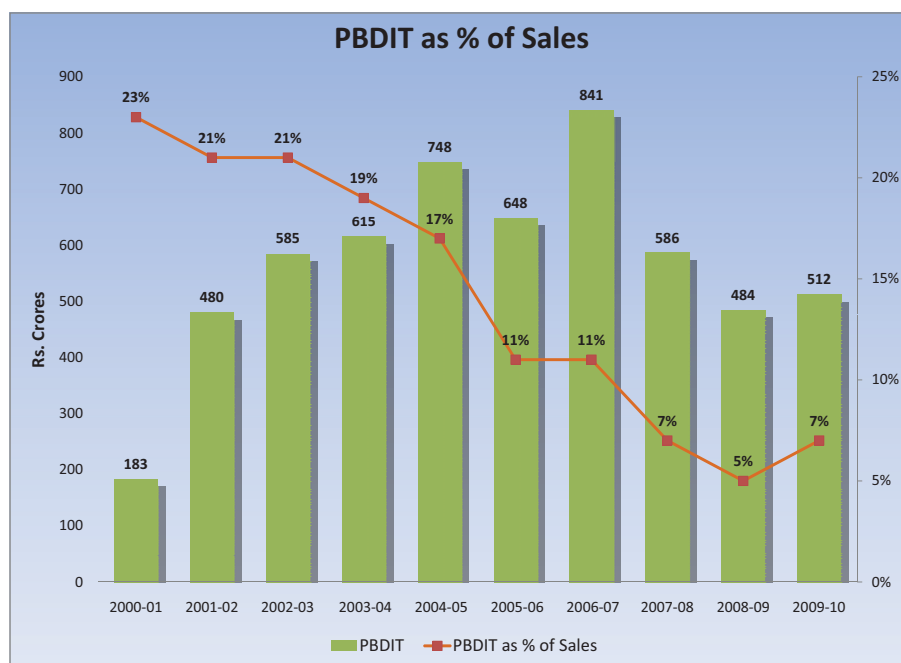
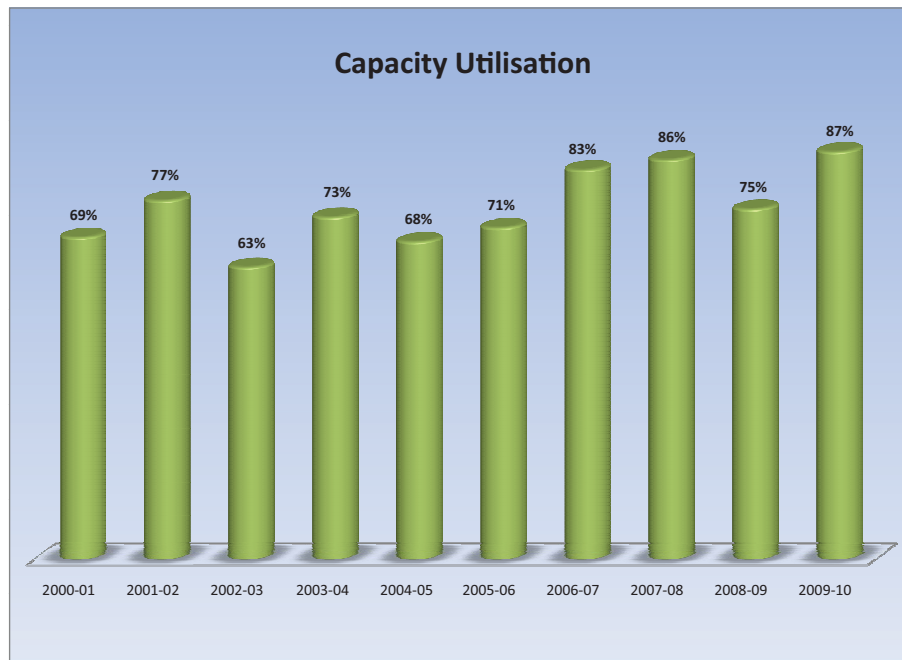


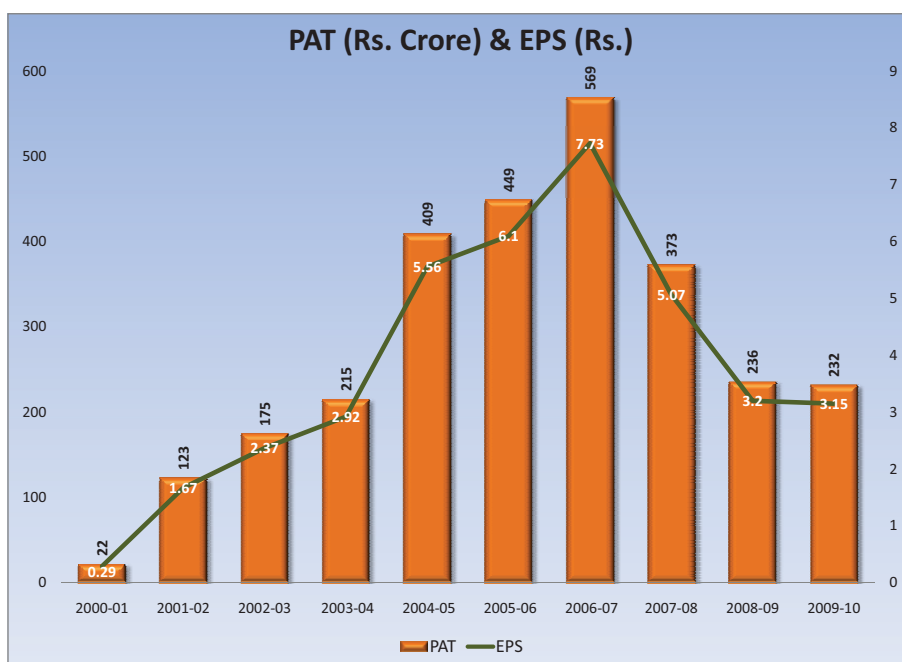
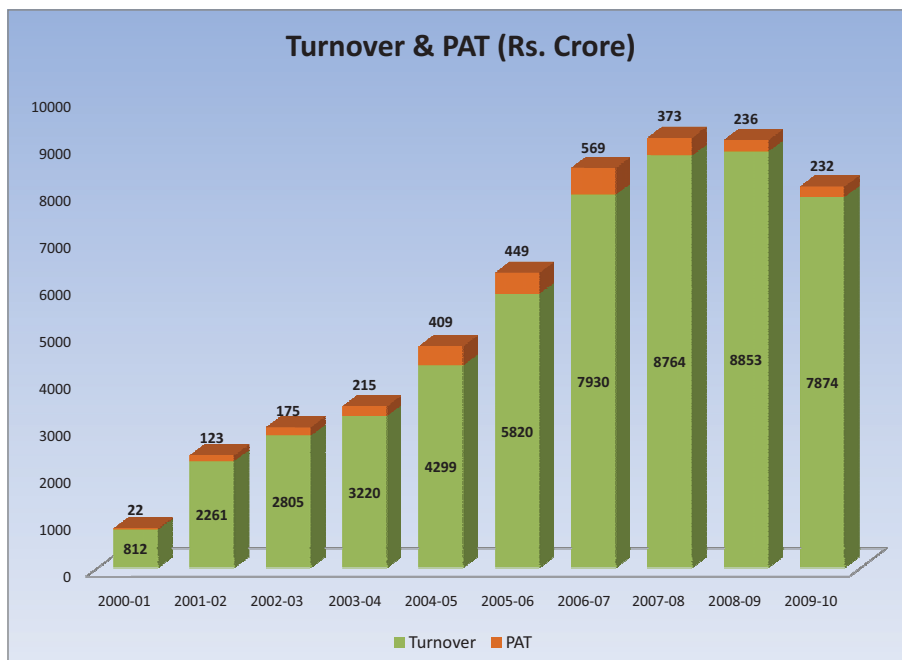
Current Ratio



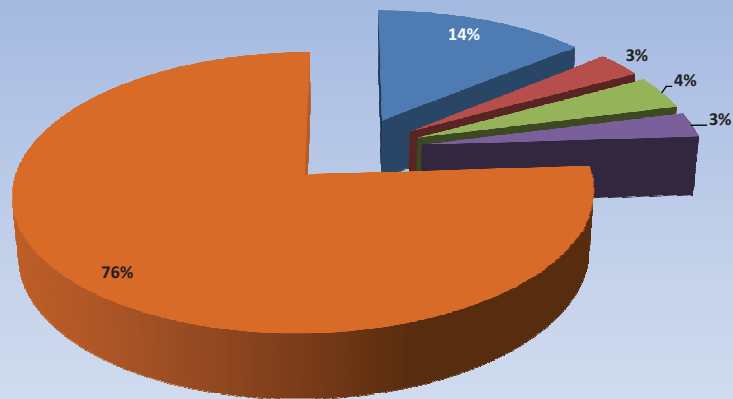
Turnover Ratios





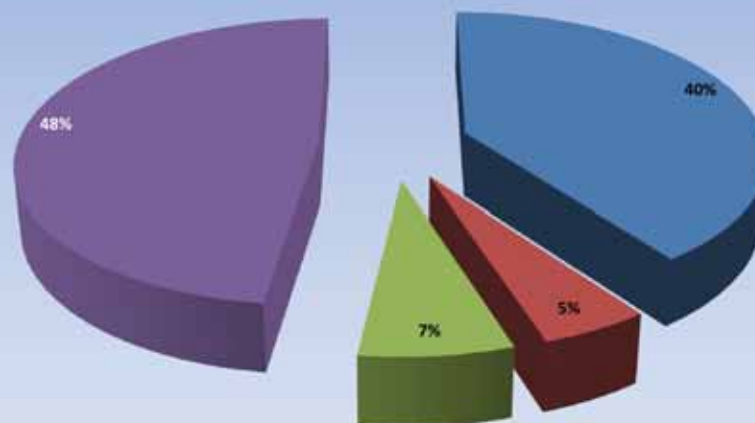


Manpower Functionwise

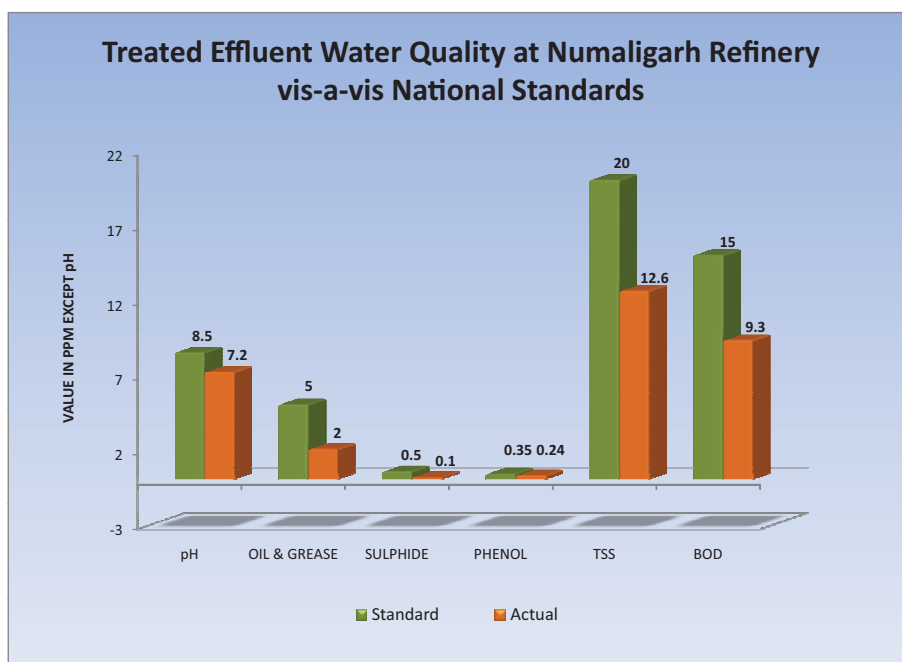
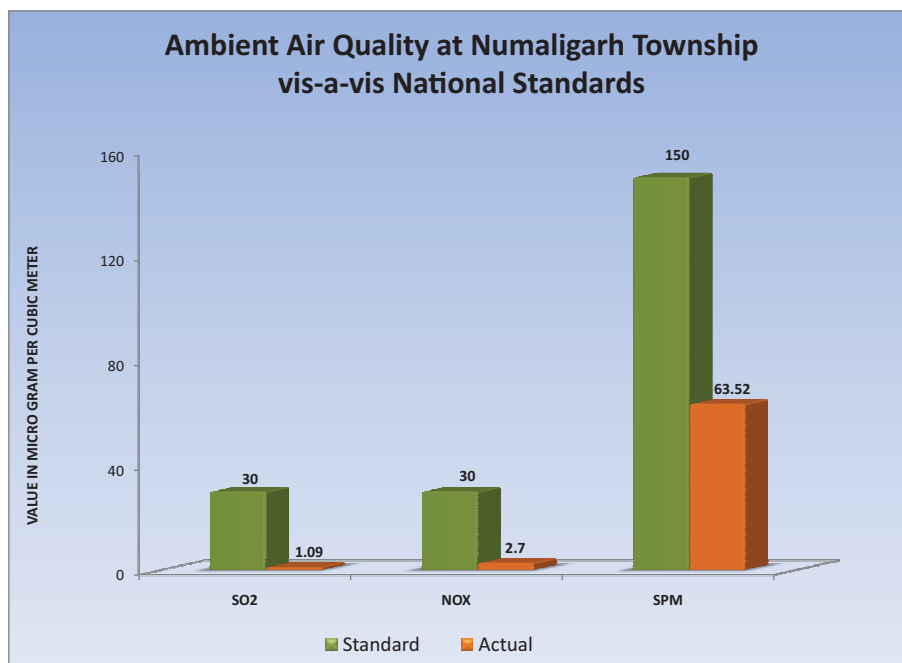


■ Finance, Internal Audit, ERP & Allied Services ■ HR & Administration
 ■ Marketing ■ Projects
 ■ Refining, Operations & Safety

Manpower Qualificationwise



■ Engineers ■ CA/CS/ICWA/LLB/MBA/MCA etc. ■ Others ■ Qualified Technicians



A photograph of an industrial facility, likely a refinery or chemical plant, serves as the background for the lower half of the page. It features complex piping, scaffolding, and several tall distillation columns. A plume of white smoke or steam rises from one of the units on the left. The ground in the foreground is dirt and gravel.

Directors' Report

Directors' Report to Shareholders

Your Directors take pleasure in presenting the 17th Annual Report on the performance of your Company together with audited statement of accounts for the financial year ended 31st March, 2010.

The year 2009-10 has been a mixed bag of challenges, accomplishments, experiences and recognitions for NRL. Notwithstanding the fact that the refinery had undertaken a planned shut down from 16th of March, 2010 to facilitate revamp of refinery process units in order to integrate the Diesel Quality Upgradation Project (DQUP), NRL recorded highest ever crude throughput of 2.619 Million Metric Tonnes (MMT) during the year with capacity utilization of 87.3% breaking the previous record of 2.568 MMT (85.6% capacity utilization) in the year 2007-08. DQUP will not only enable your Company

to produce high quality fuel but also will help in operating at 100% capacity subject to availability of crude oil.

Your Company continued to make the most of the challenging circumstances with options in hand and has managed to come out with excellent results in terms of physical performances and reasonably good results in all other spheres of activities. During the year, your Company entered the league of Euro-IV fuel suppliers when the first rake of Euro-IV MS was flagged off from Numaligarh Refinery Marketing terminal in the month of March, 2010.

FINANCIAL PERFORMANCE

a) Financial Results

During the year, your Company recorded a sales volume of 2.355 MMT, a 16.41%



Surge Drum of Hydrogen Unit being erected during DQUP revamp

growth over last year's performance of 2.023 MMT. However, due to lower product price realization, the sales turnover decreased by 11.06% to Rs. 7,874.09 crores as against the previous year's achievement of Rs. 8,853.35 crores. The profit before tax (PBT) of Rs. 361.71 crores during the year was 13.2% higher compared to the previous year's corresponding figure of Rs. 319.59

crores. Profit after tax (PAT) during the year marginally declined by 1.51% to Rs. 232.08 crores from Rs. 235.64 crores in the previous year. The Compound Annual Growth Rate (CAGR) of PAT stood at 30.19%.

The financial results for the year 2009-10 as compared to those of the previous year are summarized below:

Financial Results

(Rs. Crores)

	2009-10	2008-09
Sales Turnover –Gross	7874.09	8,853.35
Profit before Depreciation & Amortisation, Interest and Tax	520.49	488.98
Interest	5.14	21.43
Depreciation & Amortisation	153.64	147.96
Profit before Tax	361.71	319.59
Provision for Taxation –Current	136.23	126.69
Provision for Taxation – Frieinge Benefit Tax	–	0.90
Provision for Taxation –Deferred	(6.60)	(43.64)
Profit after Tax	232.08	235.64
Balance brought forward from the previous year	0.01	0.01
Amount available for Disposal	232.09	235.65

Directors propose to appropriate this amount as under:

Appropriations:	2009-10	2008-09
Towards dividend	110.34	110.34
Corporate Dividend tax	18.75	18.75
For Transfer to General Reserve	102.99	106.55
Balance carried forward to Balance Sheet	0.01	0.01

Summarized Cash Flow Statement:

Cash Flows:	2009-10	2008-09
Inflow/(Outflow) from operations	22.38	63.89
Inflow/(Outflow) from investing activities	(217.98)	(81.28)
Inflow/(Outflow) from financing activities	26.25	(202.62)
Net Increase/(decrease) in cash & cash equivalent	(169.35)	(220.01)



NRL awarded 'Certificate of Merit' at IMC Ramkrishna Bajaj National Quality awards for 2009

b) Dividend

Your Directors after taking into account the financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secure future, have recommended a dividend of 15% (Rs.1.50 per fully paid equity share of Rs. 10/- each) for the year on the paid-up share capital of Rs. 735.63 crores which will absorb a sum of Rs. 129.09 crores out of the profit after tax, which is inclusive of Rs. 18.75 crores for Corporate Dividend tax on distributed profits. NRL's net worth as on 31st March, 2010 stands at Rs. 2,450.04 crores as compared to Rs. 2350.65 crores as at the end of previous year.

c) Operating Results

- i) During the year, the refinery processed 2.619 MMT of crude oil as against 2.251 MMT processed in the previous

year. Correspondingly total sales volume also increased to 2.355 MMT compared to 2.023 MMT in the previous year, recording a sales growth of 16.41%. During the year, the profit before tax (PBT) at Rs 361.71 crores recorded a growth of 13.2% compared to Rs. 319.59 crores in 2008-09 due to savings in freight and CST under recoveries, decrease in operating cost, savings in interest cost and increase in excise relief. However, profit after tax marginally declined by 1.51% compared to the previous year due to higher incidence of income tax as well as deferred tax provision.

- ii) The Gross Refinery Margin (GRM) during the year stands at \$11.19 per barrel including excise benefit of \$6.88

per barrel as against previous year's GRM figure of \$14.43 per barrel with excise benefit component of \$7.46 per barrel. Freight under-recoveries during the year was reduced to Rs. 229.63 crores (\$ 2.51 per barrel) from Rs. 296.21 crores (\$3.89 per barrel) in the previous year, reflecting tangible gains post commissioning of the Numaligarh Siliguri product pipeline and supply chain optimisation.

iii) The Earning Per Share (EPS) stood at Rs.3.15 as compared to Rs.3.20 during the previous year. Internal cash generation during the year was higher at Rs.393.27 crores as against Rs.340.02 crores in the previous year.

d) Treasury Operations

During the year, term loan amounting to Rs. 7.98 crores has been repaid. Your Company has continued its focused attention towards effective utilization of available surplus funds enabling it to earn an interest income of Rs. 12.62 crores during the year. CRISIL has rated your Company at 'P1+' for Short Term Loans and 'AAA/Negative' for Working Capital Finance which has helped to optimize the treasury activities of the Company. In an effort to further strengthen the treasury operations, NRL has adopted e-payment mechanism for making payments and e-collection process for managing receivables. Debt equity ratio at the close of the financial year remained at 0.02.



NRL receives Jawaharlal Nehru Centenary Award for Energy Performance

e) Contribution to Exchequer

Your Company has contributed an amount of Rs. 803.12 crores to the Central Exchequer and Rs. 378.08 crores to the State Exchequer in the form of taxes, duties and dividends up from Rs. 702.29 crores and Rs. 344.88 crores respectively paid in the previous year.

f) Cost Control Initiatives

Your Company follows a system of online budgetary control through SAP/R3 ERP System for optimization of cost whereby expenditures are monitored and controlled on a day to day basis to ensure proper adherence to budget. Besides taking adequate measures towards austerity and rationalization of expenditure, your 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, 2010 is placed next to the Statutory Auditors Report in the printed Annual Accounts of the Company. We are pleased to report that the C&AG has no comments and issued no supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

PHYSICAL PERFORMANCE OF THE REFINERY

During the year 2009-10, the refinery processed crude throughput of 2.619 MMT as against 2.251 MMT in the previous year. This is the highest ever crude throughput achieved by the refinery since its commissioning in the year 2000. The capacity utilisation of the



View of 12 MW Steam Turbine Generator operating floor



NRL contributes to Chief Minister's Relief Fund, Assam

refinery is primarily governed by the crude receipt from OIL/ONGC. The crude receipt during the year was 2.560 MMT. The capacity utilization of the crude distillation unit stood at 87.3% which was higher than the target set in the Memorandum of Understanding (MOU) signed with our holding company M/s Bharat Petroleum Corporation Limited (BPCL). The MOU target was based on refinery shutdown projected on Feb-Mar, 2010 for implementation of Diesel Quality Upgradation Project. However, due to containment problem of North East crude, actual shut down was taken from 16th March, 2010.

Distillate yield during year was recorded at 85.32% against the previous year's figure of 84.72%. Although the distillate yield was better than that of the previous year, there was a shortfall compared to MOU target of 88.00% mainly due to non availability of natural gas for utilization in the refinery as envisaged from June, 2009. Refinery fuel

& loss could be contained at 9.85% with hydrocarbon loss at 0.35%. Both the distillate yield and fuel & loss performance achieved by the Company during the year are the best ever since commissioning of Motor Spirit Unit in 2006-07. Specific Energy Consumption (SEC) during the year at 67.6 MBN recorded improved performance compared to MOU target of 70 MBN and the previous year's figure of 70.7 MBN.

During the year, the refinery produced 1.230 MMT of Bharat Stage II grade HSD and 0.405 MMT of Euro III grade HSD. Production also included 0.057 MMT of Liquefied Petroleum Gas (LPG), 0.304 MMT of Motor Spirit (MS) conforming to BS-II with 0.057 MMT of Euro–III equivalent and 0.043 MMT of Aviation Turbine Fuel (ATF). Apart from this, your Company produced 0.005 MMT of Euro-IV MS during the year. Total calcined petroleum coke produced during the year was 0.034 MMT. Total products evacuated from the refinery

during the year were 2.349 MMT against the production of 2.364 MMT which is highest since commissioning of the refinery.

Your Company continued to sustain its high standards of fire and safety performance. There was no loss time accident (LTA) or major fire during the year. As on 31st March, 2010 your Company achieved more than 8 years continuous LTA free operations with 14.09 million LTA free man hours since its last LTA on 18th February, 2002 and the performance is continuing.

Liquid effluent and air quality parameters were constantly monitored and maintained well within stipulated norms. Your Company also continued to maintain 100% re-use of treated effluent of the refinery and township for the past four years after implementation of the re-use scheme in 2006-07.

As a part of its efforts towards continuous improvement in energy conservation and overall efficiency of plant operations, a 12 Mega Watt Steam Turbine Generator (STG) project has been commissioned during the year for captive generation of power by utilizing and recovering waste energy (thermal and pressure) of HP steam and successfully tested for full load operation.

In order to facilitate production of HSD conforming to Euro-III and some amount of Euro-IV at 100% capacity utilization, all the



Tube Bundle being erected in the Hydrogen Unit during DQUP revamp

units of the refinery had been put under shutdown since 16th March, 2010 for executing the revamp jobs of refinery process units to integrate the Diesel Quality Upgradation Project (DQUP). As a part of revamp activities, the capacity of Hydrocracker Unit (HCU) has been increased from 1.1 MMTPA to 1.45 MMTPA and a new Haldor Topsoe Exchange Reformer (HTER-p) has been installed in the Hydrogen Unit in parallel to the existing reformer to enhance the capacity of the unit. The HTER-p technology used by your Company in the Hydrogen unit has been supplied by the Licensor M/s Haldor Topsoe and is the first of its kind in India. During the course

of implementation of DQUP, an innovative scheme for utilizing oxygen rich waste stream from existing nitrogen plant for enhancement of capacity of Sulphur Recovery Unit (SRU) has been implemented in association with the R&D Division of Engineers India Limited. Earlier, this waste by-product stream from nitrogen was vented to the atmosphere. By implementing this scheme, the capacity of the existing SRU has been increased by around 30% without any major hardware change and no additional energy at a very minimal investment. The revamped refinery has since been back on stream.

During the year, Quality Control Laboratory of NRL has participated in ILCC (Inter Laboratory Cross Checking) program conducted by ASTM (American Society for Testing and Materials) in order to enhance competence level at national and international level and

to retrospect merits and demerits in the field of measurement accuracy and precision. NRL has also initiated for Diesel Fuel Inter Laboratory Crosscheck Program conducted by ASTM for providing laboratories with a statistical quality assurance (SQA) tool, enabling to compare, improve, and maintain, a high level of performance. During the year, a microbiological testing cell in Quality Control Laboratory has been established and commissioned.

MARKETING PERFORMANCE

During the year your Company could achieve a sales volume of 2.36 MMT of petroleum products against previous year's figure of 2.02 MMT, out of which 0.36 MMT was sold through NRL's Retail Outlets and other direct customers. Balance quantity of 2.0 MMT was sold through Oil Marketing Companies,



Mr. Dipak Chakravarty, Director (Technical) flagging off the first rake containing Euro-IV grade Motor Spirit from NRMT



namely, BPCL, Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Reliance Industries Limited (RIL) and Essar Oil Limited (EOL). Major quantity of products amounting to 1.81 MMT was sold to NRL's holding company BPCL. Specialty products like RPC, CPC and Sulphur were marketed directly by NRL. Overall sales volume during the year was 16.83% higher than the previous year which was mainly due to better availability of product owing to higher crude throughput processed by the refinery.

Due to prevailing retail pricing situation leading to under-recoveries, NRL did not expand its retail network during the year. But it continued to maintain its focus on

quality assurance initiatives. During the year, number of Energy Stations certified by M/s Det Norske Veritas (DNV) under the 'Quality & Quantity' (Q&Q) Protocol have increased from 58 to 85 and 88.7% of NRL's retail sales have been achieved through its DNV certified Retail Outlets.

During the year, NRL fully commissioned its Siliguri Marketing Terminal (SMT) despite having to overcome various hurdles related to project completion. By end of 2nd quarter, all three products viz. MS, SKO and HSD could be pumped through Numaligarh Siliguri Product Pipeline and SMT operation achieved an optimal throughput by the 3rd quarter of the year.



Twin flare system at the Refinery



Dr. B.K. Das, MD, addressing the National Conference on Energy Resources of NE

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Developments

The fiscal year 2009-10 began as a difficult one. Recovery in the global economy picked up momentum in the fourth quarter of 2009. The spread of recovery, however, remains significantly divergent. The projections for global output generally point to consolidating recovery led by the Emerging Market Economies (EMEs). The World Trade Organisation projects world trade to stage a strong recovery in 2010. The risk to the overall global macroeconomic environment have, however, increased because of large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment rates, impaired financial systems and premature exit from the policy stimulus.

At the global level, following one of the deepest downturn in recent times, economic growth took root and extended to advanced economies in the second half of 2009. The pace and shape of recovery, however, remains uncertain. The International Monetary Fund's World Economic Outlook suggests that following a sharp decline of 3.2% in 2009, output in the advanced economies has begun to expand since the second half of 2009 and is now expected to grow by 2.1% in 2010. In the case of emerging and developing economies, the modest 2.1% output growth is expected to be followed by a rise of about 6% in 2010. For the world as a whole, an output decline of 0.8% in 2009 is projected to turn into a growth of 3.9% in 2010.

Improvement in the global macroeconomic condition is reflected in the turnaround in India's exports and the return of capital flows. Therefore, concerns about domestic output



Board meeting in progress

growth are now subdued as the recovery is getting more broad-based. Subject to normal monsoons, output growth during 2010-11 is expected to gain further momentum. India's external sector position improved alongside the recovery in the global economy. After declining for 12 consecutive months, exports recovered in October, 2009. Similarly, imports recovered in November, 2009 following a phase of decline. Despite a lower trade deficit, the current account deficit widened during April-December 2009 as compared with the corresponding period of the previous year. This is attributable to a fall in invisibles, particularly on account of business services. During the year 2009-10, foreign exchange reserves increased by \$31.5 billion to reach a level of \$283.5 billion.

India's GDP growth in the last quarter of 2009-10 turned out to be robust as it grew by a record 8.6% as compared to the growth

of 5.8% in the same quarter of the previous year. For the fiscal 2009-10, India's economy grew by 7.4% which is an upward revision from earlier estimates of 7.2% by the Central Statistical Organisation due to higher-than-anticipated growth in agriculture, mining and manufacturing sectors. The renewed momentum in the manufacturing sector which had seen continuous decline in the growth rate for almost eight quarters since 2007-08 has achieved more than doubled from 3.2% in 2008-09 to 8.9% in 2009-10. Seven out of eight sectors/sub-sectors have shown a growth rate of 6.6% or higher.

In the month of April, 2010, growth came significantly from three sectors, mining, manufacturing and electricity. As per the use-based classification, growth numbers were also found to be remarkable; especially, the capital goods sector, which achieved a growth of 72.85% indicating a rise in investment

sentiments in the economy. The consumer goods sector appeared to have performed well as it posted growth of 14.4% in April, 2010. This growth is mainly fuelled by high growth in consumer durables, registering an increase of 37% in April, 2010. Fifteen out of 17 industry sectors witnessed positive growth in the first month of the present fiscal as compared to the growth numbers in the same month of previous year.

Growth in core infrastructure industries accelerated by 5.1% in April, 2010 as compared to 3.7% in April, 2009. This growth is attributed to high performance in the sectors such as finished steel, crude petroleum and petroleum refinery.

Trends in Oil and Gas Sector

The year undoubtedly was one of the toughest years for the refining business

globally. Refining margins dropped to their lowest in a decade. Weak demand, high level of inventories and high crude prices led to weakening of product cracks and refining margins across regions. The industry also witnessed a sharp reduction in refining runs and operating rates in addition to prolonged maintenance shutdowns and permanent closures. It was also a period that witnessed the highest ever decline in oil demand. Crude oil and product inventories were at the top end of 5 years average.

India's per capita energy consumption is 383 Kg of Oil Equivalent (KGOE) as against the world average of 1737 KGOE, which indicates a significant potential for growth in the demand for energy. As per the Integrated Energy Policy of the Planning Commission, Government of India, India's energy needs are expected to



Insertion of Tube Bundle of HTER



Dividend Cheque being handed over to BPCL for the year 2008-09

grow four fold from 433 Million Tonnes of Oil Equivalent (MTOE) to around 1856 MTOE by 2032. However, India depends largely on imports with over 75% of oil and 16% of gas consumption being imported.

As per the estimates drawn by the Organisation of the Petroleum Exporting Countries (OPEC) in its June, 2010 issue of the monthly oil market report, world oil demand is expected to grow by 0.95 million barrels per day (mb/d) in 2010. Recent data indicates that demand growth has been slightly higher than estimated in the first half of the year. Total demand growth is still expected to come from non-OECD countries as growth in the OECD is expected to remain negative. In 2010, the demand for OPEC crude is expected to average 28.77 mb/d, representing a downward revision of 70 tb/d from the previous assessment and a decline of 175 tb/d from the previous year.

The refining capacity in India has increased to 184.40 million tonnes per annum (MTPA) as on April 1, 2010 as compared to 177.97 MTPA as on April 1, 2009. The refinery production in terms of crude throughput has increased by 18.78% to reach 186.56 MMT in 2009-10 as against 157.06 MMT in 2008-09. Crude oil production rose 0.5% to 33.69 MMT in 2009-10, compared to 33.50 MMT in 2008-09. The production of natural gas went up to 47.57 billion cubic meters (BCM) in 2009-10 from 32.84 BCM in 2008-09. The sales/consumption of petroleum products during 2010 was 138.196 MMT (including sales through private imports) an increase of 4.16% over the sales of 133.40 MMT during 2008-09.

India's domestic demand for oil and gas is on the rise. The oil and gas industry has been instrumental in fuelling the rapid growth on

the Indian economy. The demand for oil and gas is likely to increase from 186.54 million tonnes of oil equivalent (mmtoe) in 2009-10 to 233.58 mmtoe in 2011-12. India has total reserves of 775 million metric tones of crude oil and 1074 billion cubic meters (BCM) of natural gas as on April 1, 2009.

The consumption of high speed diesel and petrol accelerated by 8.9% and 13.9% during 2009-10 against 8.5% and 9% growth recorded in 2008-09. The consumption of LPG surged 6.2%, while that of kerosene remained flat in 2009-10. The consumption of ATF rebounded to a growth of 4.6% in 2009-10, compared to the 2.6% fall recorded in 2008-09.

India's imports of crude oil, in volume terms, increased 24.7% to 159.259 MMT, while in value terms, they dipped 0.7% to \$76.40 billion in 2009-10. Similarly, India's exports of petroleum products rose 18.4% to 46.05

MMT but in value terms, it declined 0.4% to \$27.13 billion in 2009-10. The average price of the Indian basket of crude oil during the year 2009-10 was \$69.39 per barrel compared to \$82.72 per barrel in 2008-09.

Opportunities

Numaligarh Refinery has come a long way since its inception as a developmental project in fulfillment of the promises made in the historic 'Assam Accord'. NRL enjoys the advantage of processing wax rich sweet Assam crude, which gives ample opportunity for possible production of high value products like needle coke, paraffin wax etc.

The disadvantage of sub-economic size of the refinery located in a land locked product surplus region has been overcome by NRL by venturing into implementation of various value added projects with an objective of



Tiny tots of DPS Numaligarh performing at the Annual Sports Meet

increasing profitability. Some of the projects which have already been completed are the Motor Spirit Plant (MSP) with a project cost of Rs. 296.86 crores, Siliguri Marketing Terminal (SMT) with a project cost of Rs. 186.23 crores and Diesel Quality Up-gradation project (DQUP) with a project cost of Rs. 434.94 crores.

The MS plant was commissioned in 2006-07 with technology from M/s Axens from France and has been instrumental in improving profitability and has solidified NRL's stature in the industry. SMT is a linked project of Numaligarh Siliguri product pipeline of M/s Oil India Limited. Post commissioning of SMT, freight under recoveries has come down which has resulted in improved profitability. DQUP has been commissioned very recently and has made NRL one of the first few refineries in the region to have been upgraded to meet the requirements of Auto Fuel Policy. Post DQUP, NRL is able to produce Euro III and Euro IV grade HSD at 100% capacity utilization of the refinery subject to availability of crude.

In the next line of projects for value addition is the Wax project for production of Paraffin and Micro-crystalline Wax utilizing inherent properties of sweet Assam crude. Your Company has already obtained the investment approval for an amount of Rs. 576.60 crores for the project which is expected to be completed within 42 months.



National Safety Council Award handed over to NRL

NRL is also taking action for setting up a Naphtha Splitter Unit to facilitate production of 160 TMTPA of petrochemical grade naphtha for supply as feed stock to the Assam Gas Cracker project being implemented by M/s Brahmaputra Cracker and Polymer Limited, a joint venture company, where NRL is a co-promoter with 10% equity.

NRL also subscribed 26% equity in M/s. DNP Limited which is presently implementing a gas pipeline project for bringing natural gas from Duliajan to Numaligarh which would substitute naphtha as fuel in the captive power plant and as fuel and feed in the Hydrogen unit for improving the company's refining margin.

While NRL's geographic location poses a challenge, it also gives an opportunity to explore the possibility of exporting products to geographically contiguous countries like Bangladesh, Myanmar and Bhutan.

In February 2010, the Kirit Parikh Committee made recommendations to the Government to allow free market pricing for Gasoline and Diesel and to raise administered prices for



Inaugural function of PETROTECH meet at Numaligarh

Kerosene and LPG. As a part of economic reforms, the Government has decided to deregulate the price of Gasoline at refinery gate and retail level from the mid night of 25th June, 2010. Similarly, the price of Diesel is also likely to be freed though the full impact may be passed on in a phased manner with an immediate increase in retail selling price by Rs. 2/- per litre. The price of Kerosene has also gone up by Rs. 3/- per litre while the price of 14.5 Kg cylinder of LPG has been increased by Rs. 35/- per cylinder. Market determined pricing of Gasoline and Diesel is expected to remove the under-recoveries of oil marketing companies including NRL on these two products. The above reforms will give a positive thrust in respect of augmenting the retail marketing activities of NRL in North East and other economically priced markets in the future.

NRL, in recent years, has built up a good brand image in North East with its Quality and Quantity commitments. Leveraging this image, NRL can enhance its market share in the region by setting up new Retail Outlets. With decontrolled pricing mechanism for MS and improved profit scenario in retail marketing combined with increased retail market share, NRL can improve its profitability. Supplying a larger share of its products to the local market also means that freight cost will get rationalised.

Threats

The profitability of four refineries in North East including NRL is largely dependant on excise duty benefit given by the central government. Any policy change towards reduction of excise duty benefits threatens the profitability of the Company. Further, in recent years, there has been significant reduction in tariff

protection impacting profitability resulting in lower refining margins. Inadequate availability of crude in the North Eastern Region has restricted NRL's capacity utilization. The region has always been in deficit of crude supply compared to its refining capacity. Also decline in Ravva crude supply from KG basin which is presently allocated to Bongaigaon Refinery to meet the shortfall of crude in the region may lead to lower allocation of Assam crude to NRL as the total crude availability including Ravva is pooled and shared among the four refineries in Assam. Upcoming additional refining capacities planned in Eastern and Northern Region may adversely affect the absorption of NRL's surplus products in future.

However, NRL is adequately prepared to face the challenges of the emerging situation and is confident of not only retaining its position

in the energy sector of North East, but also growing in this dynamic situation.

Internal Control System and their Adequacy

NRL maintains a comprehensive system of Internal Control commensurate with the size and nature of its business which is designed to provide a reasonable assurance regarding effectiveness and efficiency of operation, accuracy and reliability of financial transactions and control, compliance with internal policies and guidelines, applicable laws and regulations. The Internal Control System has been further strengthened by use of ERP solution and various Integrated Information technology Systems supported by a sound Information Security Management system which is being monitored regularly.



Dr. B. K. Das, MD, NRL & CII Assam State Council Chairman addressing a Conclave on Assam@75

NRL has an independent in-house Internal Audit Department which reviews the key business processes and controls and carries out compliance checks on internal policies and guidelines and statutory requirements. It further carries out end to end review of the Business Processes mapped in SAP to ensure that the internal controls built in the processes are adequate and operating effectively.

The management regularly reviews and takes appropriate action on the Audit findings and recommendations. The Audit Committee of the Board of Directors regularly reviews the audit reports, significant risks and the internal controls with the management, internal audit and the statutory auditors wherever necessary to ensure adequacy of internal control system, as a part of risk management process and good corporate governance practice.

Human Resources

The total employee strength as on 31st March, 2010 is 820 of which 432 belong to the unionized category and 388 to the executive cadre. Amongst them, there are 37 women employees, 9 physically challenged employees, 183 SC/ ST employees, 45 belonging to minority communities and 217 to other backward Classes.

Your Company considers human resource as its greatest asset and is constantly in the pursuit of creating a workplace that fosters professional as well as personal growth of each employee. It is also a firm believer of the fact that only highly motivated and inspired team members create an outstanding organization. The Company operates in an environment of trust, transparency and



Kaliyani Club - The socio-cultural hub of NRL officers and their families



team work which encourages innovative thinking and has been endeavouring to build competencies in employees to help them attain excellence in all spheres of activities. Towards this end, suitable training is imparted to employees to help them garner new knowledge and skills in their areas of specialization. The Learning Centre located inside the Refinery premises acts as a learning ground for the employees by conducting various skill development programmes on a regular basis on different subjects. Employees are also sent to attend various training programs in specialized institutes in the country and abroad for improving their skills in their respective areas. During the year, 292 employees have been trained through internal training while 150 employees have been trained through external training which includes foreign training. Creative pursuits and extracurricular activities like sports, dramatics and socio cultural events which form the very staple of our social

fabric are encouraged in NRL. Keeping in mind the emerging needs of the competitive environment, the Company has constantly focused on improving compensation levels to be at par with industry best.

SC/ST Employees

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

Persons with Disabilities

NRL has been providing reservations and concessions for Persons with Disabilities since 1997 for all categories of posts identified, based on Government instructions. The Company has identified positions which could be reserved for filling up by persons with disabilities. Various concessions and facilities are extended to the persons with disabilities including age relaxation etc. NRL has 9 persons with disabilities employed in the organization as at 31st March, 2010.

The Company is also making efforts to achieve the desired percentage for persons



Participants of Synergy Meet of the Materials Function of BPCL Group Companies at Numaligarh



The multispeciality VK NRL Hospital inside the Township premises

with disabilities in identified posts and also conducting special recruitment drive for them in direct recruitment. Besides, as a corporate body, various initiatives have been undertaken as a part of community development programme to benefit the physically challenged persons.

Corporate Social Responsibility (CSR)

With strong commitment towards socio-economic upliftment of the region, NRL continues to pursue definitive measures for improving lives of the people in the neighbouring areas of the refinery involving local bodies and government departments essentially aiming at providing basic amenities through various innovative and people friendly schemes under the Company's Community Development initiatives.

The Vivekananda Kendra NRL Hospital (VKNRL), a multi-specialty 30 bedded general hospital offers round the clock emergency services to the surrounding populace besides NRL's own employees. The hospital also conducts regular health camps, offering free treatment and medicines to nearby villagers.

NRL lays great emphasis in promoting education for the girl child. Under a scheme titled 'Prerona', scholarship is being awarded to meritorious girl students every year from 27 schools in the neighbourhood of the refinery. Under another scheme 'Gyandeep', scholarship is awarded to meritorious students from High Schools and Junior Colleges. Under 'Gyan-Yatra', educational excursions are sponsored to different cities of the country. NRL has also introduced a scheme 'Dronacharya' for rewarding teachers based on results of students in Board Examinations.



Sapling distribution to nearby villagers on the occasion of World Environment Day

Various schemes are also being pursued by NRL for providing clean drinking water and hygienic sanitation in all villages within 10 km radius of the refinery. Following focus areas have been identified by NRL for welfare of the economically weaker sections of the society:

- Agri-allied / Income generation activities
- Assistance to Educational Institutions
- Infrastructure Development
- Community Health and sanitation
- Promotion of Art, Sports, Literature and Culture

Against the approved CSR budget of Rs. 4.71 crores (which is 2% of the actual profit after tax for the year 2008-09) for the year 2009-10, NRL has spent the entire allocation for Social Welfare Schemes.

Gender-Friendly work place

NRL continues to ensure a gender friendly workplace with equal opportunity to men and women. The Company has constituted a committee with representation from both men and women to look into the interest of women specifically to enquire the complaints if any of sexual harassment and to recommend appropriate remedial measures.

Communication to Employees

The Company lays considerable stress on converging individual to corporate objectives by ensuring free flow of company information to employees across levels. The employee information management works towards ensuring a high degree of awareness on company matters amongst employees. Employee communication is facilitated through

regular meetings such as communication meetings, functional coordination meetings, departmental meetings as also through the quarterly in-house journal 'Rodali', intranet portal 'Eureka', company website www.nrl.co.in, newsletters by individuals departments etc.

Industrial Relations

Your Company continues to maintain peaceful, harmonious and cordial relations with all its employees through mutual support and cooperation at all levels. The proactive human resource management practices adopted by your Company as well as cooperation and support received from the employees at all levels has contributed significantly to maintain harmonious industrial relations climate throughout the year.

Implementation of the Official language

Your Company continues its efforts for promoting the use of Hindi as official language under the provision of Official Language Act, 1963 and the Official Language Rules, 1976. Employees having working knowledge in Hindi have been encouraged to do their maximum work in Hindi and they have been suitably rewarded with cash incentive for working in Hindi. All relevant office document (e.g. code, manual, rule book etc.) are being made bilingual (Hindi & English) in a phased manner. 'Hindi Training' and 'Hindi Workshop' have been organized periodically amongst the employees.

Major event pertaining to the Official Language like 'Hindi Day' and 'Hindi Week' have since been organized in NRL every year



Students of DPS Numaligarh at a cultural event

with enthusiastic participation of employees and their spouses. The Company's in-house journal 'Rodali' is having a regular Hindi Section. The Company continued to publish the yearly Hindi journal 'Prayas' with contributions from all section of employees, their spouses and children.

Right to Information Act

NRL being a public authority as defined under Section 2, sub section (h) of the Right to Information Act, 2005, appropriate mechanism has been put in place by the Company for addressing various queries related to RTI Act . Requisite information as per Chapter- II, Section 4(1), Sub-clause(b) of Right to Information Act 2005 is made available in the RTI link of the Company website www.nrl.co.in. During the year 2009-10 , NRL has received 36 RTI applications and 2 cases have been referred to the

appellate authority. No case has been referred to the Central Information Commissioner since the enactment of the Act.

Vigilance

NRL's Vigilance department strives to enhance the ethical standard of the Company through improvement of system and procedures and also through ensuring fairness and transparency in the commercial decision making process. To bring awareness about vigilance, a number of Vigilance Orientation Programs were conducted which has benefited not only employees but vendors also.

Your Company continues its focused attention to create a conducive environment by streamlining of rules and procedures, maximization of use of information technology and also adherence to guidelines and procedures issued from time to time by various statutory authorities including CVC.



Vigilance Pledge taking by employees

To equip employees with CVC guidelines readily, a 'Compendium' incorporating all circulars issued up to October, 2009 by Central Vigilance Commission on tendering and procurement was released and distributed to all Commercial and other Departments in addition to placing the same on NRL's intra-link 'Eureka'.

As a preventive vigilance, surprise and regular inspection of various business units were conducted during the year. Deviations observed during the inspection were brought to the notice of management for corrective action and further system improvement.

Health and Safety

During the year, NRL continued its priority towards maintaining highest standards in the area of health and safety and achieved more than 8 years (14.09 million man hours) of Loss Time Accident (LTA) free operations since its last LTA on 18th February, 2002 and the performance is continuing. Effort has also been continued for improving various safety management measures including certification and recertification of OHSAS 18001, with its latest version by Det Norkse Varitus (DNV).

Safety Training for all new entrants and existing NRL's employees, contractors workers, CISF

and security staff and POL drivers is regularly done with around 4000 contract workmen trained in 2009-10 in addition to 849 mandays to NRL employees and CISF personnel. To bring awareness among the near-by public, NRL regularly conducts safety



NRL donated an Ambulance Speed Boat to the people of Majuli under its CSR initiative

awareness programmes once in every two months with 6 nos. of such camps done last year.

The Safety Week in March and Fire Service Fortnight in April are observed every year in NRL with involvement of NRL employees, CISF, security staff, contractors and their workers, near by public and school students.

In recognition of safety initiatives, NRL has been awarded “Suraksha Prashansa Patra’ for the year 2008 by National Safety Council. It is worth mentioning that NRL has bagged the prestigious National Safety Council award for the third time consecutively.

NRL has an Occupational Health Centre inside refinery premise which operates on 24 hours basis to take care of emergencies. Regular periodic health check-up of employees and contract workers continued under Occupation Health Check-up (OHC) Scheme as per OISD guideline 166. The reports of periodic health check-up of individual employees as well as contract workers are regularly scrutinized by in-charge of Occupational Health department and same is recorded in their individual health records book for taking remedial measures, if required.

NRL has also a full fledged 30 bedded general hospital run by Vivekananda Kendra with specialty service in Surgery, Gynecology, Medicine, Pediatrician, etc. with modern equipment and facilities for X Ray, Sonography,



Cycle Rally organised near Refinery to celebrate Oil and Gas Conservation Fortnight

Burn Ward, ECG, Pathology lab with Blood bank, etc. The VKNRL hospital is certified under ISO 9001 and is functional on 24 hours basis. The hospital also extends health care facilities to the neighbouring people. In addition, regular mobile medical camps in the nearby villages, special camps for cancer & diabetes detection, awareness camps like AIDS prevention camp and yoga camps are also organized by VKNRL hospital.

Emphasis was also laid on security related preparedness at all locations particularly at the Refinery and Township for enhanced industrial security, commensurate with the nationwide alerts issued from time to time by National Security Agencies and State Authorities. In line with the instructions issued by the Ministry of Home Affairs, all operational locations were in a state of preparedness for dealing with security concerns.

Environment and Ecology

NRL is committed to attain the excellence in environment management and has adopted advanced and comprehensive steps towards



Mobile Medical Camp organised in a nearby village

pollution control, essentially the stepping-stone towards environment protection. Since inception, the refinery has been at the forefront in adopting policy initiatives to comply with all norms and standards encoded in statutes, applicable codes of practices, relevant guide lines, OISD standards etc. apart from its own policies and manual, making it an environment friendly and ecologically compatible modern refinery. In its quest for environmental excellence and continual improvement, NRL has been pursuing a focused programme towards environment protection through well-defined objectives and has taken up several initiatives that are

being implemented in a systematic manner.

NRL continues to maintain zero discharge of treated effluents from its refinery and township. Hazardous oily wastes are disposed off in Secured Land Fill as per Hazardous Waste Management Handling and Trans Boundary Movement Rules 2008. Spent catalysts are disposed off through Central Pollution Control Board approved recyclers.

During the year, all legal and statutory requirements for the refinery have been fully complied with. Further, all the monitored environmental parameters including treated effluent quality and quantity, stack emissions,



National Safety Week observance



View of NRL Township

ambient air quality, noise level, etc. were maintained well within the latest stipulated standards. NRL has also complied with all the requirements for Environmental Management System 14001:2004 which has been recertified up to 2012.

With a view to spread environmental awareness amongst the employees and neighboring people, a number of awareness programmes were taken up during the year, especially for children of the nearby schools. 'World Environment Day' was celebrated where all the employees as well as local residents and students from various nearby schools had participated.

CDM Projects

In the Company's pursuit of 'Clean Development Mechanism' (CDM) projects, NRL has commissioned a 12 MW Steam

Turbine Generator on 1.12.2009 for generation of electricity utilizing surplus steam in the refinery. The project has been registered with United Nations Framework Convention on Climate Change (UNFCCC) as a CDM project. The Company had appointed a competent verifier M/s Bureau Veritas Certification (India) for carrying out verification of carbon Emission Reduction (CER) as per CDM protocol. The project is likely to generate Carbon Credit in the range of 42 TMT per annum.

Another CDM project, viz. Natural Gas Utilization project is presently under implementation for substitution of Naphtha by Natural Gas as fuel in the captive power plant and as feed and fuel in the Hydrogen Plant of Numaligarh Refinery. All required infrastructures for utilization of natural gas at refinery are mechanically ready for

commissioning in synchronization with the commissioning of Duliajan Numaligarh Gas pipeline during 2010-11. The Company has already received the host country approval and M/s DNV, Bangalore has been appointed as the validator for the project. The project is expected to generate Carbon Credit to the tune of 43 TMT per annum and would also help improving the company's refining margin.

Research & Development (R & D)

NRL's R&D activities are mostly carried out through its holding company M/s Bharat Petroleum Corporation Limited and also through outsourcing from competent agencies. R&D areas of NRL include: (i) Optimization of operating parameters for production of Euro-III HSD at design throughput without installation of new units; (ii) Optimization of process streams in ATF for blend optimization; (iii) Production

of Euro-IV MS from the Motor Spirit plant through blending with oxygenates; (iv) Optimization of process variables and feed preparation for production of high value Needle Coke in association with M/s Indian Oil Corporation Limited; (v) Studies through the Indian Institute of Petroleum for production of Microcrystalline and Paraffin Wax in the refinery utilizing inherent properties of Assam Crude.

Certifications

During the year 2002-03 NRL received Management System Certification under ISO-9001:2000 for Quality, ISO-14001:1996 for Environment and OHSAS-18001:1999 for Occupational Health & Safety from M/s Det Norske Veritas (DNV), Norway. All three certifications were re-certified in October'08 for a further period of three years against latest version of the standards, viz. ISO-9001:2000, ISO-14001:2004 and OHSAS-



Hydrogen Unit



18001:2007. Subsequently, NRL's existing Quality Management System i.e. ISO 9001-2000 has also been upgraded to ISO 9001-2008 with effect from 8.1.2009 which would be valid till 9.8.2011. With this NRL has the integrated management system with all the upgraded system Standards.

NRL has also obtained ISO-27001:2005 certification for Information Security Management System (ISMS).

Awards

Numaligarh Refinery Limited has received several awards from various agencies, some of which are mentioned below:

- Ramkrishna Bajaj National Quality Certificate of Merit 2009.
- 'Jawaharlal Nehru Centenary Awards for Energy Performance of Refineries 2007-08', instituted by Center for High Technology.
- 'National Energy Conservation Award 2008' from Bureau of Energy Efficiency for the second consecutive year.

- 'TERI Corporate Environment Excellence Award 2008' for the second consecutive year.
- 'Shrestha Suraksha Puraskar 2008' from National Safety Council for the second consecutive year.
- Chairman's award for 'Best Green Location: Refinery' for the year 2008-09

Integrated Information Systems (IIS)

Your company has witnessed one more year of smooth operation of SAP R/3 ERP system and achieved maximum uptime of IT Infrastructure, Systems & Services without any significant information security incidents.

During the year, your Company has also implemented Electronic Cash Management System (e-CMS) by interfacing with SAP, for collecting account receivables from retail outlet dealers using the electronic banking facilities of Real Time Gross Settlement (RTGS)/ National Electronic Fund Transfer (NEFT).



Signing of MOU with Gauhati University for Collaborative MBA programme at NRL campus



NRL Fireman being felicitated by Director (Technical) during Fire Service Day

This system has significantly improved the business process as well as cost savings due to improved efficiency. In addition, SAP system has been made available at Siliguri Marketing Terminal (SMT) commissioned during the year through seamless interfacing between SAP and Terminal Automation System.

New SAP hardware landscape has been made ready for up-gradation of existing SAP R/3 ERP to its new version ECC-6, which will give technological advantage as well as new functionalities through Employee Self Service (ESS)/Manager Self Service (MSS). To ensure better and efficient services, considerable amount of IT infrastructure up-gradation has been done during the year.

Your company has completed one year of running Information Security Management System (ISMS) as per ISO-27001:2005

standard. Significant measures have been taken during the year for improvement of Information Security, by implementing security software systems and by complying security policies and adopting best practices.

Disaster Recovery (DR) setup has been upgraded during the year with replication of e-mail messaging system and by making the network connectivity available to users to access DR site during a real disaster situation. Continuous enhancement of the systems and processes has been the underlying strength to meet IT challenges against business necessity during the year 2009-10.

Your Company has also successfully implemented 'Hospital Information Management System' in VK-NRL Hospital. This multi-functional software package supports all areas of the hospital operation, such as



NRL stall at India International Trade Fair

Out Patient Department (OPD), In Patient Department (IPD), billing, physician module, pharmacy, front office, pathology etc.

PROJECTS

In order to remain ahead of competition in this highly competitive business environment, your Company continues its focus on implementation of value added projects aiming at producing low volume, high value products based on inherent strength of North East crude. Further, a number of diversification initiatives has been taken for increasing the spread of activities of the Company through participation in Joint Venture projects.

Status of major projects that have been commissioned, under implementation as well as those under feasibility stage are given below:

COMMISSIONED PROJECTS

- **Diesel Quality Up-gradation Project (DQUP)**

In line with the Auto Fuel Policy of the Government, NRL has been producing HSD conforming to BS-II and Euro-III grade up to 90% capacity utilization of the Crude Distillation Unit (CDU). To facilitate production of Euro-III HSD and limited quantities of Euro-IV HSD at 100% capacity utilization, your Company has implemented a Diesel Quality Upgradation Project (DQUP) within its approved project cost of Rs. 434.96 crores. The project involves revamp of Crude Distillation Unit, Hydrocracker Unit, Hydrogen Unit, Sulphur Recovery Block, Offsite and Flare Unit.

PROJECT PROPOSALS

• Naphtha Splitter Project

Your Company has taken up for implementation of a Naphtha Splitter Unit (NSU) to facilitate production of 160 TMTPA of petrochemical grade naphtha for supply as feedstock to the Assam Gas Cracker presently being implemented by M/s Brahmaputra Crackers & Polymers Limited (BCPL). The Basic Engineering & Design Package (BEDP) is already prepared based on the present quality and quantity of available naphtha. Lining up of the Engineering Project Consultancy & Management (EPCM) contract is in progress. The project with an estimated cost of Rs. 60 crores will be implemented in synchronization with the commissioning of the gas cracker project.

• Wax Project

Assam crude is known to be intrinsically rich in wax content and offers good

potential for production of Paraffin and Microcrystalline wax. In order to derive optimum advantage of the inherent strength of Assam crude, NRL is setting up a wax plant which would include a De-waxing/De-oiling unit along with wax Hydrofinishing unit designed to produce 43300 TPA of Paraffin wax (Type-1) and 4500 TPA of Semi- Microcrystalline waxes (Grade A). The Detailed Feasibility Report (DFR) has been prepared through EIL. The project shall be implemented at an estimated cost of Rs. 576.60 crores with foreign exchange component of Rs. 78.91 crores for which investment approval has been obtained.

FUTURE PROJECTS

a) Euro-IV MS

A study is being carried out in house for production of entire quantity of MS conforming to Euro-IV specification from the existing facilities. The study also



Offsite Mock drill being conducted



includes the utilisation of surplus naphtha that will be available after implementation of Natural Gas Utilisation Project and production of 160 TMTPA Petrochemical Grade naphtha meant for supplying to M/s Brahmaputra Crackers & Polymers Limited.

b) Euro-IV HSD

To cater to the future need of high quality environment friendly fuel, a proposal has been prepared for carrying out Pre Feasibility studies by engaging an external competent agency for exploring the viability of production of the entire quantity HSD conforming to Euro-IV specification at 100% refinery throughput.

c) Flare Gas Recovery System

As a step towards protection of environment & conservation of energy, it is planned to implement the Flare Gas Recovery System to recover and reuse the waste gas which is directed to the flare. For implementation of the project, action has been initiated and in-house feasibility study has been taken up.

JOINT VENTURE COMPANIES

- **M/s. Brahmaputra Cracker and Polymer Limited (Assam Gas Cracker Project)**

A joint venture company, M/s Brahmaputra Cracker and Polymer Limited (BCPL) was incorporated on 08.01.2007 with equity participation from M/s. GAIL India Ltd. [GAIL] (70%), M/s. Oil India Limited [OIL] (10%), Government of Assam (10%) and NRL (10%) for implementing the Assam

Gas Cracker Project in Dibrugarh district of Assam at a project cost of Rs. 5460.61 crores. NRL's total equity contribution in the joint venture is estimated at Rs. 110.00 crores of which Rs. 32.47 crores have been paid so far. Project activities are on in full swing with basic engineering and major part of detailed engineering already completed. Civil, structural and mechanical works are also progressing well.

NRL will supply 160 TMTPA of petrochemical grade Naphtha to the Gas Cracker as feed stock subject to receipt of 3.00 MMTPA North East crude for processing in the refinery for which NRL has signed a Naphtha Sale and Purchase agreement with BCPL.

- **M/s. DNP Limited (Natural Gas Pipeline from Duliajan to Numaligarh)**

A joint venture company, M/s. DNP Limited was incorporated on 15.06.2007 for implementing a Natural Gas Pipeline project for transporting natural gas from Duliajan to Numaligarh refinery at a project cost of Rs. 318.00 crores to be financed at a debt : equity ratio of 2:1. The Company was promoted by M/s. Assam Gas Company Limited (AGCL), NRL and OIL with equity participation of 51% by AGCL 26% by NRL and 23% by OIL. However, the project cost has been revised to Rs. 346.93 crores at a debt equity ratio of 1.6:1 for which approval has been obtained with the same ratio of equity contribution. The project is in advance stage of completion and is expected to be mechanically completed soon.



First railway rake containing Euro – IV HSD being ceremonially flagged off from Numaligarh Refinery Marketing Terminal

The pipeline will be used for transportation of Natural gas to be supplied by OIL from Duliajan to Numaligarh Refinery which would be used for replacing Naphtha as fuel in the Captive Power plant and as fuel and feed in the Hydrogen plant. An agreement has already been signed by NRL with OIL for supply of 1 MMSCMD of Natural Gas to NRL. Use of Natural Gas in the refinery in place of Naphtha would provide substantial value addition in terms of higher refining margin.

Memorandum of Understanding with BPCL

Your Company has been achieving an 'Excellent' performance rating consistently since the first Memorandum of Understanding (MOU) was signed with BPCL in the year 2003-04. Based on the overall improved performance achieved by the Company during the financial year 2009-10 against

the targets set in the performance MOU, NRL qualified for 'Excellent' rating.

NRL has also signed the performance MOU with BPCL on 15th March, 2010 for the year 2010-11. The MOU outlines stringent performance targets for sustained and continual improvement in the Company's operations and financial parameters.

Particulars of Employees

In terms of provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out as **Annexure - D** to the Directors' Report.

Conservation of Energy, Technology Absorption

The details regarding energy conservation and technology absorption as required to



Safety awareness programme for women conducted at a nearby school

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 were no direct foreign exchange earnings during the year 2009-10. However, foreign exchange outgo during the year was Rs. 108.71 crores 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 and DPE guidelines on Corporate Governance are not mandatory. Yet, as a good corporate governance practice, a report on Corporate Governance covering the relevant disclosure as per clause 49 of the listing

agreement as well as DPE guidelines 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. S. Ghose & Co., Chartered Accountants, 11, Old Post Office Street, 2nd Floor, Kolkata - 700001 were appointed as Statutory Auditors of the Company for the year 2009-10 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 has already appointed M/s. S. Ghose & Co.

Chartered Accountants as Statutory Auditors of the Company for the financial year 2010-11.

Cost Audit

Pursuant to the provisions of the Section 233B of the Companies Act, 1956, Central Government had directed the Company to conduct audit of the cost accounts maintained by the Company in respect of the petroleum industry i. e. Refinery unit of the Company for the year 2006-07 and for every financial year thereafter continuously through an auditor with the qualification prescribed in Section 233B (1) of the Companies Act, 1956.

The Government of India had approved the appointment of M/s. Subhadra Dutta & Associates, Cost Accountants, Dibrugarh, Assam, as Cost Auditors of the Company to

conduct audit of the cost accounts maintained by the Company in respect of the Petroleum Industry, i.e. Refinery unit for the year 2009-10. The remuneration of the Cost Auditors for the year 2009-10 has been fixed at 50,000/- plus actual out of pocket expenses.

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 the annual accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Directors have 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



Demonstration of fire fighting techniques for school students



Winners pose with NRL officials

state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

Board of Directors

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. The brief bio-data of the above Directors who are proposed to be re-appointed at the Annual General Meeting are provided in the Corporate Governance Report.

Acknowledgment

Your directors sincerely express their profound appreciation to all employees for putting whole hearted efforts in their respective areas which have added on to the larger performance canvas of the Company.

Your Directors record their deep sense of gratitude to NRL's valued customers for their continued patronage and support and look forward to the continuance and further

strengthening of this mutually supportive relationship in future.

Your Directors also convey their appreciation for 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, Railways, Income Tax, Customs and Central Excise Department as well as from the Government of Assam and other Government agencies.

The Directors express their sincere appreciation of the role played by NRL's

dealers, bankers, contractors and suppliers in its success.

Yours Directors also convey their sincere thanks to all the shareowners of the Company viz. Bharat Petroleum Corporation Limited, Oil India Limited and Government of Assam for reposing their confidence and continued support to NRL management.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 12th August, 2010

Sd/-

Ashok Sinha
Chairman



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 2009-10.

- 12 MW STG for Captive Power generation by utilizing and recovering waste energy (thermal and pressure) of HP steam has been commissioned in December'09 and is expected to recover around 64000 MWH of energy yearly.
- NG utilization project for replacement of Naphtha as fuel in GTG and replacement of Naphtha both as feed & fuel in H2U & replacement of fuel oil in refinery furnaces by Natural Gas.
- Improved insulation of calcium silicate has been provided over a length of 60 m of High Pressure (HP) steam line on trial basis to reduce the heat loss. An estimated equivalent fuel saving of around 5 MT per annum has been achieved. The remaining portion of the HP steam line is planned to be insulated by similar high efficiency insulation in phase wise manner.
- Energy conservation by suitable operational procedural changes in Delayed Coker Unit for hydrocarbon vapor loss reduction and reduction in slop oil generation during chamber vapor heating and cooling cycle has been implemented. This has lead to saving in the tune of around 660 Tons of Fuel oil equivalent in the year post implementation.
- An innovative scheme for utilizing oxygen rich waste stream from existing nitrogen plant for enhancement of SRU capacity has been implemented in association with EIL R&D division. Earlier this waste by product stream from nitrogen was vented to atmosphere. By implementing this scheme, capacity of existing SRU has been increased by around 30% without consuming any additional energy.
- A modification has been implemented to reuse the effluent of RWTP by routing to RWI instead of spill over resulting in a saving of around 16000 KWH per annum.
- Replacement of conventional lighting fixture (40W) by more energy efficient fittings of 28W Retrofit T-5 Luminaries.
- A suitable encon scheme has been implemented for heat recovery from HP steam ex-MSP. This envisages saving of fuel oil equivalent to around 60 Tons per annum.
- Continual benefit from the unique Step Less Control system implemented in the make-up Gas Compressor of the Hydro cracker Unit during the year 2006-07. 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).



- Regular close monitoring of Heaters/ Boiler /Reformer have resulted in pro-activeness in operational improvement resulting in reduction of fuel & gas.
- Replacement of conventional lighting fixture by more energy efficient fittings in phased manner.
- Steam traps survey and rectification covering all the units including utilities & offsite.

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). Activities for APC implementation in DCU and HCU have been taken up.
 - A complete Energy Performance study of the Refinery by a joint team of EIL and CHT shall be carried out in year 2010-11.
 - Replacement of conventional lighting fixture by more energy efficient fittings in the remaining population in a phased manner.
 - Implementation of flare gas recovery system.
- Installation of improved insulation over the High Pressure (HP) steam line to reduce the heat loss.

B. TECHNOLOGY ABSORPTION

In the technology absorption front, 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:

NRL has implemented a Diesel Quality Up gradation Project (DQUP) by revamping the existing Hydro cracker and Hydrogen units along with associated facilities including utilities & offsites for producing entire HSD conforming to Euro-III spec along with limited quantity Euro-IV equivalent HSD at 100% capacity utilization of the refinery. As a part of this project, the unique HTER-p reformer has been installed parallel to the existing reformer in the Hydrogen Unit for capacity enhancement for which technology has been supplied by the process licensor M/s Haldor Topsoe.

As a part of revamp process, capacity of existing Sulfur Recovery Unit (SRU) has been enhanced by using Oxygen Enrichment Technology where O₂ enriched waste air stream from N₂ plant will be used for increasing the capacity of the existing SRU in order to cater to higher load requirement after DQUP implementation. The technology has been provided by EIL R&D division.

In order to further improve the refinery operation, NRL will use Natural Gas as fuel in GTG and as feed and fuel in Hydrogen unit by replacing Naphtha and also as fuel to refinery process furnaces replacing fuel oil subsequently.

NRL proposes to set up a wax extraction unit along with the associated utilities to extract wax from the Assam crude oil processed by the refinery. Investment approval for the project has already been received.

NRL has commissioned the 12 MW STG project for captive power generation by recovery and utilization of the waste energy (thermal and pressure) of HP steam. The project is based on the unique technology where the refinery steam header pressure is controlled by the turbine extraction.

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

FORM A

Form for disclosure of particulars with respect of conservation of energy

A. Power & Fuel Consumption			2009 - 10	2008 - 09
1. Electricity				
a) Purchased				
Unit (million KWH)			0.00	0.02
Total Amount (Rs. Million)			3.84	3.97
Rate / Unit (Rs./KWH)			3.95	4.05
b) Own Generation				
i) Through Diesel Generator				
Units (million / KWH)			0.06	0.03
Units per ltrs of Gas Oil			0.000005	0.000003
Cost / Unit (Rs./KWH)			5.25	12.11
ii) Captive Power Plant				
Net (million KWH)			198.18	181.37
Fuel Consumption (Qty - MT)				
Naphtha			64250.27	59296.85
HSD			2848.17	3150.57
Total Fuel (MT)			67098.44	62447.42
Total Amount (Rs. Million)			2214.99	1962.65
Less: Steam credit			919.41	896.99
Net Amount (Rs. Million)			1295.58	1065.66
Cost / Unit (Rs./KWH)			6.54	5.88
2. Internal Consumption				
a) Liquid Fuel				
Quantity (MT)	Naphtha		25958.73	25551.82
	FO		45398.68	40188.95
	LPG		2881.76	1934.32
	Total Fuel (MT)		74239.17	67675.09
Total Amount (Rs. Million)			1880.12	1815.17
Avg.Rate (Rs./Unit)			25325.24	26821.90
b) Refinery Gas				
Quantity (MT)			115409.36	110122.73
Total Amount (Rs. Million)			2749.20	2717.62
Avg.Rate (Rs./Unit)			23821.29	24678.09
B. Energy Consumption per unit of production				
	UNIT	STD. IF ANY	2009 - 10	2008 - 09
ELECTRICITY	KG/MT		28.36	30.98
LIQUID FUEL	KG/MT		31.38	33.57
REFINERY GAS	KG/MT		48.79	54.63
TOTAL	KG/MT		108.53	119.18



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

- Production of Euro-IV MS from existing unit by innovative blend optimization.
- Utilisation of surplus naphtha by converting to MS with blend optimization.
- In house study to develop means to produce only Euro-IV MS from its existing MS Unit.
- Process optimization study to maximize distillate from CDU.
- Process optimization study to maximize proposed BCPL petrochemical grade naphtha feed at the refinery throughput of less than 3.0 MMTPA.
- Studies on formation of mesophase during conversion of petroleum refinery streams into pitch for needle coke production.
- Optimization of process variables and feed preparation for production of value added product Needle Coke.

Benefits derived as a result of above R&D

- Production of Euro -IV MS without any hardware changes of the existing MS Unit.
- NRL is going ahead with needle coke production in association with IOC (R&D) in the existing DCU.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

NRL has implemented the Diesel Quality Up-gradation Project (DQUP) for production of Euro-III grade HSD and limited quantity of Euro-IV HSD at rated refinery capacity. With the commencement of production of Euro-III/Euro-IV grade HSD post DQUP implementation, the technology is being fully absorbed.

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

NRL will be able to upgrade its entire HSD pool to Euro-III grade along with limited quantity of Euro-IV grade HSD as well in line with the Auto Fuel Policy of the Govt. of India.

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

a) Technology imported	Year of Import
Hydrocracker Revamp (DQUP)	2006-2007
Hydrogen Unit Revamp (DQUP) along with HTER-p technology	2007-2008
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 pertaining to Corporate Governance is not applicable to the Company. However, as a good corporate governance practice as well as the Corporate Governance guidelines issued by the Department of Public Enterprises in this regard, relevant information on areas covered under Corporate Governance disclosures during the financial year 2009-2010 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, 2010, the Board of NRL comprises of three Whole time (Executive) Directors including the Managing Director, one part-time (Ex-Officio) Director representing the Ministry of Petroleum & Natural Gas, one part-time non-official Director (Independent Director) appointed by the Government of India, one part-time (Ex-Officio) Director appointed by Oil India Limited and six part-time (Ex-Officio) Directors appointed by the Promoters, namely, Bharat Petroleum Corporation Limited (Four) and Govt. of Assam (Two).

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. During the year, none of the Non-Executive Directors 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 of the Listing Agreement and DPE Guidelines) across all the companies in which they were Directors.

Details regarding the Board Meetings, Annual General Meeting, Directors' attendance thereat and the Directorship held by the Directors as on 31st March, 2010 are as under :

Sl. No.	Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 6 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Public Limited Companies
				No. of Meetings Attended	%		
(a)	Whole Time Directors :						
1.	Dr. B.K.Das, Managing Director	B.E.(Hons.) in Electronics and MBA (IIMA)	03.01.1996	6	100	Attended	Director: BCPL
2.	Shri Dipak Chakravarty Director (Technical)	BE (Chemical Engineering) and MS (Chemical Engineering)	04.08.2006	6	100	Attended	Director: DNP Ltd.
3.	Shri Nilmoni Bhakta Director (Finance)	M.Com. AICWAI, PGDBM	25.07.2007	6	100	Attended	Nil
(b)	Part-time (Ex-Officio)						
1.	Shri Ashok Sinha Chairman & Managing Director Bharat Petroleum Corpn.Ltd. Mumbai –400001. [Chairman of the Company]	B.Tech. (Elect.) M.B.A	14.09.01	6	100	Attended	C&MD 1. BPCL Chairman 1. BOREL 2. BREL 3. MBMSPL Director 1. PLL 2. BPRL
2.	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	4	67	Attended	Director 1. BCPL
3.	Shri H. S. Das, IAS Principal Secretary to the Govt. of Assam, Finance Department Dispur, Guwahati-781006	M.A.(Eco.)	29.08.00	3	50	Attended	Director 1. ASEB 2. AHECL
4.	Shri Ravi Capoor, IAS Commissioner & Secretary to the Govt. of Assam, Industries & Commerce Department Dispur, Guwahati-781006	Graduate in Commerce & Post Graduate in Business Administration	29.01.09	5	83	Attended	MD 1. AHECL Chairman 1. ASIDCL Director 1. AIDC 2. BCPL 3. APL 4. ATCL 5. ICL 6. MBCBL 7. HPCL
5.	Shri S. Radhakrishnan Director(Marketing) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B . T e c h (Mech.) M.B.A.	11.12.02	6	100	Attended	Director (M) 1. BPCL Chairman 1. IGL Director 1. SGL 2. BSSPL 3. MBMSPL

Sl. No.	Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 6 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Public Limited Companies
6.	Shri R. K. Singh Director (Refineries) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B. Tech (Mech. Engg)	04.04.06	6	100	Attended	Director (R) 1.BPCL Director: 1.BPRL 2.BORL 3.Premier Oil Cachar BV
7.	Shri S. K. Joshi Director (Finance) Bharat Petroleum Corpn. Ltd. Mumbai-400001	A.C.A, M.B.A.	04.04.06	6	100	Attended	Director (F) 1. BPCL Director: 2. BPRL 3.BORL 4.BPR JPDA 5.BSSPL
8.	Shri N. M. Borah Chairman & Managing Director Oil India Limited Noida, Uttar Pradesh	Graduate from Indian School of Minies, Dhanbad & PG diploma from Norwegian Institute of Technology, Norway	08.05.2008	1	17	Absent	C&MD 1. OIL
C.	Part-Time (Independent)						
1.	Shri J. P. Rajkhowa, IAS (Retd.) Former Chief Secretary to the Govt. of Assam, Narikal Basti Guwahati-781024	MA (Economics)	26.07.06	3	50	Absent	Independent Director: 1.NEPCO

BCPL: Brahmaputra Cracker & Polymer Limited, **BPCL:** Bharat Petroleum Corporation Ltd., **BORL:** Bharat Oman Refineries Ltd., **BREL:** Bharat Renewable Energy Limited, **MBMSPL:** Matrix Bharat Marine Services Pvt. Limited, **PLL:** Petronet LNG Ltd, **BPRL:** Bharat Petro Resources Limited, **ASEB:** Assam State Electricity Board, **AHECL:** Assam Hydrocarbon & Energy Company Limited, **ASIDCL:** Assam Small Industries Development Corporation Limited, **AIDC:** Assam Industrial Development Corporation Limited, **APL:** Assam Petrochemicals Limited, **ATCL:** Assam Tea Corporation Limited, **ICL:** India Carbon Limited, **MBCBL:** Mandakini B' Coal Block Co. Limited, **HPCL:** Hindustan Paper Corporation Limited, **IGL:** Indraprastha Gas Ltd., **SGL:** Sabarmati Gas Limited, **BSSPL:** Bharat Stars Services Pvt. Limited, **BPRJPDA:** Bharat PetroResources JPDA Limited, **OIL:** Oil India Limited, **NEPCO:** North Eastern Electric Power Corporation Limited.

Note :

- Percentage computed by considering the meetings attended with the total meetings held during his tenure.
- Six nos. of Board Meetings were held during the financial year 2009-2010. Date of these Board Meetings are given below:



14 th May, 2009	27 th July, 2009	4 th September, 2009
28 th October, 2009	22 nd December, 2009	25 th February, 2010

3. 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 from time to time in accordance with the provisions of Section 292A of the Companies Act, 1956. 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. 27th July, 2009 by inducting Shri S. K. Joshi, part-time Director along with other three part-time 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. Rajkhawa, IAS (Retd.), Independent Director is the Chairman of the Committee. Shri H. S. Das, IAS, Principal Secretary to the Govt. of Assam, Finance Department and Shri R. K. Singh, Director (Refineries), BPCL are the other members of the Committee. All the members possess the requisite knowledge of finance and accounting for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary of the Committee.

The 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 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 2009-10, six meetings of the Audit Committee were held on the following dates:

14 th May, 2009	27 th July, 2009	20 th August, 2009
20 th October, 2009	25 th January, 2010	29 th March, 2010

Attendance at the Audit Committee Meetings :

Name of the members	No of Meetings attended	% age thereof (out of 6 nos. meeting held)	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman	3	50	Absent
Shri H. S. Das	5	83	Attended
Shri R. K. Singh	3	50	Attended
Shri S. K. Joshi (w.e.f. 27.7.2009)	1	25	Attended

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

4. Remuneration Committee

NRL being a Govt. Company, appointment and remuneration of whole time Directors are determined by the President of India through the Ministry of Petroleum & Natural Gas. However, certain perquisites and facilities not specifically spelt out in their appointment letters are governed in accordance with the rules and regulations of the Company. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Non-Official) Directors received sitting fee of Rs. 20,000/- for each Board/Audit Committee meeting attended by them and Rs. 10,000/- for each of the other Committee meetings from February 2010 and prior to that, Rs. 10,000/- for each Board/Committee meetings during the year 2009-10.



As a part of good corporate governance practice, the Board of NRL in its meeting held on 22nd July, 2008 constituted a "Remuneration/HR Policies Committee" comprising the following members to examine, review and recommend proposals to the Board relating to perquisites and benefits payable to the employees of the Company.

1. Shri J. P. Rajkhowa, Director as Chairman
2. Shri Manu Srivastava, Director as Member
3. Shri N. M. Borah, Director as Member
4. Shri S. Mohan, Director (HR), BPCL as Member

All the three Functional Directors including the Managing Director of the Company are invited to attend the meetings of Remuneration Committee as permanent invitees. The head of the HR function of NRL acts as a co-ordinator and the Company Secretary acts as the Secretary for Convening such meetings. The quorum for the meeting of the Remuneration committee is two members.

Details of remuneration paid to the Whole-time Directors during the financial year 2009-2010 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	28,86,986/-	Fixed Com: 20,14,848/- PLI & PI - NIL	8,72,138/-	On successful completion of first five year term as MD on 10.11.2007, tenure was further extended up to 31.03.2011, i.e. the date of his superannuation. Notice period: Three months
Shri Dipak Chakravarty Director(Technical)	25,14,869/-	Fixed Com : 18,79,523/- PLI & PI - NIL	6,35,346/-	Appointed for five years w.e.f. 04-08-2006. Present contract shall expire on 03-08-2011. Notice period: Three months
Shri Nilmoni Bhakta Director (Finance)	29,92,391/-	Fixed Com : 19,10,318/- PLI & PI - NIL	10,82,073/-	Appointed for five years w.e.f. 25-7-2007. Present contract expires on 24-07-2012. Notice period: Three months

PLI : Performance Linked Incentive, PI : Productivity Incentive

During the year, Shri J. P. Rajkhowa, IAS (Retd), Part-time (Non-Official) Director received sitting fees amounting to Rs. 1,10,000/- for attending the meetings of the Board/Sub-Committee of the Board.

During the financial year 2009-10, two meetings of the Remuneration/HR Policies Committee' were held on 18th September, 2009 and 22nd December, 2009 respectively.

Attendance at the Remuneration/ HR Policies Committee Meetings:

Name of the members	No of Meetings attended	% age thereof (out of 2 nos. meeting held)	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman	1	50	Absent
Shri Manu Srivastava, Member	2	100	Attended
Shri N. M. Borah, Member	1	50	Absent
Shri S. Mohan, Member	2	100	Attended

5. Investors Grievance Committee

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

6. Annual/Extra Ordinary General Meetings

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

	Date and Time of the Meetings	Venue
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
15 th Annual General Meeting	12 th September, 2008 at 3.00 P.M.	Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
16 th Annual General Meeting	4 th September, 2009 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 16th AGM through postal ballot. In the ensuing 17th AGM also, the Company has no such resolution proposed for approval of the shareholders through postal ballot.

7. 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 , Bangalaoe. He is on the Board of NRL w.e.f. 11.12.2002.

Shri Radhakrishana 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, Bharat Stars Services Pvt. Limited and Matrix Bharat Marine 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 is 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, Bharat PetroResources Ltd., Bharat PetroResources JPDA Ltd. and Bharat Stars Services Pvt. Limited.

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

8. Disclosures and compliance

- a. 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.

- b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.
- c. Presidential directive for revision of pay for Board level and below Board level executives and Non Unionised Supervisors in Central Public Sector Enterprises w.e.f. 1.1.2007 vide office memorandum dated 26th November, 2008 from Department of Public Enterprises was implemented during the financial year 2009-10.
- d. During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- e. Administrative and office expenses as a percentage of total expenses was 1.54% during the year.
- f. There are no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.

9. 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.

10. 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.

11. Management Discussion & Analysis Report

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

12. General information to shareholders

a.

Number of AGM	17 th Annual General Meeting
Date and Time	10 th September, 2010 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.1.50/- 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.
- c. Since the Company's shares are not listed, market price of share is not available.
- d. 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

e. 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.

f. Shareholding Pattern as on 31-03-2010

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

g. Plant location:

Numaligarh Refinery Limited
 Pankagrath, P.O. Numaligarh Refinery Complex
 Dist. Golaghat, Assam, PIN - 785699

h. Address for correspondence:

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

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Numaligarh Refinery Limited

Regd. Office : 147, Udayan, R. G. Baruah Road, Guwahati - 781005

We have examined the compliance of conditions of Corporate Governance by Numaligarh Refinery Limited (a Non-Listed PSU) for the year ended **31st March 2010**, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (the Guidelines) issued by Department of Public Enterprises, 2007 (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.

The Compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines except for non-compliance of Clause 3.1.4 relating to the number of Independent Directors on the Board of Directors of the Company and 4.1.1 relating to composition of Audit Committee.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the Management has conducted the Affairs of the Company.

For Narayan Sharma & Associates
Company Secretaries

Sd/-

NARAYAN SHARMA

Partner

C. P. No. 3844

Membership No. FCS 5117

Place : Guwahati

Date : 11th August, 2010

Annexure - C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 01-01-2010

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	383	53	13.83	33	8.61	—
Lowest rung of Group - A	Permanent	8	Nil	—	1	12.50	—
Total		391	53	13.55	34	8.69	—
Group - B	Permanent	—	—	—	—	—	—
Group - C	Permanent	417	33	7.91	56	13.42	—
Group - D (Excluding Sweepers)	Permanent	12	—	—	7	58.33	—
Group - D (Sweepers)	Nil	—	—	—	—	—	—
Total		820	86	10.48	97	11.82	—

Statement showing representation of Scheduled Castes & Scheduled Tribes in each Service Controlled by the Ministry as on 01-01-2010

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 (Under revision)							
I	Rs. 3850	D	12	12	5	—	7
II	Rs. 4150	C	10	10	8	—	2
III	Rs. 4450	C	6	6	6	—	—
IV	Rs. 4700	C	15	15	11	—	4
V	Rs. 4900	C	26	26	20	3	3
VI	Rs. 5200	C	83	83	61	6	16
VII	Rs. 5350	C	114	114	89	11	14
VIII	Rs. 5650	C	163	163	133	13	17
SUPERVISORY EMPLOYEES (Revised)							
02	Rs. 20600-46500	A	8	8	7	—	1
A	Rs. 24900-50500	A	144	144	103	26	15
B	Rs. 29100-54500	A	60	60	40	12	8
C	Rs. 32900-58000	A	83	83	72	8	3
D	Rs. 36600-62000	A	49	49	42	5	2
E	Rs. 43200-66000	A	22	22	17	1	4
F	Rs. 51300-73000	A	14	14	12	1	1
G	Rs. 51300-73000	A	7	7	7	—	—
H	Rs. 51300-73000	A	4	4	4	—	—

Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes during the year 2009

Class of Posts	Total No. of Vacancies		Scheduled Castes						Scheduled Tribes						Remarks
	Notified	Filled	No. of Vacancies reserved	No. of SC	No. of SCs	No. of SCs candidates	No. of reservation lapsed	No. of Vacancies reserved	No. of STs	No. of STs vacancies	No. of STs				
			Out of Col. 2	Out of Col. 3	Candidates appointed	Vacancies carried forward	Appointed against vacancies reserved for SCs in the 3rd year of carry forward	After carrying forward for three years	Out of Col 2	Out of Col 3	candidates appointed	carried forward from the previous year	candidates appointed against vacancies reserved for STs in the 3rd 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	19	19	5	5	5	NIL	1	3	1	1	1	NIL	NIL	NIL	
Other than lowest rung of Group-A	19	19	5	5	5	NIL	1	3	1	1	1	NIL	NIL	NIL	
Lowest rung of Group-A	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1 each in Grades B,C & E and recruitment is made only in Grade 'A' position
Group B	NIL	NIL	Filled by promotion												
Group C	34	34	5	5	5	NIL	NIL	NIL	7	7	7	5	5	NIL	
Group D															
(Excluding Sweepers)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Group D (Sweepers)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Posts filled by Promotion *															
Group A															
Other than lowest rung of Group-A															
Lowest rung of Group-A															
Group- B	No promotions have been taken place which attract reservation														
Group C	No Promotions have taken place which attract reservation														
Group-D (Excluding Sweepers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* The Company do not have any reservation policy for promotion of SC & ST employees as the company is following uniform periodicity for promotion of all Management (Group 'A') staff and Non-Management (Group 'C' & 'D') staff. However, relaxations in performance ratings are given to SCs & STs

Annexure - D



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 2010

A. Employed throughout the financial year and in receipt of remuneration of more than Rs.24 lakhs

Sl. No.	Name	Qualification	Age	Designation/Nature of Duties	Date of Commencement of Employment	Experience (No. of years)	Remuneration (Rs.)	Particular of last employment
1	Baruah M. R.	BE (Mech.)	53	DGM i/c (TS & Inspn)	30.12.1996	31	2,596,498.00	Hindustan Paper Corporation Ltd.
2	Barua S. K.	B.Com (Hons), AICWAI & LL.B	48	DGM (Finance & Business Devt.)	22.04.1993	25	2,597,246.00	IBP Co. Ltd.
3	Bhakta N.	M.Com, AICWAI & PGDPM	56	Director (Finance)	25.07.2007	31	2,992,391.00	Bharat Petroleum Corporation Ltd.
4	Bora P. K.	BE (Chem.)	58	General Manager (Commercial & CC)	05.06.1995	36	2,430,987.00	Hindustan Paper Corporation Ltd.
5	Chakravarty D.	BE (Chem. Engg.), M.S (Chem. Engg.)	55	Director (Technical)	01.04.1993	32	2,514,869.00	India Oil Corporation Ltd.
6	Choudhury D.	BE (Mech.), MBA	49	DGM (Commercial)	22.09.1997	26	2,440,376.00	Bongaigaon Refinery and Petrochemicals Ltd.
7	Ekka B.	B.Com (Hons.), PGDPM & IR (XLRI)	50	DGM(HR & Admn.)	01.12.2005	26	2,424,685.00	Bharat Petroleum Corporation Ltd.
8	Medhi S. R.	B.Tech (Mining), PGDM (IIM-A)	53	General Manager (Finance)	12.07.1995	28	2,743,761.00	North East Institute Of Bank Management.
9	Nath H. K.	BE (Mech.), BOE	45	Chief Manager (P&U/MR)	04.09.1996	20	2,553,790.00	Prag Bosimi Synthetics Ltd.
8	Talukder P. K.	BE (Elect.)	48	Sr. Manager (Elect.Maitn.)	16.06.1998	24	2,642,455.00	Oil India Ltd

B. Employed for part of the financial year and in receipt of remuneration of more than Rs. 2 lakhs per month

1	Bharali G.K.S.	BE (Instrn.)	42	Manager (Project)	01.01.1996	15	1,888,359.00	POWIE, Jorhat
2	Chettri I.K.	BE (Mech.)	40	Manager (Corporate Plng-II)	01.01.1996	14	1,886,750.00	
3	Das B.N.	BE (Chem.)	60	Chief Manager (Mats & Warehouse)	01.03.1994	36	3,340,018.00	Industrial Papers (Assam) Ltd. Dhing
4	Kalita S.	BE (Mech.) & LLB	38	Dy. Manager (Project)	20.01.1998	12	869,581.00	KIAT Marketing Limited
5	Lahan G. C.	Dip in Chemical Engg.	60	Process Operator	15.01.1998	33	1,364,658.00	Hindustan Paper Corporation Ltd.

Note:

- The remuneration includes, apart from regular salary, Company's contribution to Provident Fund & Pension Funds, medical expenses.
- There is no employee who is in receipt of remuneration in excess of that drawn by Managing Director/ Whole-time Director/ Manager and holds not less than 2% of the equity shares of the Company.
- The above employees are not related to any Director.

A large, complex industrial facility, likely a refinery or chemical plant, serves as the background for the cover. It features multiple levels of steel structures, numerous pipes, and yellow safety railings. A large blue storage tank is visible on the right side. In the foreground, three workers wearing hard hats and safety gear are standing near the base of the structure.

Auditors' Report



Auditors' Report to the Members of Numaligarh Refinery Limited

1. We have audited the attached Balance Sheet of NUMALIGARH REFINERY LIMITED as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the Company 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order 2003 (the Order), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - (a) 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - (c) The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

- (f) In our opinion and to the best of information and according to the explanations given to us, the said accounts read with Significant Accounting Policies & Notes thereon appearing in Schedule- 'X' & '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.
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and,
- (iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For S. GHOSH & CO.
CHARTERED ACCOUNTANTS

Sd/-

CHANDAN CHATTOPADHAY
PARTNER
Membership No.: 51254

Place: New Delhi
Date: 17th May, 2010



Annexure to Auditors' Report

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.
- (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. Equipments have been physically verified by the management during the year and the discrepancies noticed between book records and physical inventory, though not significant, have been duly adjusted in the accounts.
- (c) In our opinion, the disposals of fixed assets during the year are not of the significant value so as to affect the going concern assumption.
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, 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. We have not observed any major weaknesses in internal control system.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, there was no transactions that needed to be entered in the Register required to be maintained under Section 301 of Companies Act, 1956, 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 and 58AA 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 commensurate with its size and nature of business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintained 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 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, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other 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, 2010 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, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2010 are given below:

Name of the Statute	Nature of Dues	Since when Pending	Amount (Rs. in Crore)	From where Dispute is Pending
Excise Act, 1944 (Excise Duty including Penalty and Interest)	Interest on erroneous refund of additional excise duty on HSD	10.01.2008	73.16	Appellate Authority, Central Excise, & Service Tax
	Penalty & Interest on wrongful admissibility of CENVAT credit	24.03.2005	73.76	CESTAT Kolkata
	Excise Duty on adoption of lower transaction value for OMC's other than M/s. BCPL (HSD & MS)	26.12.2005	77.42	CESTAT Kolkata
Income Tax Act, 1961	Income Tax	04.02.2009	0.25	CIT (Appeals)
		27.01.2010	0.11	CIT (Appeals)
Service Tax	Service Tax on Services received from foreign entities who does not have office in India	26.10.2007	1.48	CESTAT Kolkata
Assam Entry Tax Act	Entry Tax	November 2006	194.53	Supreme Court of India

10. According to the information and explanation provided to us, the Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediate 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 a chit fund / nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has given Corporate Guarantees for Rs. 42.98 crores and Rs. 36.34 crores for loans taken by DNP Ltd. and Bramhaputra Cracker and Polymer Ltd. respectively from Oil Industry Development Board (OIDB), the terms and conditions of which are, prima facie, not prejudicial to the interest of 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 covered by audit by way of 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 cases by the management.

For S. GHOSH & CO.
CHARTERED ACCOUNTANTS

Sd/-

CHANDAN CHATTOPADHAY
PARTNER
Membership No.: 51254

Place: New Delhi
Date: 17th May, 2010



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NUMALIGARH REFINERY LIMITED, NUMALIGARH FOR THE YEAR ENDED 31st MARCH, 2010

The preparation of financial statements of Numaligarh Refinery Limited for the year ended 31st March, 2010 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 17th May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) of the Companies Act, 1956 of the financial statements of Numaligarh Refinery Limited for the year ended 31st March 2010. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors 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/-

Nandana Munshi

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

Place : Kolkata
Dated: 18th June 2010

Balance Sheet as at 31st March, 2010

	Schedules	Rs. Crore	31-03-2010 Rs. Crore	Rs. Crore	31-03-2009 Rs. Crore
SOURCES OF FUNDS					
1. Shareholders' funds					
a) Capital	A	735.63		735.63	
b) Reserves and Surplus	B	1,714.41	2,450.04	1,615.02	2,350.65
2. Loan Funds	C				
a) Secured Loans		167.57		2.38	
b) Unsecured Loans		40.08	207.65	48.01	50.39
3. Deferred tax liability (net)			239.37		245.99
TOTAL			2,897.06		2,647.03
APPLICATION OF FUNDS					
1. Fixed Assets	D				
a) Gross Block		3,306.69		3,093.03	
b) Less : Depreciation		1,426.96		1,275.91	
c) Net Block		1,879.73		1,817.12	
d) Capital Work-in-Progress	E	275.70	2,155.43	254.19	2,071.31
2. Intangible Assets	D1				
a) Gross Carrying Amount		10.88		10.88	
b) Less : Accumulated amortisation		9.12		6.94	
c) Net carrying amount			1.76		3.94
3. Investments	F		118.20		91.87
4 Advance for Investments	F1		6.15		32.48
5 Current Assets, Loans & Advances					
a) Inventories	G	1,550.16		978.53	
b) Sundry Debtors	H	117.31		141.89	
c) Cash & Bank Balances	I	122.67		292.02	
d) Other current Assets	J	4.42		1.77	
e) Loans & Advances	K	130.16		97.48	
		1,924.72		1,511.69	
Less:Current Liabilities & Provisions					
a) Liabilities	L	1,086.46		888.59	
b) Provisions	M	222.74		175.67	
Net Current Assets			615.52		447.43
TOTAL			2,897.06		2,647.03
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)

For and on behalf of

S. Ghosh & Co.

Chartered Accountants

Sd/-

H.K. Sarmah

Company Secretary

New Delhi

Date : 17th May, 2010

Sd/-

Chandan Chattopadhyay

Partner, M. No. 51254

New Delhi

Date : 17th May, 2010



Profit & Loss Accounts for the year ended 31st March, 2010

	Schedules	31-03- 2010 Rs. Crore	31-03-2009 Rs. Crore
INCOME			
Sale of products (Gross)	N	7,874.09	8,853.35
Less : Excise duty		673.74	596.52
Sale of products (Net)		7,200.35	8,256.83
Miscellaneous income	O	47.11	50.60
Increase (Decrease) in Inventory	P	625.40	15.06
TOTAL		7,872.86	8,322.49
EXPENDITURE			
Purchase of Product of Resale		337.34	356.24
Raw materials consumed	Q	6,519.44	7,042.99
Increase (Decrease) in Excise Duty on closing stock		16.65	(2.66)
Other Duties, taxes etc. and charges		111.20	143.74
Transportation		144.03	61.31
Consumption of stores, spares and materials	R	13.20	37.55
Power and Fuel	S	0.03	0.03
Employees remuneration and other benefits	T	104.89	87.42
Interest	U	5.14	21.43
Other operating and administration expenses	V	113.81	115.71
Provision for diminution in value of investment		—	(3.86)
Depreciation & Amortisation		153.64	147.96
TOTAL		7,519.37	8,007.86
Profit		353.49	314.63
Prior period expenses net	W	(8.22)	(4.96)
Profit before tax		361.71	319.59
Provision for Taxation			
- Current Tax		131.59	128.42
- Fringe Benifit Tax		—	0.90
- Deferred Tax		(6.60)	(43.64)
- Short provision for Taxation in earlier years provided for		4.64	(1.73)
Profit after tax		232.08	235.64
Balance brought forward from last year		0.01	0.01
Disposable Profit		232.09	235.65
Appropriations:			
Proposed dividend		110.34	110.34
Tax on Distributed Profits		18.75	18.75
		129.09	129.09
Transfer to General Reserve		102.99	106.55
Balance Carried to Balance Sheet		0.01	0.01
Earning per Share (Rupees)		3.15	3.20
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/-

Sd/-

For and on behalf of

B.K. Das

Nilmoni Bhakta

S. Ghosh & Co.

Managing Director

Director (Finance)

Chartered Accountants

Sd/-

Sd/-

H.K. Sarmah

Chandan Chattopadhyay

Company Secretary

Partner, M. No. 51254

New Delhi

New Delhi

Date : 17th May, 2010

Date : 17th May, 2010

Schedule 'A' - Share Capital

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Authorised		
100,00,00,000 Equity Shares of Rs.10 each	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and paid-up		
73,56,31,544 (73,56,31,544) fully paid equity shares of Rs. 10 each)*	735.63	735.63
Total	735.63	735.63

* Includes 45,35,45,998 (previous year 45,35,45,998) fully paid equity shares of Rs. 10/- each held by the Holding Company - Bharat Petroleum Corporation Limited.

Out of the total 73,56,31,544 fully paid up shares, 19,12,64,202 numbers are in electronic mode

Schedule 'B' - Reserves & Surplus

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Capital Reserve		
(Subsidy Received from Govt. of India)		
As per last Balance Sheet	100.00	100.00
General Reserve		
Balance brought forward from Previous Year	1,515.01	1,408.46
Less: Transitional Provision for Employee Benefit [Note: 12.c.i]	3.60	—
	1,511.41	1,408.46
Transfer from Profit & Loss Account	102.99	106.55
	1,614.40	1,515.01
Surplus as per Profit & Loss Account	0.01	0.01
Total	1,714.41	1,615.02



Schedule 'C' - Loan Funds

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Secured Loans		
Working Capital Loans/Cash Credit	167.57	2.38
(Secured by Hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts)		
Sub Total (a)	167.57	2.38
Unsecured Loans		
Working Capital Loans/Cash Credit		
Others	0.19	0.14
(Unsecured Cash Credit with limit of Rs. 3 crore from HDFC Bank)		
Term Loan		
Oil Industry Development Board	39.89	47.87
[Due for payment within one year Rs. 7.98 Crore (previous year: Rs 7.98 Crore)]		
Sub Total (b)	40.08	48.01
Total (a)+(b)	207.65	50.39

Schedule - D - Fixed Assets

(Rs Crore)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-04-2009	Addition	Retirement/ Reclassifications	As at 31-03-2010	Up to 01-04-2009	For the Year	Retirement/ Reclassifications	Up to 31-03-2010	As at 31-03-2010	As at 31-03-2009
	(1)	(2)	(3)	(4)=(1+2+3)	(5)	(6)	(7)	(8)=(5+6+7)	(9)=(4-8)	(10)=(1-5)
Land - Freehold	28.22	—	—	28.22	—	—	—	—	28.22	28.22
Land - Leasehold	1.89	—	—	1.89	0.14	0.07	—	0.21	1.68	1.75
Building	378.72	59.11	—	437.83	47.16	10.10	—	57.26	380.57	331.56
Railway Siding	30.57	17.44	—	48.01	12.32	2.15	—	14.47	33.54	18.25
Plant & Machinery	2,363.20	58.43	—	2,421.63	995.28	124.45	—	1,119.73	1,301.90	1,367.92
Tanks & Pipelines	189.41	35.06	—	224.47	170.13	5.83	—	175.96	48.51	19.28
Dispensing Tanks & Pipelines	20.38	1.15	—	21.53	2.19	1.00	—	3.19	18.34	18.19
Sundries Equipment	57.09	37.36	(1.26)	93.19	29.93	7.27	(0.69)	36.51	56.68	27.16
Furniture & Fittings	6.83	0.93	(0.04)	7.72	3.77	0.50	(0.03)	4.24	3.48	3.06
Vehicle	16.72	5.48	—	22.20	14.99	0.40	—	15.39	6.81	1.73
Grand Total	3,093.03	214.96	(1.30)	3,306.69	1,275.91	151.77	(0.72)	1,426.96	1,879.73	1,817.12
Previous Year Figures	3,051.12	43.28	(1.37)	3,093.03	1,133.30	143.81	(1.20)	1,275.91	1,817.12	1,917.82

- Freehold Land includes Rs. 11.94 crore (Rs. 11.02 crore) in respect of 376.66 acres (369.42 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. Free hold land includes 1.41 acres (1.41 acres) of disputed land.
- Plant & Machinery includes Rs. 5.46 crore (Rs. 5.46 crore) towards assets ownership of which does not 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. 0.31 crore (Rs. 0.05 crore).
- Deduction from Gross Block (Column 3) includes :
 - Rs. 0.72 crore (Rs. 0.06 crore) on account of Write off of Physical Verification discrepancies.
 - Rs. 0.58 crore (Rs. 1.31 crore) on account retirement, deletions and reclassifications.
- Depreciation for the year (column 6) includes:
 - Charged to Profit & Loss Account Rs. 151.47 crore (Rs. 145.93 crore)
 - Charged to previous year expenses Rs. 0.26 crore (Rs. -2.81 crore)
 - Charged to project expenses Rs. 0.04 crore (Rs. 0.69 crore)
- Deduction from Depreciation (Column 7) includes :
 - Rs. 0.39 crore (Rs. 0.05 crore) on account of Write off of Physical Verification discrepancies.
 - Withdrawal of depreciation of Rs. 0.33 crore (Rs. 1.15 crore) on account deletions, retirement & reclassification.
- Addition to the Gross Block (Column 2) includes:
 - Rs. Nil crore (Rs. 1.78 crore) on account of Reclassification of Assets.



Schedule - D 1 - Intangible Assets

(Rs Crore)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01-04-09	Addition	Disposal/ Adjust-ment	As at 31-03-10	Up to 01-04-09	For the Year	Disposal/ Adjust-ment	Up to 31-03-10	As at 31-03-10	As at 31-03-09
	(1)	(2)	(3)	(4)=(1+2+3)	(5)	(6)	(7)	(8)=(5+6+7)	(9)=(4-8)	(10)=(1)-(5)
SAP Implem-entation cost	8.34	—	—	8.34	6.06	1.67	—	7.73	0.61	2.28
License Fee for SAP										
Upgradation License Fee for MS	1.03	—	—	1.03	0.05	0.21	—	0.26	0.77	0.98
Project	1.51	—	—	1.51	0.83	0.30	—	1.13	0.38	0.68
Total	10.88	—	—	10.88	6.94	2.18	—	9.12	1.76	3.94
Previous Year Figures	9.85	1.03	—	10.88	4.93	2.01	—	6.94	3.94	4.92

Schedule 'E' - Capital Work-in-Progress

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Capital work-in-progress (at Cost)		
Work-in-progress	245.45	222.93
Less : Provision for Capital Losses	1.31	1.11
	<u>244.14</u>	<u>221.82</u>
Capital Advances (Unsecured, Considered good)	10.00	9.04
Capital Stores (including lying with contractors)	12.04	13.68
Capital goods in transit	0.60	0.52
	<u>266.78</u>	<u>245.06</u>
Construction period expenses		
Opening balance	9.13	5.42
Add: Expenditure during the year		
Establishment charges	3.32	3.26
Depreciation	0.04	0.69
Interest	—	—
Rates & Taxes	—	0.39
Others (including miscellaneous stores)	0.04	0.04
	<u>12.53</u>	<u>9.80</u>
Less : Allocated to assets during the year	3.61	0.67
Balance pending allocation at the end of the year	<u>8.92</u>	<u>9.13</u>
Total	<u><u>275.70</u></u>	<u><u>254.19</u></u>

Schedule 'F' - Investment

	No. and particulars of Shares/Bonds/Units	Face Value (Rs)	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Long Term				
Trade - Unquoted				
Equity Shares				
DNP Limited	2,75,60,000	10	27.56	27.56
Brahmaputra Cracker and Polymer Ltd	2,63,32,149	10	26.33	—
Non Trade - Quoted				
7% Oil Companies GOI Special Bonds 2012		100	64.31	64.31
Less: Provision for Diminution in value in Investment		—	64.31	—
Total			118.20	91.87

Schedule 'F1' - Advance for Investment

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Share Application Money/Advance Towards Equity Shares Pending Allotment		
Brahmaputra Cracker and Polymer Ltd.	6.15	32.48
Total	6.15	32.48

Schedule 'G' - Inventories

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

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Stores and spares	135.34	121.73
Less: Provision for unusable materials	(53.84)	(40.29)
Stores and spares in Transit	14.85	7.47
Raw materials	149.55	210.76
Stock in process	115.22	86.84
Finished products	1,189.04	592.02
Total	1,550.16	978.53



Schedule 'H' - Sundry Debtors

(Unsecured, Considered good unless otherwise stated)

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore	31-03-2010 Rs. Crore	31-03-2010 Rs. Crore
Debts outstanding for a period exceeding six months :				
Considered good	11.11	—		
Considered doubtful	0.21	0.33		
	11.32	0.33		
Less: Provn. for doubtful debtors	0.21	0.33	11.11	—
Other debts				
Considered good	106.20	141.89		
Considered doubtful	—	—		
	106.20	141.89		
Less: Provn. for doubtful debtors	—	—	106.20	141.89
Total			117.31	141.89

Schedule 'I' - Cash and Bank Balances

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Cash in Hand	0.02	0.02
Cheque in Hand/Remittance in Transit	1.22	0.33
With Scheduled banks :		
In Term deposit accounts	121.32	290.00
In current accounts	0.11	1.67
Total	122.67	292.02

Schedule 'J' - Other Current Assets

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Interest accrued but not due on Investments	0.28	0.28
Interest accrued but not due on Fixed Deposits	4.14	1.49
Total	4.42	1.77

Schedule 'K' - Loans and Advances**(Unsecured, Considered good unless otherwise stated)**

	31-03-2010	31-03-2009	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
Advances:				
Advances recoverable in cash, or in kind or for value to be received				
Considered good	22.73	17.28		
Considered doubtful	0.52	0.72		
	23.25	18.00		
Less: Provision for doubtful Advance	0.52	0.72	22.73	17.28
Loans (Secured) :				
To Employees *			33.48	27.69
(including interest accrued and due thereon, Rs. 4.36 crore, previous year Rs. 3.47 crore)				
Claims :				
Considered good	9.41	8.97		
Considered doubtful	3.06	3.06		
	12.47	12.03		
Less: Provision for doubtful Claim	3.06	3.06	9.41	8.97
Tax paid				
Advance Tax paid (net of provision)			30.74	12.37
Deposits :				
Excise & Statutory Authorities **			21.67	21.95
Others			12.13	9.22
Total			130.16	97.48

* Includes :

Due from Officers : Rs. 18.17 crore (previous year Rs. 15.84 crore)

Maximum balances : Rs. 18.17 crore (previous year Rs. 15.84 crore)

Due from Directors : Rs. 0.17 crore (previous year Rs. 0.19 crore)

Maximum balances : Rs. 0.19 crore (previous year Rs. 0.19 crore)

** Deposit with Excise includes Rs. 13.63 crore (previous year Rs. 16.63 crore) Cenvat credit on capital goods under dispute with excise department, pending adjudication at CESTAT, the amount reversed from Cenvat receivable account (RG-23C part II) and the same kept in Cenvat on Hold account. Also includes service tax deposit under protest of Rs. 0.32 crore (previous year Rs. 0.32 crore).



Schedule 'L' - Liabilities

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Current Liabilities :				
Sundry creditors				
Total outstanding dues to Micro, Small & Medium Enterprises*	0.63	—		
Total outstanding dues to creditors other than Micro and Small Enterprises	743.88	536.18	744.51	536.18
Advances from Customers			6.36	3.35
Other liabilities**			335.35	348.60
Bank Account - Book Overdraft			0.13	0.46
Interest Accrued but not due on Loans			0.11	—
Total			1,086.46	888.59

* Refer note 5 schedule "Y"

** Includes Assam Entry Tax liability of Rs. 144.53 crore which is net of Rs. 50 crore paid under protect as per Hon'ble Supreme Court's direction (refer note 8 schedule "Y")

Schedule 'M' - Provisions

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Provision for Taxation (net of Tax paid)	41.48	6.03
Proposed dividend	110.34	110.34
Tax on Distributed Profits	18.75	18.75
Provision for employee benefits	52.17	40.55
Total	222.74	175.67

Schedule 'N' - Sale of Products

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Sales (Net of Discount and inclusive of NE adjustment)	7,860.22	8,841.81
Terminal Charges from OMCs	13.87	11.54
Total	7,874.09	8,853.35

Schedule 'O' - Miscellaneous Income

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Interest on bank deposits and others		
Bank Deposits	9.04	24.24
Others	1.14	0.96
Income Tax Refund	2.85	2.16
Income from Investment		
Short Term	1.05	9.73
Dividend from Mutual Funds	2.53	2.01
Long Term		
Interest on Investment (7% GOI Oil Bond)	4.50	4.50
Other income	25.37	5.49
Provision on Stores written back	—	2.38
Provision for Doubtful Debts, Advances and Claims written back	0.32	0.41
Exchange Fluctuations Gain (net)	0.31	(1.28)
Total	47.11	50.60

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

	31-03-2010 Rs. Crore	31-03-2009 Rs. Crore
Value of closing stock of		
Finished goods	1,189.04	592.02
Stock in process	115.22	86.84
	1,304.26	678.86
Less :		
Value of opening stock of		
Finished goods	592.02	550.17
Stock in process	86.84	113.63
	678.86	663.80
Total	625.40	15.06



Schedule 'Q' - Raw Materials Consumed

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Opening Stock	210.76	185.31
Add : Purchases	6,458.23	7,068.44
	<u>6,668.99</u>	<u>7,253.75</u>
Less : Closing Stock	149.55	210.76
Raw Material Consumed	<u><u>6,519.44</u></u>	<u><u>7,042.99</u></u>

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

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Stores, spares and materials	28.24	60.95
Less : Charged to other revenue accounts	15.04	23.40
Total	<u><u>13.20</u></u>	<u><u>37.55</u></u>

Schedule 'S' - Power and Fuel

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Power and Fuel	220.40	196.29
Less : Consumption of fuel out of own production	(220.37)	(196.26)
Total	<u><u>0.03</u></u>	<u><u>0.03</u></u>

Schedule 'T' - Employees' Remuneration and Other Benefits

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Salaries and wages	82.34	68.32
Contribution to provident fund and other funds	6.13	3.37
Contribution to gratuity fund	0.58	4.37
Welfare expenses	15.84	11.36
Total	<u><u>104.89</u></u>	<u><u>87.42</u></u>

Schedule 'U' - Interest

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
On Fixed Loans	2.02	3.26
On Working Capital	2.00	1.66
On Delayed Payments	1.12	16.51
Total	<u><u>5.14</u></u>	<u><u>21.43</u></u>

Schedule 'V' - Other Operating and Administration Expenses

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Repairs and maintenance :		
Machinery	20.45	35.76
Building	0.45	0.28
Others	28.69	30.56
	49.59	66.60
Insurance	4.50	4.07
Rent	5.46	5.61
Rates and taxes	0.49	0.39
Charity & donation	5.42	4.23
Remuneration to Auditors (net of service tax)	0.04	0.03
Utilities	2.38	2.02
Facility hire charges	0.40	0.96
Travelling and conveyance	9.86	10.94
Telephone, Telex, Cables, Postage etc.	0.88	0.90
Loss on sale / write off of Fixed Assets (net)	0.39	0.06
Provision for Stores	13.56	—
Provision Against Capital Work in Progress	0.20	—
Other expenses	20.64	19.90
Total	113.81	115.71

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

	31-03-2010	31-03-2009
	Rs. Crore	Rs. Crore
Raw materials consumed	(8.14)	(1.78)
Consumption of Stores	(1.69)	—
Other operating and administration expenses	1.35	(0.37)
Depreciation	0.26	(2.81)
Total	(8.22)	(4.96)



Schedule X : Statement of Significant Accounting Policies

1. Basis for Preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the mandatory Accounting Standards notified by the Companies Accounting Standards (Rules 2006) and the relevant provisions of the Companies Act, 1956. Revenues are generally recognized 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 actual 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 cost of acquisition (including incidental expenses) less accumulated depreciation.

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

3.2.3 Machinery spares that are specific to a fixed asset are capitalised along with the fixed asset and depreciated accordingly. General replacement of such spares is charged to revenue.

3.3 Expenditure during construction period

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses of the project group which are allocated to projects costing Rs. 5 crores and above are also capitalised.

3.4 Intangible Assets

3.4.1 Expenditure incurred for creating / acquiring intangible assets of Rs. 0.50 crore 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 asset starts providing the economic benefit.

3.4.2 In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

4. Impairment of Assets

The values of fixed assets in respect of cash Generating Units are reviewed by the management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the asset or present value, the difference is recognised as an impairment loss.

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 / Amortisation

- 6.1 Depreciation on fixed assets is provided on Straight Line Method, at rates prescribed under schedule XIV to the Companies Act, 1956. Depreciation is charged on addition/deletion on pro-rata monthly basis including the month of addition/deletion.
- 6.2 Individual assets costing not more than Rs. 5000/- each are depreciated fully in the year of capitalisation.
- 6.3 Assets not owned by the Company are amortised over a period of five years from the year of capitalisation.
- 6.4 Computer equipment 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.
- 6.5 Cost of leasehold land (other than perpetual lease) are amortised during the lease periods.

7. Investment

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

8. Inventory

- 8.1 Raw materials and Intermediates are valued at cost or net realisable value, whichever is lower. 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.
- 8.2 Finished products are valued at weighted average cost or net realisable value inclusive of North East 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 provided for in full so as to value them at Rs. Nil.

9. Revenue Recognition

- 9.1** Sales are net of trade discounts and include inter-alia, North East excise duty benefit, excise duties and other elements allowed by the Government from time to time.
- 9.2** Other claims are booked when there is a reasonable certainty of collectibility.
- 9.3** Provisions, as appropriate, are made based on the merits.
- 9.4** Income from sale of scrap is accounted for on realisation.

10. Classification of Income / Expenses

- 10.1** Expenditure on Research, other than capital expenditure, is charged to revenue in the year in which the expenditure is incurred.
- 10.2** Income / expenditure up to Rs. 0.05 crore in each case pertaining to prior years is charged to the current year.
- 10.3** Prepaid expenses up to Rs. 0.05 crore in each case are charged to revenue as and when incurred.
- 10.4** Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue in the year of payment.

11. Employee Benefits

- 11.1** Contribution to Provident Fund is charged to revenue.
- 11.2** 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 using the projected unit credit method of actuarial valuation as at the year end, is charged to revenue.
- 11.3** Other employee benefits e.g. leave encashment; post retirement medical benefits, resettlement benefits, long service awards etc. are provided using the projected unit credit method of actuarial valuation at the year end and are provided for in the accounts.
- 11.4** Other short term employee benefits e.g. Leave fare assistance, medical benefits etc. are provided for in the accounts based on estimates by the management.

12. 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.

13. Foreign Currency Transactions

- 13.1** Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.
- 13.2** Monetary items denominated in foreign currency are converted at exchange rate prevailing on the date of balance sheet.
- 13.3** Foreign exchange differences arising at the time of translation or settlement are recognised as income or expense in the Profit & Loss Account either under Foreign Exchange Fluctuations or Interest as the case may be.

14. Government Grants

14.1 Capital Grant

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

14.2 Revenue Grant

Revenue grants are reckoned as per the respective schemes notified by Govt. of India from time to time, subject to final adjustment as per separate audit.

15. Provisions, Contingent Liabilities and Capital Commitments

- 15.1** Provisions are recognised when there is present obligation as a result of past event and it is more likely than not that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- 15.2** Disclosure for a contingent liability is made when there is a possible obligation that may require an outflow of resources.
- 15.3** Capital Commitments and Contingent liabilities are considered where the value exceeds Rs.0.05 crore in each case.
- 15.4** Show cause notices issued by various Government authorities are considered as Contingent liabilities only when converted into demand.

16. Taxes on Income

- 16.1** Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961 and rules there under.
- 16.2** 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.
- 16.3** Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.



Schedule Y: Notes Forming Part of Accounts

- 1) Capital Reserve represents grant of Rs. 100.00 crores received in the year 1999-2000 from the Government of India.
- 2) Provision for taxation for the financial year 2009-10 amounting to Rs. 136.23 crores (previous year Rs. 126.69 crores) has been made as per normal provisions of the Income Tax Act which includes Rs. 0.36 crore towards wealth tax (previous year Rs. 0.28 crore).
- 3) The Company has not made any provision towards Fringe Benefit Tax for the current year (previous year Rs. 0.90 crore) after withdrawal of the Fringe Benefit Tax.
- 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, deferred tax asset considered in the Profit and Loss Account for the year is Rs. 6.60 crores (previous year Rs. 43.64 crores). The year end position of Deferred Tax Liability and Asset is given below:

	(Rs. in Crore)	
	2009-10	2008-09
a) DEFERRED TAX LIABILITY		
Difference of Book Depreciation & Tax Depreciation	324.84	331.78
b) DEFERRED TAX ASSETS		
Difference in write offs under Companies Act and Income Tax Act	—	0.10
Disallowed U/S 43B of Income Tax Act' 1961	72.14	80.99
Others including retirement benefits	13.33	4.70
Total	85.47	85.79
NET DEFERRED TAX LIABILITY	239.37	245.99

- 5) To the extent, the Company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, the disclosures are provided as under for the year 2009-10.

	(Rs. in Crore)	
	31-03-10	31-03-09
The principal amount remaining unpaid to any supplier as at the end of each accounting year;	0.63	—
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	—	—
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	—	—

	31-03-10	31-03-09
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	–	–
The amount of interest accrued and remaining unpaid at the end of the year	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	–	–

- 6) In absence of relevant notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under Section 441A of the Companies Act, 1956, the same is not determinable and hence, not provided.
- 7) 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.
- 8) Pending finalization of the Crude Oil Sales Agreement (COSA), purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in the financial year 2009-10 in line with FY 2008-09.

Further, as per directive of the Ministry of Petroleum and Natural Gas (MOP & NG), an amount of Rs. 259.94 crores (previous year Rs. 282.99 crores) has been provided and charged to the cost of crude towards Sales Tax and Pipeline Transportation Charges payable to OIL/ONGC for the financial year 2009-10

To augment crude availability of the four refineries in Assam, Ravva crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is 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 is also considered for valuation of the closing stock. Transportation cost for Haldia-Barauni Crude pipeline is being provided as per tariff rates prescribed by Ministry vide letter dated 28th May 2008.

An amount of Rs. 194.53 crores towards Assam Entry Tax for the period November 2006 to May 2008, though provided in the books, is disputed against which the Company has filed a Writ Petition (Civil) before the Hon'ble Supreme Court of India. Based on the Writ Petition, the Court had directed the Assessing Authority to assess the liability for the aforesaid period. Assessing Authority had assessed the liability at Rs. 194.53 crores. The Court vide interim Order dated 04.02.2010 has directed the Company to pay under



protest a sum of Rs. 50 crores. Accordingly the Company has deposited Rs.50 crores under protest.

- 9) The Company had implemented Enterprise Resource Planning (ERP) system procured from SAP India Pvt. Ltd. in the financial year 2005-06. On reconciliation of various uploaded data till 31st March, 2010, a sum of Rs. 0.90 crore - Gross Debit and Rs. 5.75 crores - Gross Credit has been written off/ written back during the current year. The net effect of which is Rs. 4.85 crores is shown under 'Other Income' in Schedule N.
- 10) The Company has numerous transactions with other oil companies, which are reconciled on an ongoing basis and are subject to confirmation.
- 11) An amount of Rs. 111.20 crores (Previous year Rs. 143.10 crores) has been charged to Profit & Loss Account towards under recovery of CST on petroleum products.
- 12.a) Provision towards Pay revision of Management Staff amounting to Rs. 4.71 crores (Previous years Rs.17.53 crores) is made in accordance with the Pay Revision Committee's recommendation as per guidelines received from Department of Public Enterprises.
- 12.b) Pending finalisation of Long Term Settlement in respect of revision of wages of workmen, provision has been made to the extent of Rs. 20.99 crores (Previous year Rs.3.18 crores) on estimated basis.
- 12.c) The pension scheme of the Company is under finalisation in line with the guideline issued by Department of Public Enterprises vide Office Memorandums dtd. 26.11.2008 and 02.04.2009. Pending finalisation of the scheme, a sum of Rs. 5.73 crores (previous year Rs. NIL) has been provided as follows:
 - i) Rs. 3.60 crores by way of appropriation from General Reserve being the transitional benefit as on 31st March 2009, in line with AS 15 (Revised).
 - ii) Rs. 2.13 crores charged to current years account.
- 12.d) 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 contribution towards Provident Fund.
 - iii) Actual / fair estimation basis by the Management for all known short term employee benefits.
 - iv) Fair estimation basis towards Perks and allowances for Management Staff in line with the "Cafeteria Approach" limited to 50% of basic pay, provision of Rs. 4.03 crores (Rs. 0.76 crore from 26.11.2008 to 31.03.2009 and Rs. 3.27 crores for current financial year) has been made accordingly.

12. e) Disclosure as per requirement of Accounting Standard 15 (Revised):

(Rs. in crores)

i) Reconciliation of balances of Defined Benefit Obligations	Gratuity Funded		Leave Encashment Non Funded		Long Service Award Non Funded		Post Retirement Medical Non Funded		Resettlement Allowance Non Funded	
	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
Defined Obligations at the beginning of the year	5.8696	4.6814	10.1864	7.9597	1.4833	1.0715	2.7720	2.0186	0.9767	0.8200
Interest Cost	0.4787	0.3841	0.7657	0.6495	0.1229	0.0931	0.2324	0.1752	0.0725	0.0709
Current Service Cost	0.6166	0.5347	1.1833	0.9386	0.1855	0.1399	0.2515	0.2026	0.1057	0.0917
Benefits paid	(0.3420)	(0.5320)	(2.1409)	(0.9872)	(0.0405)	(0.0019)	(0.0111)	(0.0107)	(0.2282)	(0.0090)
Actuarial (Gains)/ Losses on obligations	(0.4017)	0.8014	0.7048	1.6258	0.0029	0.1807	(0.1569)	0.3863	0.1337	0.0031
Defined Obligations at the end of the year	6.2212	5.8696	10.6993	10.1864	1.7541	1.4833	3.0879	2.7720	1.0604	0.9767

ii) Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund	31-03-10	31-03-09
Fair Value at the beginning of the year	1.4584	1.5379
Expected Return	0.1601	0.1342
Actuarial (Gain)/Losses	0.0332	0.0507
Actual return on Plan assets	0.1269	0.0835
Contribution by employer	0.8683	0.3568
Benefits paid	(0.3420)	(0.5320)
Fair Value of Plan Assets at the end of the year	2.1116	1.4462

iii) Amount recognised in Balance Sheet (i-ii)	4.1096	4.4234	10.6993	10.1864	1.7541	1.4833	3.0879	2.7720	1.0604	0.9767
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iv) Amount recognised in P&L Account										
Current Service Cost	0.6166	0.5347	1.1833	0.9386	0.1855	0.1399	0.2515	0.2026	0.1057	0.0917
Interest Cost	0.4787	0.3841	0.7657	0.6495	0.1229	0.0931	0.2324	0.1752	0.0725	0.0709
Expected Return on Plan Assets	-0.1601	-0.1342	—	—	—	—	—	—	—	—
Actuarial (Gains)/ Losses	-0.3685	0.8521	0.7048	1.6258	0.0029	0.1807	-0.1569	0.3863	0.1337	0.0031
Expenses for the period	0.5667	1.6367	2.6538	3.2139	0.3113	0.4137	0.3270	0.7641	0.3119	0.1657

v) Major Actuarial Assumptions										
Discount Rate	8.5%	8.4%	8.5%	8.4%	8.5%	8.4%	8.5%	8.4%	8.5%	8.4%
Salary escalation/ inflation	5.0%	5.0%	5.0%	5.0%	5%	5%	0%	0%	5.0%	5.0%
Expected Return on Plan Assets	9.30%	9.30%	—	—	—	—	—	—	—	—



Notes:

- a) The estimate for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.
- b) The expected return on plan assets over the accounting period, based on an assumed rate of return as shown above.

(Rs. in crores)

vi)	Investment pattern for Gratuity Fund	31-03-10	31-03-09
	Category of Asset	%	%
	Government of India Asset	—	—
	Corporate Bonds	—	—
	Special Deposit Scheme	—	—
	State Government	—	—
	Others (LICI)	100	100
	Total	100	100

- vii) As per our best estimate, Rs1.042 crores is expected to be paid to the Gratuity Fund as contribution in the year 2010-11.

- viii) Effect of Increase / Decrease of 1% in assumed medical cost trend to the Post Retirement Medical Liability:

	31-03-10	31-03-09
Change in Liability for : 1% increase in Discount Rate	(0.4866)	(0.4434)
Change in Liability for : 1% decrease in Discount Rate	0.6245	0.5717

- 13) 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, 2010.
- 14) 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. 0.40 crore (previous years Rs. 0.38 crore) has been debited to Profit and Loss Account. The said tanks have been released w.e.f. 15.03.2010. The future minimum lease payment is as under:

(Rs. in crores)

	31-03-10	31-03-09
Not later than one year	—	0.38
Later than one year and not later than five years	—	0.83
Later than five years	—	Nil

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

	31-03-2010	31-03-2009
Profit after tax (Rs. in crore)	232.08	235.64
Weighted average number of shares outstanding during the year	735,631,544	735,631,544

	31.03.2010	31.03.2009
	Rs. in Crore	Rs. in Crore
Basic earnings per share	3.15	3.20
Diluted earnings per share	3.15	3.20
16) Consequent to change in accounting policy on prepaid expenses (policy no.10.3), the profit for the year has been reduced by Rs. 0.15 crore.		
17) Previous year's comparative figures have been regrouped/rearranged wherever necessary.		

18. Capital Commitments and Contingent Liabilities

	31.03.2010	31.03.2009
	Rs. in Crore	Rs. in Crore
I. Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	137.16	266.32
II. Contingent Liabilities		
(a) In respect of taxation matters of prior years		
i) Excise Duty matters	224.34	205.48
ii) Service Tax matters	1.48	1.44
iii) Sales Tax matters	—	37.06
iv) Income Tax matters	0.36	2.23
v) Liability if any, on pending assessments of Central / State sales tax is unascertainable including 'C' forms pending for collection)		
(b) Other Matters :		
Claims against the Company not acknowledged as debts :		
i) Claim by contractors Arbitration cases/other extra claims on capital account	86.16	98.43
ii) Land matters	0.00	0.00
iii) In respect of Foreign Letter of Credit	18.63	21.42



	31.03.2010	31.03.2009
	Rs. in Crore	Rs. in Crore
iv) In respect of Outstanding Bank Guarantee	9.46	6.43
v) Guarantees in favour of Banks for long term loans extended to Joint Venture Companies DNP Ltd. & BCP Ltd.	79.32	79.32
vi) Others	0.00	2.35

19. Director's Remuneration

Salary and allowances	0.54	0.29
Contributions to Provident Fund and other funds	0.04	0.03
Other benefits	0.26	0.22
	0.84	0.54

20. Remuneration to Auditors (net of service tax)

(a) Audit fees	0.03	0.02
(b) Fees for other services-certification	0.01	0.01
(c) Reimbursement of out of pocket expenses	—	—
	0.04	0.03

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

		2009-10	
		<i>Quantity (MT)</i>	
	Licensed Capacity	Installed Capacity	Actual Production
(1) Crude throughput	NA	3,000,000	2,619,082
	NA	(3,000,000)	(2,251,446)
(2) Production			
Light distillates	—	—	370,612
	—	—	(311,640)
Middle distillates	—	—	1,891,513
	—	—	(1,619,496)
Others	—	—	103,529
	—	—	(84,684)

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

22. Raw materials consumed

	Quantity MT	2009-10 Value Rs. in Crore
Crude Oil	2,619,082 (2,251,446)	6,393.86 (6,909.27)
Others	27,605 (23,807)	125.58 (126.80)
Total	2,646,687 (2,275,253)	6,519.44 (7,036.07)

23. Finished goods sold and stocked

2009-10

Petroleum Products	Opening Stock		Production	Sales		Closing Stock	
	(MT)	(Rs./Crore)	(MT)	(MT)	(Rs./Crore)	(MT)	(Rs./Crore)
Light Distillates							
LPG	492	1.24	57,010	55,404	162.36	2,098	7.12
Naphtha	32,930	91.01	5,048	2,253	9.33	35,724	128.79
MS *	22,733	89.86	308,554	281,490	1,356.64	49,827	264.49
Sub Total	56,155	182.11	370,612	339,147	1,528.33	87,649	400.40
Previous Year	(61,981)	(230.55)	(311,640)	(317,466)	(1,629.41)	(56,155)	(182.11)
Middle Distillates							
ATF	3,545	9.06	43,396	40,167	126.08	6,775	21.45
SKO	16,901	35.18	213,236	196,329	529.65	34,170	99.07
HSD ***	131,799	335.08	1,634,881	1,579,130	5,197.45	187,551	654.13
Sub Total	152,245	379.32	1,891,513	1,815,625	5,853.19	228,496	774.66
Previous Year	(74,343)	(287.79)	(1,619,496)	(1,541,594)	(6,759.87)	(152,245)	(379.32)
Others							
RPC	11,295	12.20	65,803	68,890	54.42	8,208	6.42
Sulphur	225	0.05	3,995	4,153	0.96	67	0.02
CPC	11,002	18.32	33,731	38,613	53.33	6,120	7.54
Sub Total	22,522	30.57	103,529	111,656	108.72	14,395	13.98
Previous Year	(26,559)	(31.82)	(84,684)	(88,721)	(162.92)	(22,522)	(30.57)
Grand Total	230,922	592.00	2,365,654	2,266,428	7,490.24	330,540	1,189.04
Grand Total							
Previous year	(162,884)	(550.17)	(2,015,820)	(1,947,782)	(8,552.20)	(230,922)	(592.00)

* MS production includes blending of Naphtha - 38258 MT (39280 MT) with MTBE & Py Gas - 27605 MT (23807 MT)

** HSD, MS and SKO sales include (6835 MT), (549 MT) and 7084 MT, respectively on account of stock/transit gain (loss) & own consumption

24. Finished Goods Purchased and Sold

2009-10

Particulars	Purchase		Sales	
	(MT)	(Rs. / crore)	(MT)	(Rs. / crore)
HSD	77,334	284.22	77,334	323.83
Previous Year	(65,847)	(307.46)	(65,847)	(245.83)
MS	11,358	63.96	11,358	60.03
Previous Year	(9,318)	(57.91)	(9,318)	(55.31)
Total	88,692	348.19	88,692	383.85
Previous Year	(75,165)	(365.37)	(75,165)	(301.14)

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

	2009-10 Rs. in Crore	2008-09 Rs. in Crore
(a) Raw Materials	31.80	32.50
(b) Capital goods	61.35	22.48
(c) Components and spare parts (including chemicals and catalysts)	14.79	21.13

26. Expenditure in foreign currency (on cash basis)

(a) Purchase of products	103.54	76.26
(b) Know-how	4.72	3.12
(c) Professional Consultancy Fees	0.39	1.36
(d) Other matters		
i) Travelling	0.05	0.10
ii) Others	—	0.03

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

	Imported		Indigenous		Total
	Rs. in Crore	%	Rs. in Crore	%	Rs. in Crore
Crude Oil	Nil	Nil	6,393.86	100.00	6,393.86
	(Nil)	(Nil)	(6,909.27)	(100.00)	(6,909.27)

	Imported		Indigenous		Total
	Rs. in Crore	%	Rs. in Crore	%	Rs. in Crore
Others	41.84 (40.68)	33.32 (32.08)	83.74 (86.12)	66.68 (67.92)	125.58 (126.80)
Stores/Spare parts and Components (including chemicals & catalysts)	1.99 (6.28)	15.06 (16.98)	11.21 (30.69)	84.94 (83.02)	13.20 (36.97)

28. Earnings in foreign exchange

2009-10 Rs. in Crore	2008-09 Rs. in Crore
NIL	NIL

29. Research and Development

	2009-10 Rs. in Crore	2008-09 Rs. in Crore
(a) Revenue expenditure	NIL	NIL
(b) Capital expenditure	NIL	NIL

30. 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

Registration No.	02-03893 of 1993-94			State Code 02
Balance Sheet Date	31 Date	03 Month	2010 Year	

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

Public Issue NIL	Right Issue NIL
Bonus Issue NIL	Private Placement NIL



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

Total Liabilities	Total Assets
4206.26	4206.26
Sources of Funds :	
(Excluding deferred tax liability)	
Paid-up Capital	Reserves & Surplus
735.63	1714.41
Secured Loans	Unsecured Loans
167.57	40.08
Application of Funds :	
Net Fixed Assets	Investments
2157.19 *	124.35 **
Net Current Assets	Misc. Expenditure
615.52	NIL
Accumulated losses	
N I L	

IV. Performance of Company (Rs. Crore)

Turnover	Total Expenditure
8546.60***	8184.89
Profit/Loss Before Tax	Profit/Loss After Tax
361.71	232.08
Earning per Share in Rs.	Dividend rate %
3.15	15%

V. Generic Names of Principal Products/Services of Company

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

* Includes Capital work-in-progress & Intangibles.

** Includes advance towards Equity Shares pending allotment.

*** includes miscellaneous income and inventory differential.

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

As per our report of even date

Sd/-
B.K. Das
Managing Director

Sd/-
Nilmoni Bhakta
Director (Finance)

For and on behalf of
S. Ghosh & Co.
Chartered Accountants

Sd/-
H.K. Sarmah
Company Secretary
New Delhi
Date : 17th May, 2010

Sd/-
Chandan Chattopadhyay
Partner, M. No. 51254
New Delhi
Date : 17th May, 2010



Cash flow statement for the year ended 31st March 2010

	Notes	2009-10	(Rs.in Crore) 2008-09
A Cash Flow from Operating Activities			
Net Profit Before tax & prior period items		353.49	314.63
<i>Adjustments for :</i>			
Depreciation & Amortisation		153.64	147.96
Interest expenditure		2.02	3.26
(Profit) / Loss on Sale/Write Off of fixed assets (net)		0.39	(0.02)
Income from Investments		(14.59)	(38.47)
Dividend Received		(2.53)	(2.01)
Interest Income		(3.99)	(3.12)
Other Non-Cash items	Note 4	13.43	(6.77)
Operating Profit before Working Capital Changes		501.86	415.46
<i>(Invested in) / Generated from :</i>			
Trade receivables		24.70	337.46
Other receivables		(14.11)	4.82
Inventories		(585.18)	(54.65)
Current Liabilities & Provisions		205.79	(528.03)
Cash generated from Operations		133.06	175.06
Income Taxes paid (net of Refund)		(119.16)	(113.30)

	Notes	2009-10	(Rs.in Crore) 2008-09
Cash flow before Prior Period Items		13.90	61.76
Prior Period Items		8.22	4.96
Prior Period Items		0.26	(2.83)
Net Cash from Operating Activities		22.38	63.89

B Cash Flows from Investing Activities

Purchase of fixed assets		(236.44)	(128.14)
Purchase of intangible assets		—	(1.03)
Investment in Joint Venture Companies		—	(52.45)
Sale of Investments		—	56.77
Income from Investment		11.94	38.44
Dividend Received		2.53	2.01
Interest Received		3.99	3.12
Net Cash from Investing Activities		(217.98)	(81.28)

C Cash Flows from Financing Activities

Repayment of Long-term loans/borrowings		(7.98)	(27.98)
Net Increase/Decrease(-) in other borrowings		165.23	0.75
Interest paid		(1.91)	(3.26)
Dividend Paid		(101.34)	(147.13)
Corporate Dividend Tax		(18.75)	(25.00)
Net Cash used in Financing Activities		26.25	(202.62)



D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)		<u>(169.35)</u>	<u>(220.01)</u>
E Cash & Cash Equivalents at the beginning of Period	Note 1	<u>292.02</u>	<u>512.03</u>
F Cash & Cash Equivalents at the end of Period (D+E)	Note 1	<u>122.67</u>	<u>292.02</u>

Notes to the Cash Flow Statement

1. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, 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	For the FY
Cash and Cash equivalents as at 31st March '10 / 31st March '09	2009-10	2008-09
Cash/cheques in Hand	0.02	0.02
Cash at Bank	1.67	2.83
Remittance in transit	0.33	9.18
Fixed Deposits with Banks	290.00	500.00
	<u>292.02</u>	<u>512.03</u>
Cash/cheques in Hand	0.02	0.02
Cash at Bank	0.11	1.67
Remittance in transit	1.22	0.33
Fixed Deposits with Banks	121.32	290.00
Cash and Cash Equivalents as restated	122.67	292.02
Net change in Cash and Cash equivalents	<u>(169.35)</u>	<u>(220.01)</u>

- 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

New Delhi
Date : 17th May 2010

Sd/-
B.K. Das
Managing Director

Sd/-
Nilmoni Bhakta
Director (Finance)

We have audited the above Cash Flow Statement of Numaligarh Refinery Limited for the year ended on 31st March, 2010 prepared by the Company and certify that the Statement has been derived from the Accounts of the Company.

For and on behalf of
S. Ghosh & Co.
Chartered Accountants

New Delhi
Date : 17th May 2010

Sd/-
Chandan Chattopadhyay
Partner
Membership No. 51254



Human Resource Accounting : 2009-10

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	Age				
	20-30	30-40	40-50	Over 50	Total
Technical					
Executives	93	109	55	20	277
Workmen	51	241	103	2	397
Sub Total	144	350	158	22	674
Others					
Executives	22	32	43	17	114
Workmen	1	9	21	1	32
Sub Total	23	41	64	18	146
Grand Total	167	391	222	40	820
Average age 37 Yrs.					

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

- Continuity of present pattern of employee compensation, both direct and indirect.
- Continuity in career growth as per present policy of the company.
- The future earnings have been discounted at the cost of capital of 4.25% (previous years 4.55%)

Value of Human Resources

	<i>in Rs Crore</i>				
	2009-10	2008-09	2007-08	2006-07	2005-06
Executives	923.62	624.81	652.66	589.34	578.76
Staff	461.62	454.61	490.53	389.39	492.67
	<u>1,385.25</u>	<u>1,079.42</u>	<u>1,143.19</u>	<u>978.73</u>	<u>1,071.44</u>

Human Assets vis-à-vis Total Assets

Value of Human Assets	1,385.25	1,079.42	1,143.19	978.73	1,071.44
Net Fixed Assets	2,155.43	2,071.31	2,086.27	2,105.35	2,226.71
Net Current Assets	615.52	447.43	395.35	429.23	384.81
	<u>4,156.20</u>	<u>3,598.16</u>	<u>3,624.81</u>	<u>3,513.31</u>	<u>3,682.96</u>
Profit before tax	361.71	319.59	413.10	583.11	475.63
Value Added	741.27	690.31	728.57	902.98	766.07

Ratio of

Profit (before tax) to Human Resources	26%	30%	36%	60%	44%
Value Added to Human Resources	54%	64%	64%	92%	71%
Human Resources to Total Resources	33%	30%	32%	28%	29%

Social Accounts 2009-10

(Rs. in Crore)

I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES 2009-10 2008-09 2007-08 2006-07 2005-06

a) Social Benefits to Employees

1. Welfare facilities-Canteen & Club	6.20	5.28	4.62	0.89	2.25
2. Ex-gratia/Awards	15.93	9.07	4.55	7.22	2.45
3. Medical facilities	7.83	6.38	5.13	4.83	3.53
4. Retirement Benefits	0.91	4.42	0.47	0.36	0.31
5. Interest Concessions	1.97	1.62	0.69	0.67	0.67
6. Training and career development	0.59	0.81	1.10	1.06	0.49
7. Clothing and Uniform	0.71	2.35	1.42	1.88	0.46
8. Holiday Facilities	3.31	0.99	1.78	2.85	1.11
9. Transport Facilities	2.49	2.45	2.26	1.82	1.33
10. Insurance	0.34	0.47	0.79	0.62	0.37
11. Educational Facilities	1.60	0.06	0.17	0.30	0.10
12. Township Costs	4.18	3.74	3.04	2.50	2.31
13. Power Service at Township	1.10	0.85	2.09	3.61	2.77
14. Others	9.60	15.08	10.26	7.00	5.99
Total (a)	56.76	53.57	38.37	35.61	24.14

b) Social Cost to Employees

1. Out of pocket expenses surrendered	0.30	0.80	0.17	0.22	0.33
Total (b)	0.30	0.80	0.17	0.22	0.33
Net Social Income to Employees (a-b)	56.46	52.77	38.20	35.39	23.81

II. SOCIAL BENEFITS TO COMMUNITY

1. Local Taxes	0.49	0.39	0.55	0.44	0.46
2. Environment Improvements	0.43	0.28	0.32	0.28	0.12
3. Expenditure on Project-Education	1.34	1.35	0.85	1.09	0.46
4. Expenditure on -Agriculture & allied	0.64	0.45	0.36	0.32	0.14
5. Expenditure on -Infrastructure	1.71	1.40	1.32	1.18	0.24
6. Expenditure on -Medical	0.50	0.23	0.59	0.20	0.10
7. Expenditure on -Sports & Culture	0.51	0.60	0.39	0.30	0.29
8. Generation of job potential to local people	6.88	6.80	4.98	4.98	4.58
9. Generation of business	264.62	234.07	219.13	222.18	267.11
Total Social income to community	277.12	245.57	228.49	230.97	273.50



III. SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC

	(Rs. in Crore)				
	2009-10	2008-09	2007-08	2006-07	2005-06
a) Benefits to the General Public					
1 Taxes paid to State Government	364.45	326.72	420.80	530.38	504.26
2 Dividend paid to State Government	13.62	18.16	22.71	17.26	15.44
3 Taxes and Duties paid to Central Government	803.12	702.28	851.80	800.65	564.04
Total (a)	1,181.19	1,047.16	1,295.31	1,348.29	1,083.74
b) Costs to the General Public					
1 Purchase of Power	2.38	2.02	0.61	0.33	0.38
Total (b)	2.38	2.02	0.61	0.33	0.38
Net Social Income to the General Public (a-b)	1,178.81	1,045.14	1,3294.70	1,347.96	1,083.36
Net Social Income to Employees, Community and General Public (I+II+III)	1,512.39	1,343.48	1,561.39	1,614.32	1,380.67

Economic Value Added

Economic value added measures the profitability of a company after taking into account the cost of capital. It is post-tax return on capital employed (adjusted for the tax shield on debt) less the cost of capital employed.

	(Rs. in Crore)	
	2009-10	2008-09
Costs of Capital		
Cost of Equity	4.25%	4.58%
Cost of Debt (net of tax)	3.50%	3.06%
Weighted Average Cost of Capital	4.25%	4.55%
Average Capital Employed	2,379.90	2,288.86
Economic Value Added		
Operating Profits	366.85	341.02
Less : Tax	129.63	83.95
Cost of Capital	101.15	104.14
Economic Value Added	136.07	152.93
Return Ratios		
PAT/Average Capital Employed	9.75%	10.30%
EVA/Average Capital Employed	5.72%	6.68%



