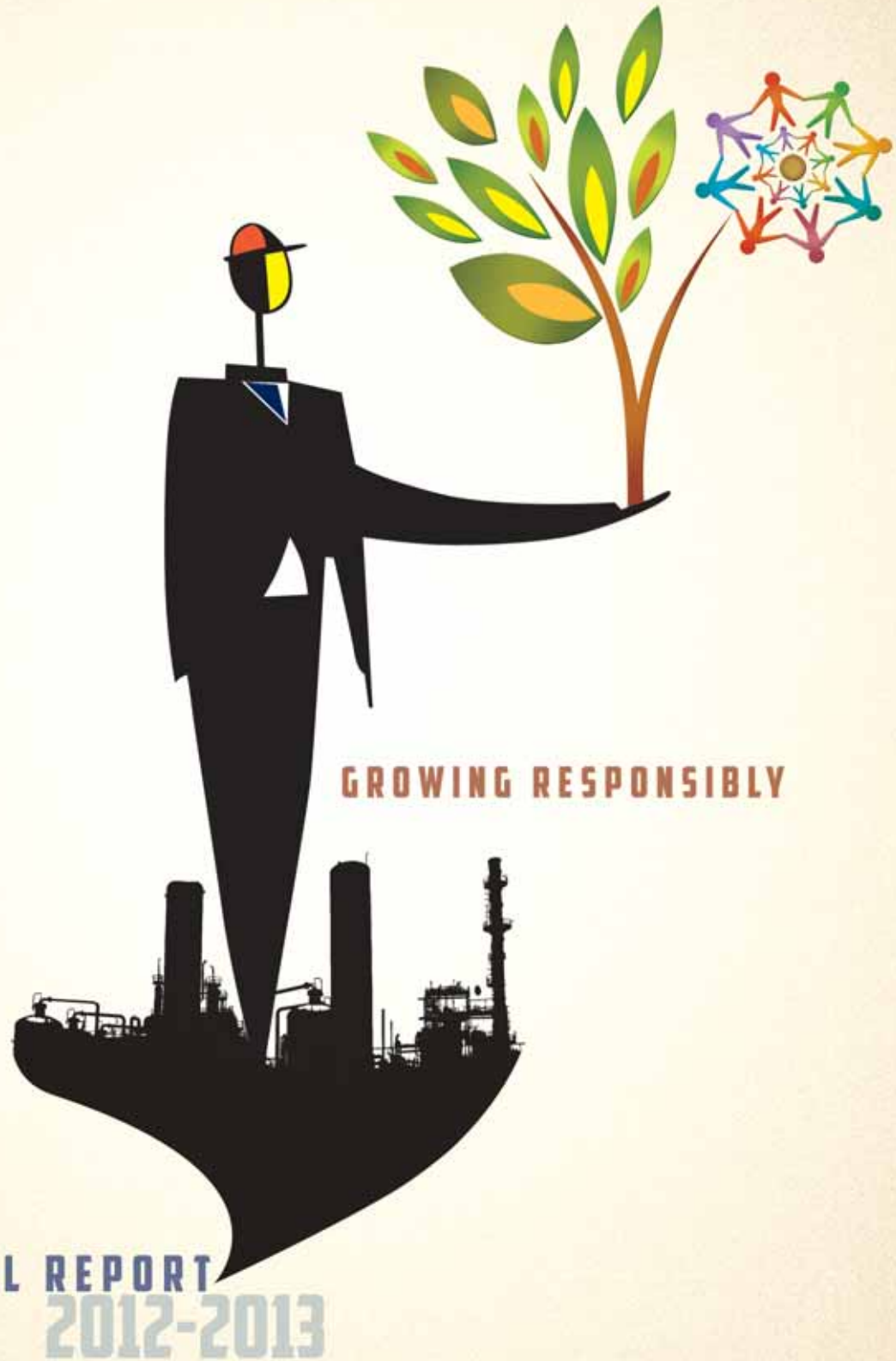




NUMALIGARH  
REFINERY  
LIMITED



GROWING RESPONSIBLY

ANNUAL REPORT  
2012-2013



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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NUMALIGARH  
REFINERY  
LIMITED

# Chairman's Message





Dear Shareowners,

It gives great pleasure to be communicating to you at the end of what has been a very tough year for Numaligarh Refinery Limited. The major fire incident at the beginning of the year, the volatile conditions in the international oil markets and the overall economic slowdown were some of the challenges that we encountered. I am very happy to inform you that notwithstanding these problems, NRL was able to register another year of profitable operations in 2012-13.

It is a matter of great pride that the distillate yield of the refinery in 2012-13 is the highest amongst all the public sector refineries in the country. Utilisation of natural gas during the year to the extent available in lieu of Naphtha as fuel and feed has brought down operating costs besides improving distillate yield and generating redeemable carbon credits. Fuel and loss as well as specific energy consumption were restricted to the extent possible. During the year, the Company's retail network was seamlessly handed over to BPCL for curtailing retail-under-recoveries. Joint efforts of NRL and BPCL refineries helped in optimising process operations and product yields. Such measures reflect the synergy that exists among the BPC group companies.

The implementation of the Wax project gained momentum during the year and on completion, high value paraffin and micro-crystalline Wax would get added to NRL's product slate. The Naphtha Splitter project has been mechanically completed and is under commissioning. This project has paved the way for production of petrochemical grade Naphtha for supply as feedstock to the upcoming Assam Gas Cracker project. These projects will bring in significant value for the Company and its stakeholders.

NRL continues to explore opportunities for growth in the years ahead. We are examining the feasibility of expanding the refining capacity. There will be challenges in terms of sourcing and moving crude oil over a long distance. However, I remain confident that NRL with its highly skilled and motivated team will be successful in the endeavour to scale up operations so as to achieve long term sustenance and growth.

Even as we seek opportunities for the growth of our business, we remain focused on discharging our obligations to society and in particular to bring about improvement in the lives of the community living in the neighbouring areas of the refinery. NRL continues to give the highest priority and emphasis to agri/allied income generation activities, health, education, promotion of sports and culture. Various projects on Sustainable Development and R&D activities are also being pursued.

The Company has emerged as a premier business institution in the North East region. This would not have been possible without the unstinted support of all the stakeholders. At the same time we recognise that we can aspire for and scale greater heights and thereby bring value to the stakeholders.

Warm Regards,

**R K Singh**  
Chairman

# Board of Directors



**Shri R. K. Singh**  
Chairman

## **Bankers**

State Bank of India	UCO Bank
HDFC Bank	IndusInd Bank
United Bank of India	Axis Bank
Union Bank of India	ICICI Bank
Canara Bank	

## **Auditors**

Messrs S. Ghose & Co.  
Chartered Accountants  
11, Old Post Office Street  
2<sup>nd</sup> Floor, Kolkata - 700001

## **Refinery Unit**

Pankagrart  
Numaligarh Refinery Complex  
Golaghat District, Assam  
Pin - 785699

## **Registered Office**

122A, G. S. Road  
Christianbasti  
Guwahati - 781005

## **Co-ordination Office**

Tolstoy House, 6<sup>th</sup> Floor  
15 - 17 Tolstoy Marg  
New Delhi - 110001

## **Marketing, BD & Project Office**

NEDFi House, 4<sup>th</sup> Floor  
G. S. Road, Dispur  
Guwahati - 781006

# ANNUAL REPORT 2012-2013



**Shri Dipak Chakravarty**  
Managing Director



**Shri S. R. Medhi**  
Director (Technical)



**Shri S. K. Barua**  
Director (Finance)  
[w.e.f 01-05-2013]



**Shri Nilmoni Bhakta**  
Director (Finance)  
[up to 30-04-2013]



**Shri J. P. Rajkhowa**  
Director  
[up to 11-12-2012]



**Shri H. S. Das**  
Director  
[up to 24-07-2013]



**Shri R T Jindal**  
Director



**Shri S K Srivastava**  
Director



**Shri K. K. Gupta**  
Director  
[up to 24-07-2013]



**Shri B. K. Datta**  
Director  
[up to 24-07-2013]



**Shri L. Rynjah**  
Director  
[w.e.f 28-06-2013]



**Shri B. P. Rao**  
Director  
[w.e.f 28-06-2013]



**Dr. A. K. Ghoshal**  
Director  
[w.e.f 28-06-2013]

## Management Team

Mr. Amit Mohan Prasad, IAS	Chief Vigilance Officer
Mr. A. K. Bhattacharya	GM (Marketing, BD & CP)
Mr. B. Ekka	GM (HR)
Mr. D. Ghosh	GM (Operation)
Mr. M. R. Baruah	GM (Tec. Services & Project)
Mr. S. D. Maheshwari	GM (Finance)

Mr. A. K. Senapati	DGM (Fire & Safety)
Mr. A. P. Chakraborty	DGM (Commercial & Legal)
Mr. D. Choudhury	DGM (Internal Audit)
Mr. G. N. Sarma	DGM (Maintenance)
Mr. N. Borthakur	DGM (Co-ordination)
Mr. P. K. Barua	DGM (Finance)
Mr. Pankaj Kr. Baruah	DGM (Maintenance Planning)
Mr. S. Chakraborty	DGM (Project)



NUMALIGARH  
REFINERY  
LIMITED



# Notice to the Shareholders



Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Shareholders of Numaligarh Refinery Limited will be held at Hotel Brahmaputra Ashok, M. G. Road, Guwahati-781001 on Friday, the 6<sup>th</sup> September, 2013 at 3.00 P.M. to transact the following Ordinary and Special Businesses.

#### A. Ordinary Business

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as on that date along with Reports of the Board of Directors and Auditors and the Comments of the Comptroller & Auditor General of India thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri S.K. Srivastava, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri S.K. Srivastava, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.T. Jindal, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri R.T. Jindal, being eligible, offers himself for re-appointment.

#### B. Special Business

##### 5. Appointment of Director

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

“RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri S. K. Barua, be and is hereby appointed as Director of the Company.”

##### 6. Appointment of Director

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

“RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri L. Rynjah, be and is hereby appointed as Director of the Company.”

##### 7. Appointment of Director

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

“RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri B.P. Rao, be and is hereby appointed as Director of the Company.”

##### 8. Appointment of Director

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

“RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Aloke Kumar Ghoshal, be and is hereby appointed as Director of the Company.”

#### Registered Office:

122 A, G. S. Raod  
Christianbasti, Guwahati-781005  
Date : 12<sup>th</sup> August, 2013

By Order of the Board of Directors

Sd/-  
**H. K. Sarmah**  
Company Secretary

#### Note:

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

## Explanatory Statement for the Special Business pursuant to Section 173 of the Companies Act, 1956

Following are the Explanatory Statements in respect of item No. 5, 6, 7, & 8 of the Special Business indicated in the Notice dated 12<sup>th</sup> August, 2013.

### **Item No. 5: Appointment of Director**

Shri S. K. Barua, was appointed as Additional Director of Numaligarh Refinery Limited w.e.f. 1st May, 2013 under Article 85 the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 in accordance with the directions of the Government.

Shri S.K. Barua, being appointed as Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri S. K. Barua as a Director of the Company. A brief resume of Shri S. K. Barua is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri S. K. Barua as Director of the Company.

Except Shri S. K. Barua, no other Director is interested in the Resolution.

### **Item No. 6: Appointment of Director**

Shri L. Rynjah, was appointed as Additional Director of Numaligarh Refinery Limited w.e.f. 28.6.2013 under Article 85 the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 in accordance with the directions of the Government.

Shri L. Rynjah, being appointed as Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri L. Rynjah as a Director of the Company. A brief resume of Shri L. Rynjah is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri L. Rynjah as Director of the Company.

Except Shri L. Rynjah, no other Director is interested in the Resolution.

### **Item No. 7 : Appointment of Director**

Shri B.P. Rao, was appointed as Additional Director of Numaligarh Refinery Limited w.e.f. 28.6.2013 under Article 85 the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 in accordance with the directions of the Government.

Shri B.P. Rao, being appointed as Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri B.P. Rao as a Director of the Company. A brief resume of Shri B.P. Rao is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri B.P. Rao as Director of the Company.

Except Shri B.P. Rao, no other Director is interested in the Resolution.

### **Item No. 8: Appointment of Director**

Dr. Alope Kumar Ghoshal, was appointed as Additional Director of Numaligarh Refinery Limited w.e.f. 28.6.2013 under Article 85 the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 in accordance with the directions of the Government.

Dr. Alope Kumar Ghoshal, being appointed as Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Dr. Alope Kumar Ghoshal as a Director of the Company. A brief resume of Dr. Alope Kumar Ghoshal is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Dr. Alope Kumar Ghoshal as Director of the Company.

Except Dr. Alope Kumar Ghoshal, no other Director is interested in the Resolution.

By Order of the Board of Directors

**Registered Office:**

122 A, G. S. Raod

Christianbasti, Guwahati-781005

Date : 12<sup>th</sup> August, 2013

*Sd/-*

**H. K. Sarmah**

Company Secretary



NUMALIGARH  
REFINERY  
LIMITED



# Performance Profile



## Performance Profile

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>1 Crude Oil Processed (TMT) :</b>	<b>2478</b>	2825	2250	2619	2251	2568	2504	2133	2042	2200
<b>2 Capacity Utilisation :</b> [Installed capacity 3000 TMT]	<b>83%</b>	94%	75%	87%	75%	86%	83%	71%	68%	73%
<b>3 Production Quantity (TMT) :</b>	<b>2379</b>	2755	2012	2366	2016	2302	2268	1958	1873	1982
Light Distillates	<b>19.1%</b>	19.0%	13.8%	15.7%	15.5%	15.2%	14.7%	14.1%	14.8%	14.5%
Middle Distillates	<b>78.0%</b>	77.3%	82.2%	80.0%	80.3%	80.4%	80.7%	80.6%	80.4%	81.5%
Heavy Ends	<b>2.9%</b>	3.7%	4.0%	4.4%	4.2%	4.4%	4.6%	5.3%	4.8%	4.0%
<b>4 Refinery Fuel and Loss as % of Crude Processed :</b>	<b>9.33%</b>	9.72%	10.98%	9.85%	10.72%	10.24%	10.53%	10.30%	9.72%	9.64%
<b>5 Market Sales (TMT) :</b>	<b>2,410</b>	2,728	2,137	2,355	2,023	2,391	2,333	1,961	1,927	1,834
<b>6 Manpower (Nos.):</b>	<b>861</b>	851	820	820	789	788	718	705	683	674
<b>7 Sales and Earnings (₹ in Crore) :</b>										
i) Sales Turnover	<b>8,752.88</b>	14,067.86	8,972.19	7,874.09	8,853.35	8,764.16	7,930.32	5,820.37	4,298.99	3,220.26
ii) Profit Before Depreciation/ Amortisation, Interest & Tax	<b>520.90</b>	518.15	618.30	512.27	484.02	586.00	840.55	648.14	747.97	615.43
iii) Depreciation/Amortisation	<b>180.13</b>	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75	132.67
iv) Interest	<b>59.40</b>	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50	104.61
v) Adjustment for prior period	<b>5.62</b>	18.14	4.84	(8.22)	(4.96)	(7.96)	77.14	(2.81)	(2.41)	0.93
vi) Extraordinary Items	<b>12.89</b>	—	—	—	—	—	—	—	—	—
vii) Profit before tax	<b>262.86</b>	287.46	414.13	361.71	319.59	413.10	583.11	475.64	557.13	377.22
viii) Tax #	<b>118.60</b>	103.76	134.87	129.63	83.95	40.29	14.31	26.70	147.98	162.28
ix) Profit After Tax.	<b>144.26</b>	183.70	279.26	232.08	235.64	372.81	568.80	448.94	409.15	214.94
# Includes Deferred Tax provision - ₹ 9.69 crore (Current year) & - ₹ (34.59) crore (Previous year)										
<b>8 What the Company Owned (₹ in Crore):</b>										
i) Gross Fixed Assets (Including Capital Work-in-Progress)	<b>3,855.66</b>	3,757.24	3,681.56	3,582.39	3,347.22	3,219.57	3,083.36	2,964.06	2,776.61	2,641.57
ii) Net Fixed Assets (Including Capital Work-in-Progress)	<b>1,952.22</b>	2,010.45	2,111.92	2,155.43	2,071.31	2,086.28	2,105.35	2,226.71	2,176.09	2,178.82
iii) Non current assets	<b>75.98</b>	67.62	74.69	—	—	—	—	—	—	—
iv) Net Current Assets (Including investments)	<b>1,502.60</b>	1,270.61	870.24	739.87	571.78	520.15	491.03	449.12	265.19	430.81
v) Intangible Assets to the extent not written off	<b>5.66</b>	8.94	7.86	1.76	3.94	4.92	6.89	7.22	—	—
<b>Total Assets Net (ii+iii+iv)</b>	<b>3,536.46</b>	3,357.62	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63
<b>9 What the Company Owed (₹ in Crore):</b>										
i) Share Capital	<b>735.63</b>	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63
ii) Reserve & Surplus	<b>2,021.82</b>	1,963.62	1,865.42	1,714.41	1,615.02	1,508.47	1,309.34	955.70	666.14	399.75
iii) Miscellaneous Expenditure to the extent not written off	<b>—</b>	—	—	—	—	—	—	—	0.31	—
iv) Net worth (i)+(ii)-(iii)	<b>2,757.45</b>	2,699.25	2,601.05	2,450.04	2,350.65	2,244.10	2,044.97	1,691.33	1,401.46	1,135.38
v) Borrowings	<b>392.97</b>	283.39	211.92	207.65	50.39	77.62	214.85	596.19	629.17	1,167.61
vi) Deferred Tax Liability	<b>213.55</b>	203.86	238.47	239.37	245.99	289.63	343.45	395.53	410.65	306.64
vii) Long term liabilities & provisions	<b>172.49</b>	171.12	13.27	—	—	—	—	—	—	—
<b>Total Funds Employed (iv+v+vi)</b>	<b>3,536.46</b>	3,357.62	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63
<b>10 Internal Generation (₹ in Crore)</b>	<b>396.72</b>	334.79	467.26	393.27	340.02	476.67	692.92	580.12	655.45	504.60

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>11 Ratios:</b>										
i) Profit before Depreciation/ Amortisation, Interest & Tax as % age of Net Revenue from operations & Other income	<b>6.30%</b>	3.85%	7.80%	7.70%	6.25%	7.90%	12.44%	13.07%	20.10%	22.94%
ii) Profit after Tax as % age of Average Net Worth.	<b>5.29%</b>	6.93%	11.06%	9.67%	10.26%	17.38%	30.45%	29.03%	32.26%	20.21%
iii) Profit after Tax as % age of Share Capital	<b>19.61%</b>	24.97%	37.96%	31.55%	32.03%	50.68%	77.32%	61.03%	55.62%	29.22%
iv) Average Net worth as % age of Share Capital	<b>371%</b>	360%	343%	326%	312%	292%	254%	210%	172%	145%
v) Profit before Depreciation/ Amortisation, Interest & Tax as % age of Average Capital Employed.	<b>17.38%</b>	17.96%	23.93%	21.50%	21.11%	24.61%	35.28%	28.07%	31.29%	25.80%
vi) Profit Before Tax as % age of Average Capital Employed	<b>8.77%</b>	9.96%	16.03%	15.18%	13.94%	17.35%	24.47%	20.60%	23.31%	15.82%
vii) Profit After Tax as % age of Average Capital Employed (ROCE)	<b>4.81%</b>	6.37%	10.81%	9.74%	10.28%	15.66%	23.87%	19.44%	17.12%	9.01%
viii) Long Term Debt Equity Ratio	<b>0.02</b>	0.03	0.04	0.02	0.02	0.03	0.09	0.26	0.32	0.86
<b>12 Earning Per Share (₹)</b>	<b>1.96</b>	2.50	3.80	3.15	3.20	5.07	7.73	6.10	5.56	2.92
<b>13 Book Value Per Share (₹)</b>	<b>37.48</b>	36.69	35.36	33.31	31.96	30.51	27.80	22.99	19.05	15.43
<b>14 SOURCES AND APPLICATION OF FUNDS (₹ in Crore)</b>										
<b>SOURCES OF FUNDS</b>										
<b>OWN :</b>										
Profit after Tax	<b>144.26</b>	183.70	279.26	232.08	235.64	372.81	568.80	448.93	409.15	214.95
Depreciation/Amortisation	<b>159.97</b>	179.57	144.76	153.23	144.61	157.26	242.79	137.97	137.81	131.54
Deferred Tax provision	<b>9.69</b>	(34.59)	(0.92)	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01	133.17
Investments	<b>10.73</b>	—	—	—	0.46	—	2.51	—	—	—
Miscellaneous Expenses written off	<b>—</b>	—	—	—	—	—	—	—	—	21.89
<b>BORROWINGS :</b>										
Loans (Net)	<b>109.58</b>	71.47	12.25	157.26	—	—	—	—	—	—
Decrease in Working Capital	<b>—</b>	—	—	—	—	33.88	—	—	165.61	—
Changes in long term liabilities & provisions	<b>1.37</b>	157.85	—	—	—	—	—	—	—	—
Changes in Non-Current assets & Provisions	<b>—</b>	7.07	—	—	—	—	—	—	—	—
Adjustment on account of retirement / reclassification of assets	<b>99.27</b>	65.43	45.31	1.30	—	22.95	14.42	1.47	(0.18)	8.17
	<b>534.87</b>	630.50	480.66	537.27	337.07	533.08	776.44	573.25	816.40	509.72
<b>APPLICATION OF FUNDS :</b>										
Capital Expenditure	<b>197.69</b>	141.11	148.39	236.49	127.65	159.16	133.72	188.91	134.85	34.94
Adjustment for Misc.Expenditure / Intangible Assets	<b>0.04</b>	3.53	8.18	—	1.03	—	1.79	8.05	0.34	20.03
Dividend	<b>73.56</b>	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06	64.74
Tax on distributed profits	<b>12.50</b>	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71	8.29
Repayment of Loans (Net )	<b>—</b>	—	—	—	27.23	137.24	381.34	32.99	538.44	56.92
Investments (Net)	<b>—</b>	61.22	29.92	—	—	63.00	—	64.31	—	—
Increase in Working Capital	<b>242.72</b>	339.15	165.93	168.09	52.07	—	44.42	119.62	—	324.80
Changes in Non-Current assets & Provisions	<b>8.36</b>	—	—	—	—	—	—	—	—	—
Transitional Provision for Employee Benefit	<b>—</b>	—	—	3.60	—	1.55	—	—	—	—
	<b>534.87</b>	630.50	480.66	537.27	337.07	533.08	776.44	573.25	816.40	509.72

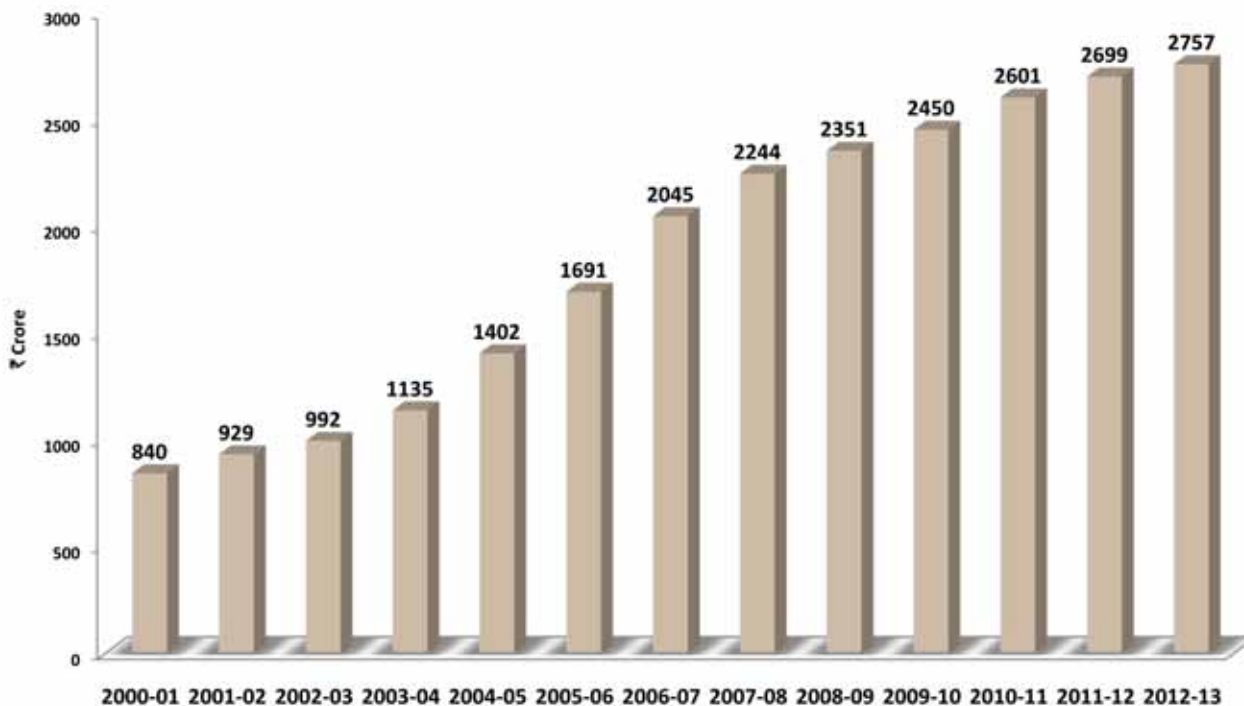
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>15 Changes in Working Capital</b> (₹ in Crore) :										
<b>A) Current Assets :</b>										
Inventories	(807.97)	383.33	82.03	571.63	57.15	100.34	22.95	80.65	122.22	325.04
Trade Receivables	(93.72)	44.82	643.19	(24.58)	(337.68)	269.18	(57.62)	92.22	(53.96)	36.27
Cash & Bank Balances	2.51	(201.55)	79.00	(169.35)	(220.01)	121.72	359.41	29.56	(25.09)	(163.51)
Other Current Assets	210.48	9.27	(3.95)	2.65	0.03	(2.24)	3.70	0.28	—	—
Loans & Advances, Others	—	—	(0.68)	38.71	(18.48)	(5.40)	(69.29)	(65.40)	(46.82)	(40.69)
	(688.70)	235.87	799.59	419.06	(518.99)	483.60	259.15	137.31	(3.65)	157.11
<b>Less:</b>										
<b>B) Current Liabilities &amp; Provisions</b>										
Current Liabilities	(931.42)	(103.28)	579.74	197.87	(558.03)	557.53	272.73	(43.66)	276.07	(175.37)
Provisions	—	—	53.92	53.10	(13.03)	(40.05)	(58.00)	61.35	(114.11)	7.68
	(931.42)	(103.28)	633.66	250.97	(571.06)	517.48	214.73	17.69	161.96	(167.69)
<b>C ) Working Capital ( A - B )</b>	<b>242.72</b>	<b>339.15</b>	<b>165.93</b>	<b>168.09</b>	<b>52.07</b>	<b>(33.88)</b>	<b>44.42</b>	<b>119.62</b>	<b>(165.61)</b>	<b>324.80</b>

## Value Added

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>HOW VALUE IS GENERATED</b> (₹ in Crore) :										
Value of Production :	7,601.63	13,659.35	7,847.50	7,218.61	7,708.80	7,496.73	6,675.80	5,032.41	3,829.97	2,883.97
Less : Direct Materials Consumed :	6,622.87	12,503.09	7,011.66	6,532.67	7,073.07	6,832.68	5,724.20	4,287.92	3,001.36	2,174.87
Value Added	978.76	1,156.26	835.84	685.94	635.73	664.05	951.60	744.49	828.61	709.10
Add : Other Incomes (including P.Y.A)	77.72	16.55	61.00	55.33	54.58	64.52	(48.62)	21.58	14.29	7.46
<b>Total Value Generated</b>	<b>1,056.48</b>	<b>1,172.81</b>	<b>896.84</b>	<b>741.27</b>	<b>690.31</b>	<b>728.57</b>	<b>902.98</b>	<b>766.07</b>	<b>842.90</b>	<b>716.56</b>
<b>HOW VALUE IS DISTRIBUTED</b> (₹ in Crore) :										
<b>A) Operation :</b>										
Employees' Benefits	129.92	143.28	138.01	104.89	87.42	54.08	48.51	38.43	34.63	30.45
Other Costs	424.17	529.53	144.89	115.89	117.77	79.18	88.55	76.70	57.88	71.60
	554.09	672.81	282.90	220.78	205.19	133.26	137.06	115.13	92.51	102.05
<b>B) Providers of Capital</b>										
Interest on Borrowings	59.40	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50	104.61
Dividend	73.56	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06	64.74
	132.96	112.14	139.50	115.48	131.77	170.37	204.47	174.48	180.56	169.35
<b>C) Taxation:</b>										
Corporate Tax	108.91	138.35	135.79	136.23	127.59	94.11	66.38	41.82	43.97	29.11
Tax on distributed profits	12.50	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71	8.29
	121.41	150.28	153.69	154.98	146.34	119.11	97.64	61.42	61.68	37.40
<b>D) Re-investment in Business</b>										
Depreciation/ Amortisation	180.13	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75	132.67
Provision on Investment	—	(0.01)	0.48	—	(3.86)	1.35	2.51	—	—	—
Deferred Tax	9.69	(34.59)	(0.92)	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01	133.17
Retained Profit	58.20	98.21	151.02	102.99	106.55	200.68	353.64	289.56	266.39	141.92
	248.02	237.58	320.75	250.03	207.01	305.83	463.81	415.04	508.15	407.76
<b>Total Value Distributed</b>	<b>1,056.48</b>	<b>1,172.81</b>	<b>896.84</b>	<b>741.27</b>	<b>690.31</b>	<b>728.57</b>	<b>902.98</b>	<b>766.07</b>	<b>842.90</b>	<b>716.56</b>

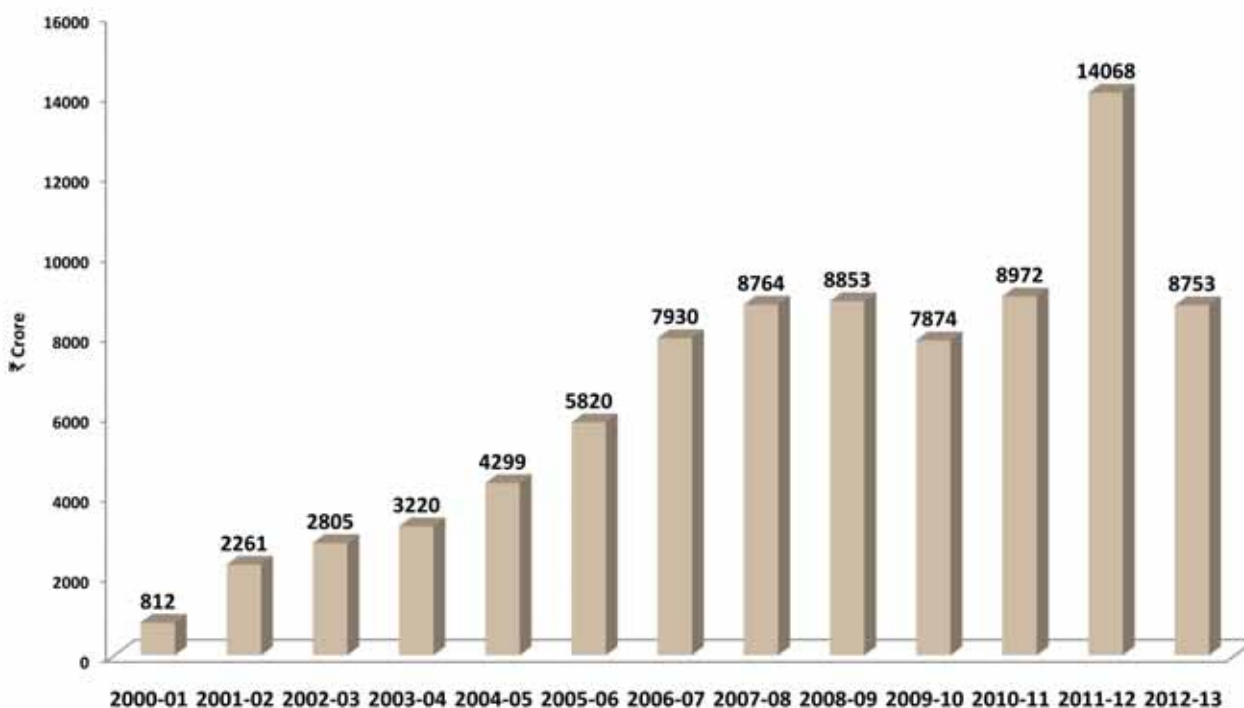
## Net Worth CAGR 10.41%

(in ₹Crore)



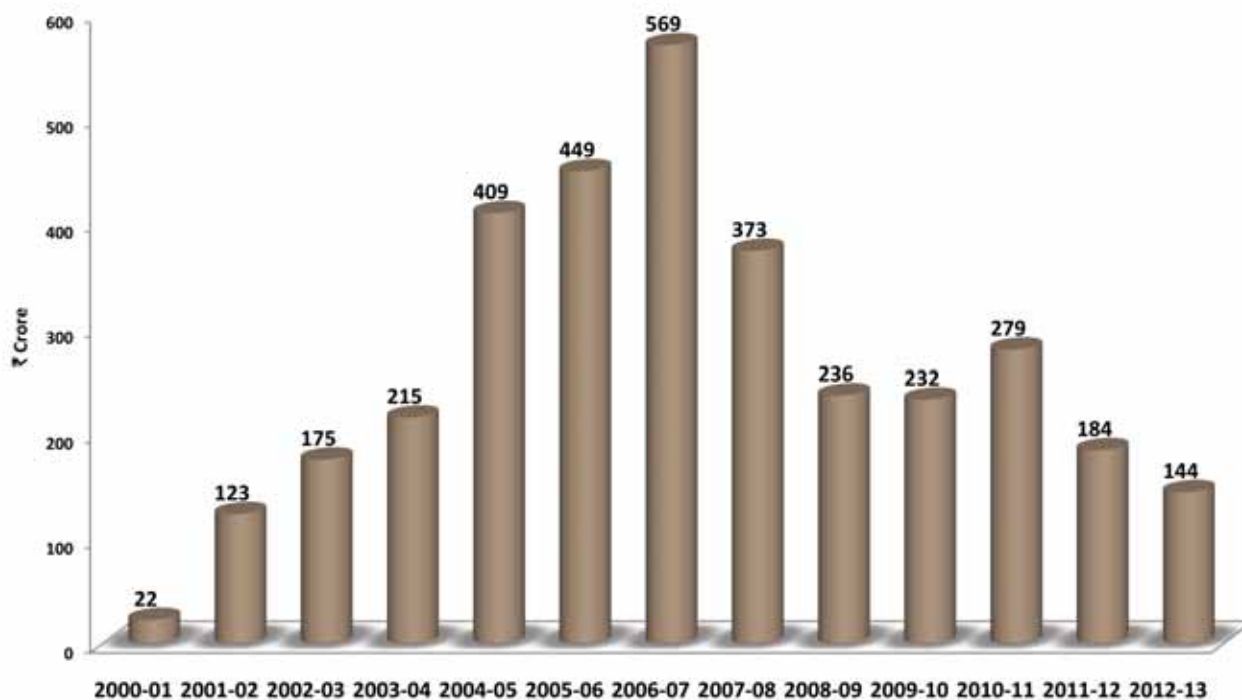
## Turnover CAGR 21.91%

(in ₹Crore)





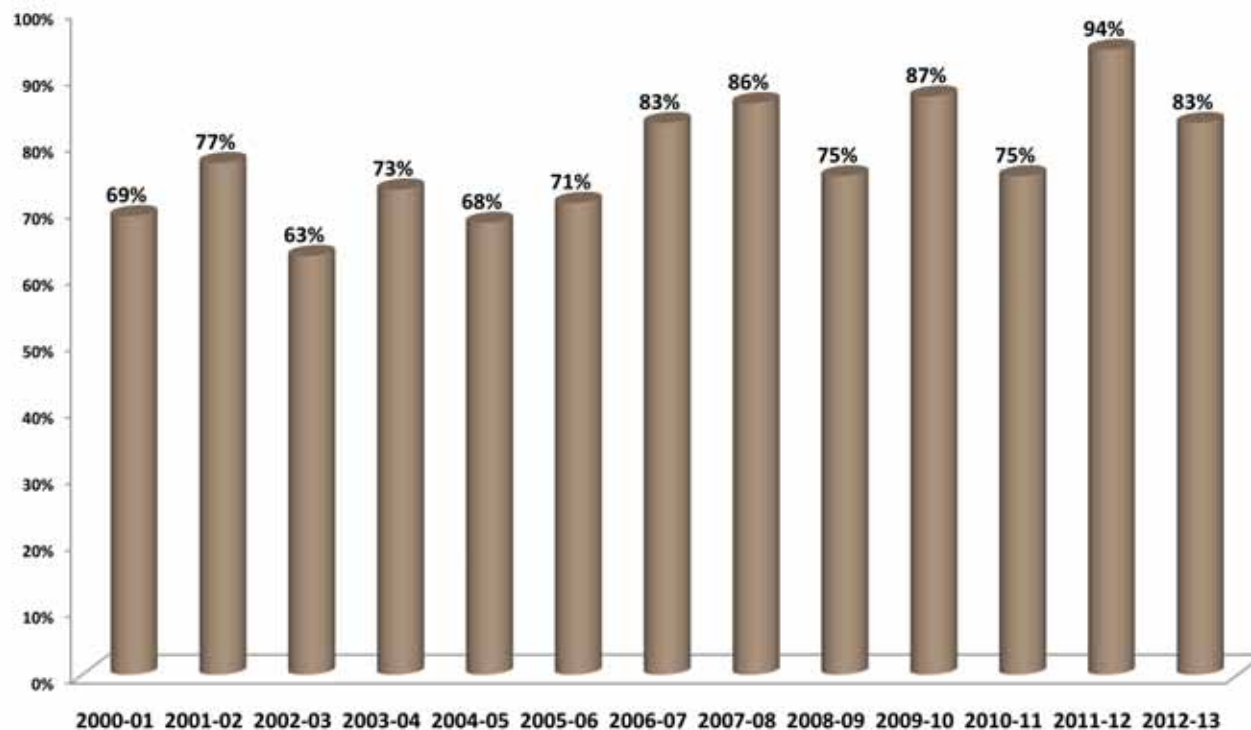
## Profit After Tax CAGR 16.95% (in ₹Crore)



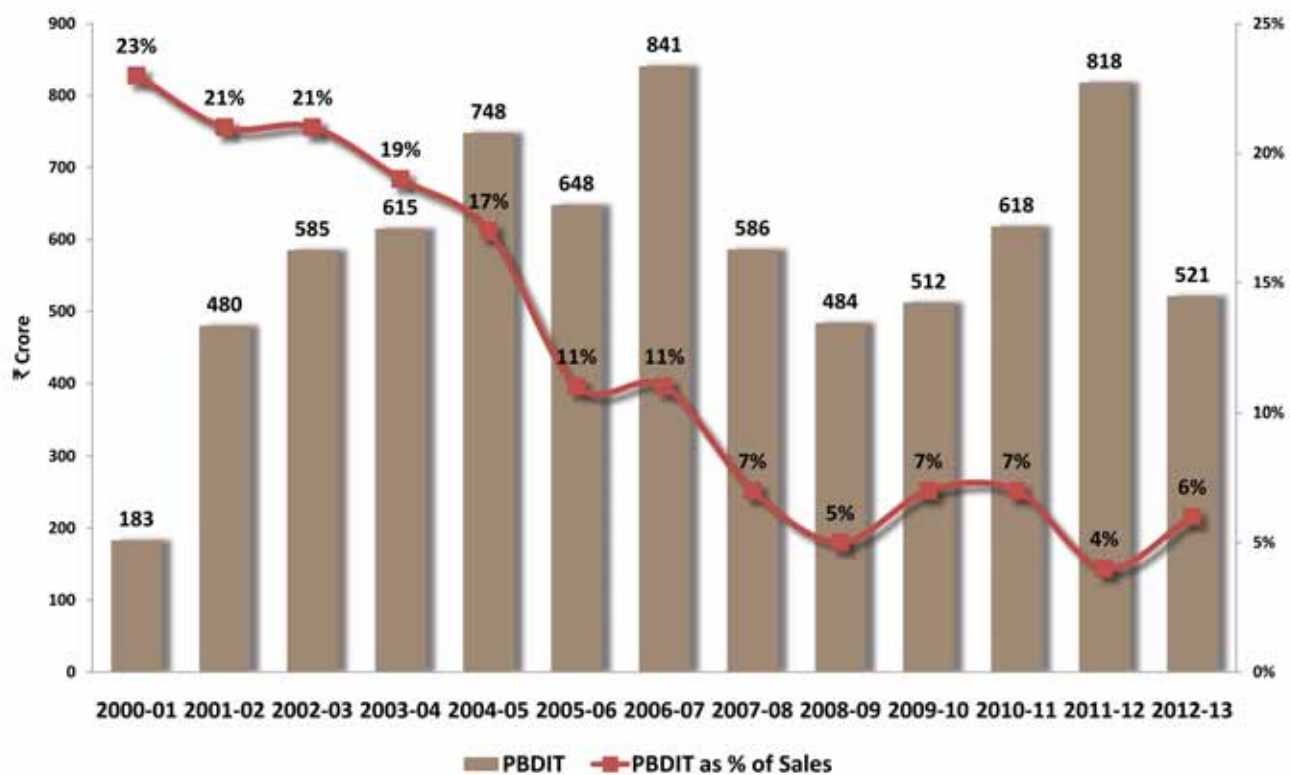
## EPS & CEPS (₹per share of ₹10)



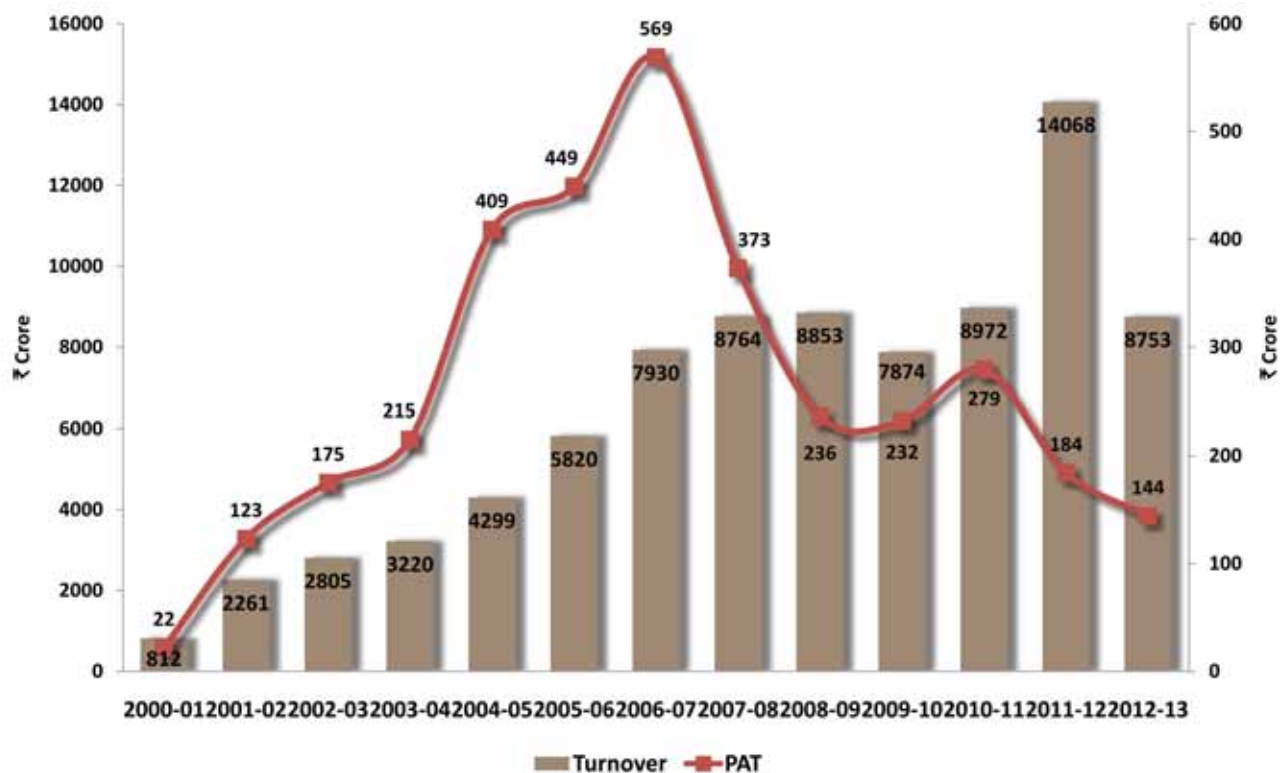
## Capacity Utilisation



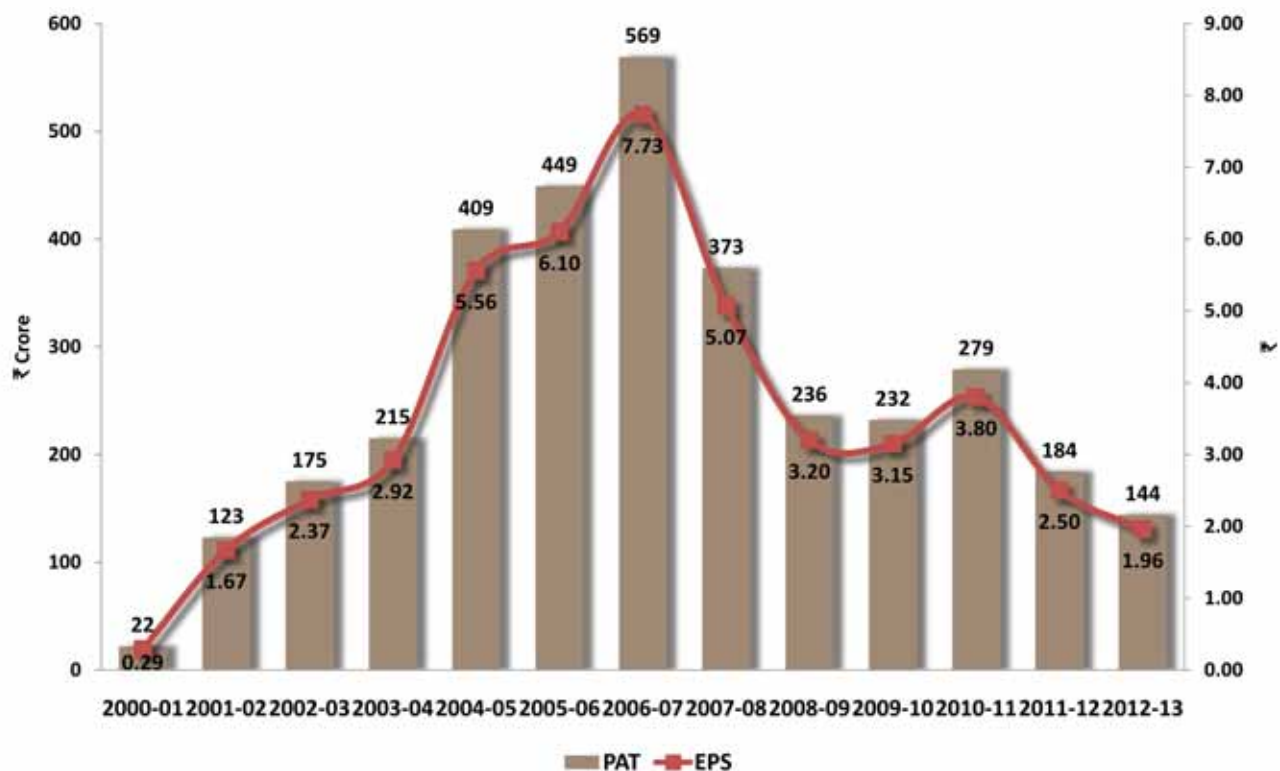
## PBDIT as % of Sales



## Turnover & PAT

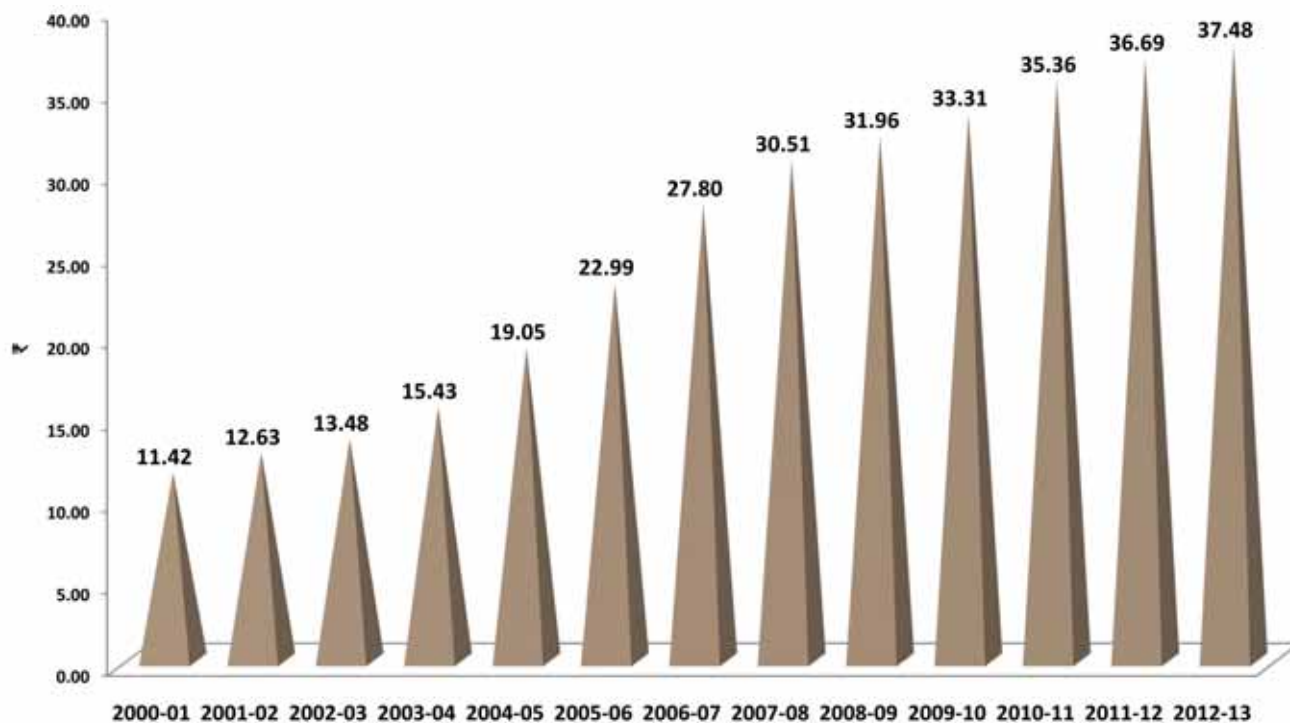


## PAT & EPS

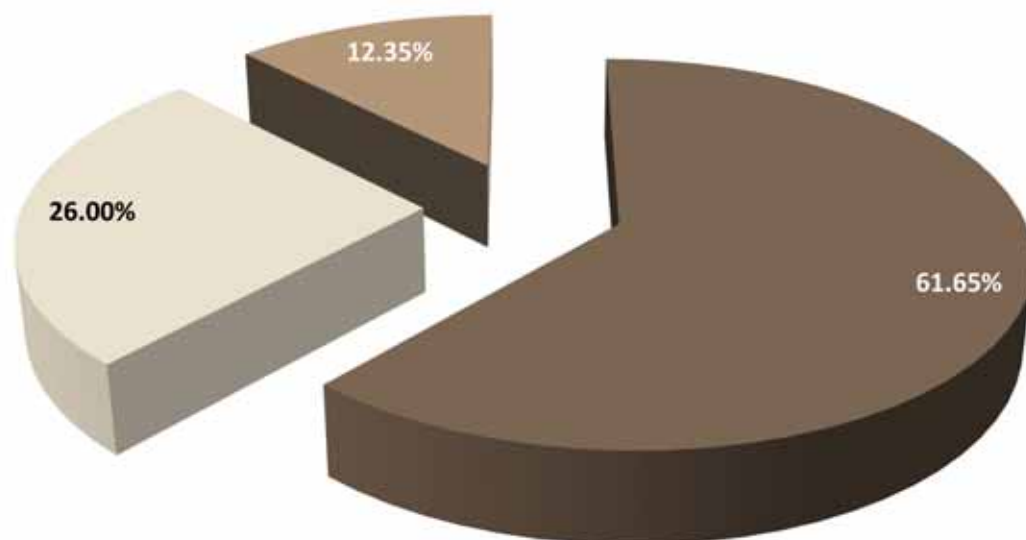


## Book Value per share

(Face Value ₹10 each)



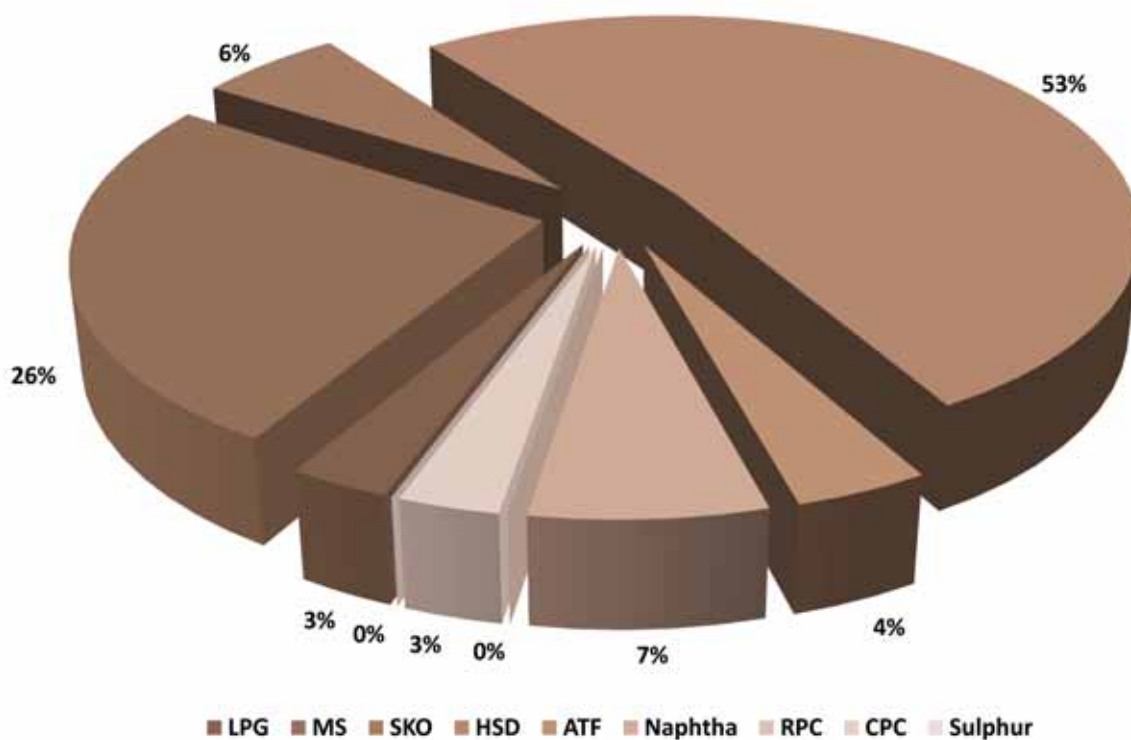
## Shareholding Pattern



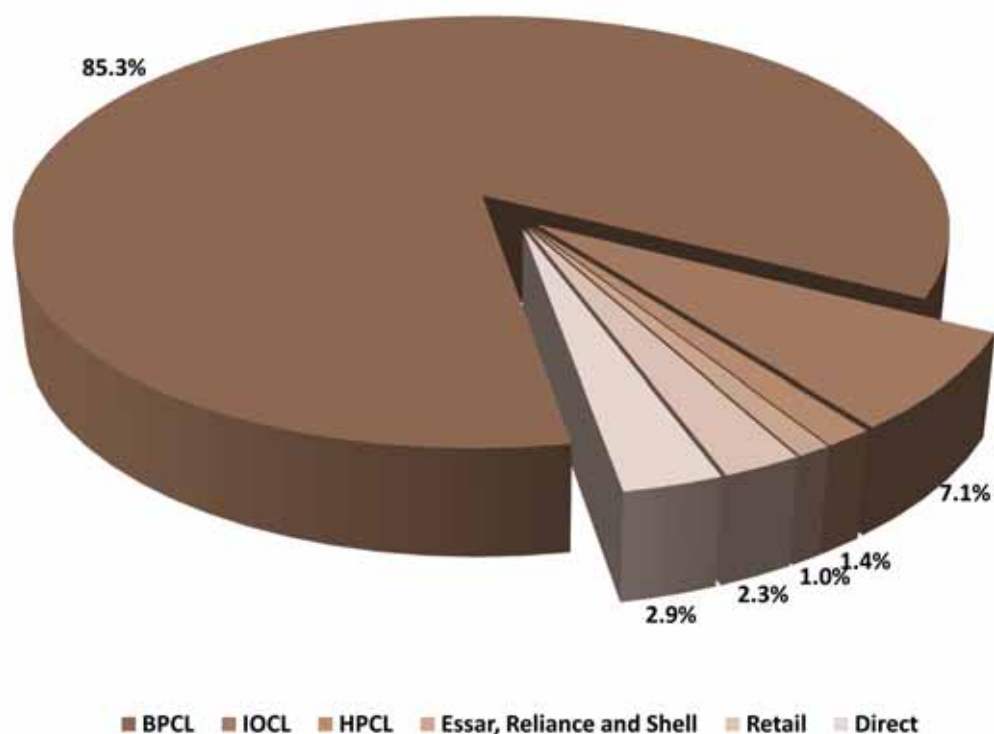
■ Bharat Petroleum Corporation Ltd. ■ Oil India Ltd. ■ Government of Assam



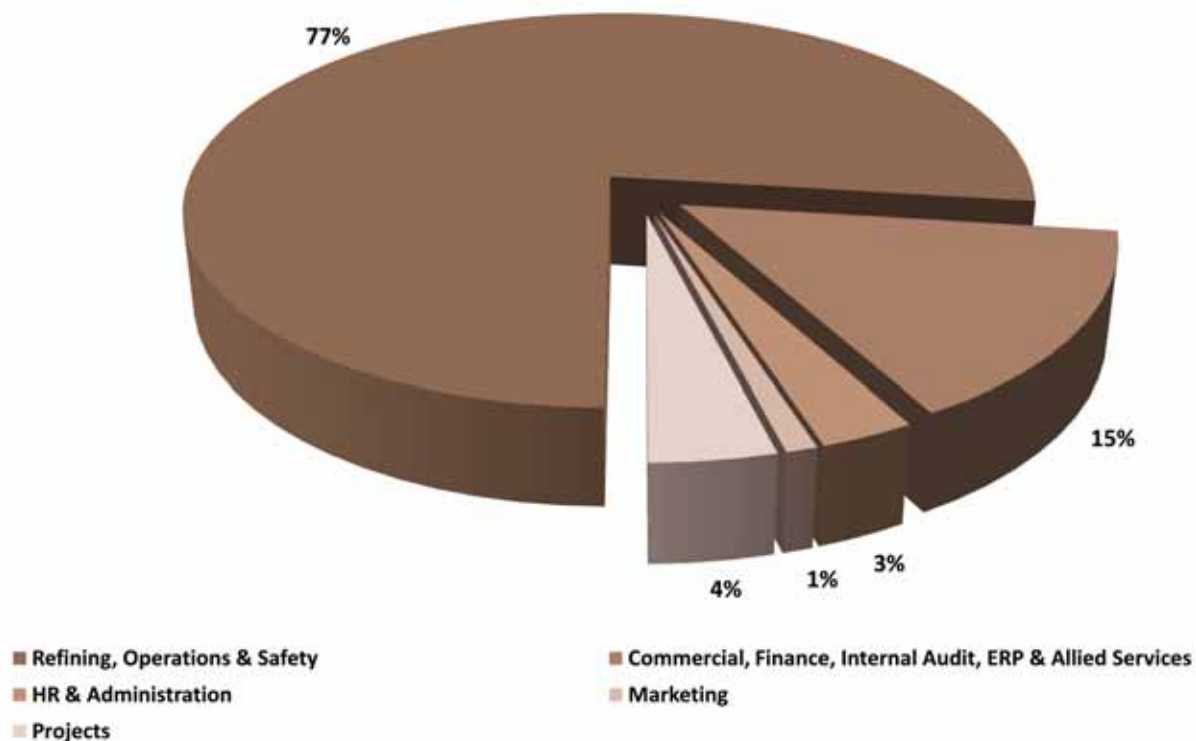
## Productwise Sales Pattern



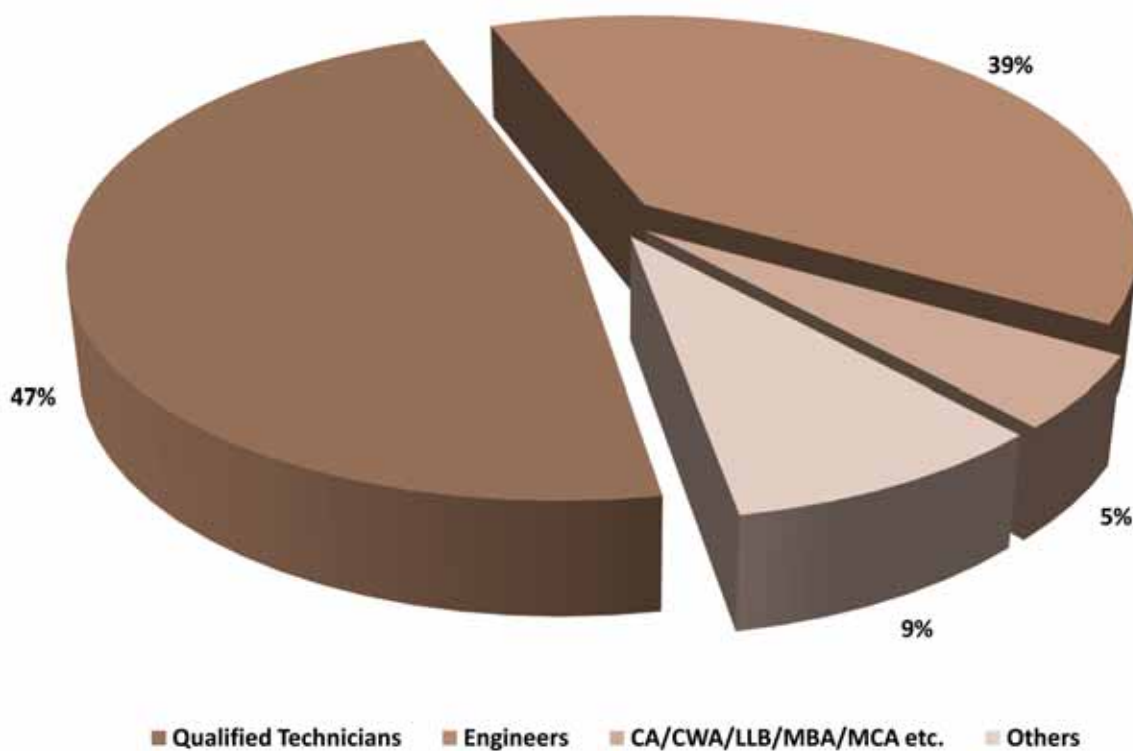
## Party-wise Sales



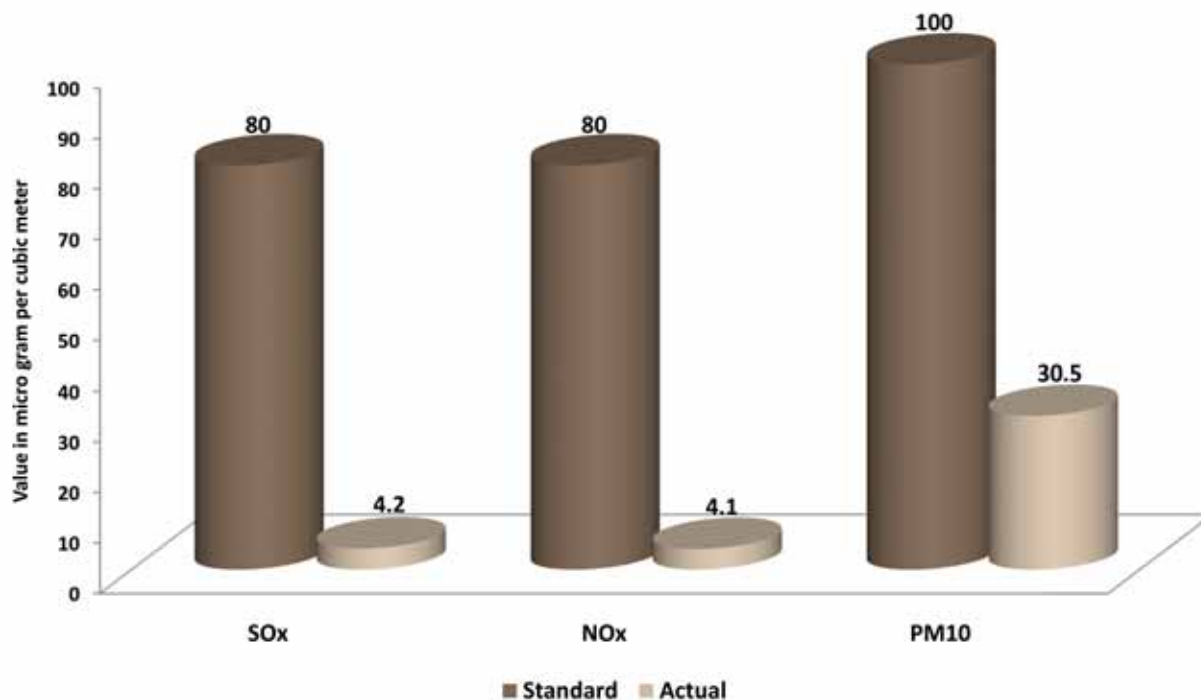
## Manpower Function-wise



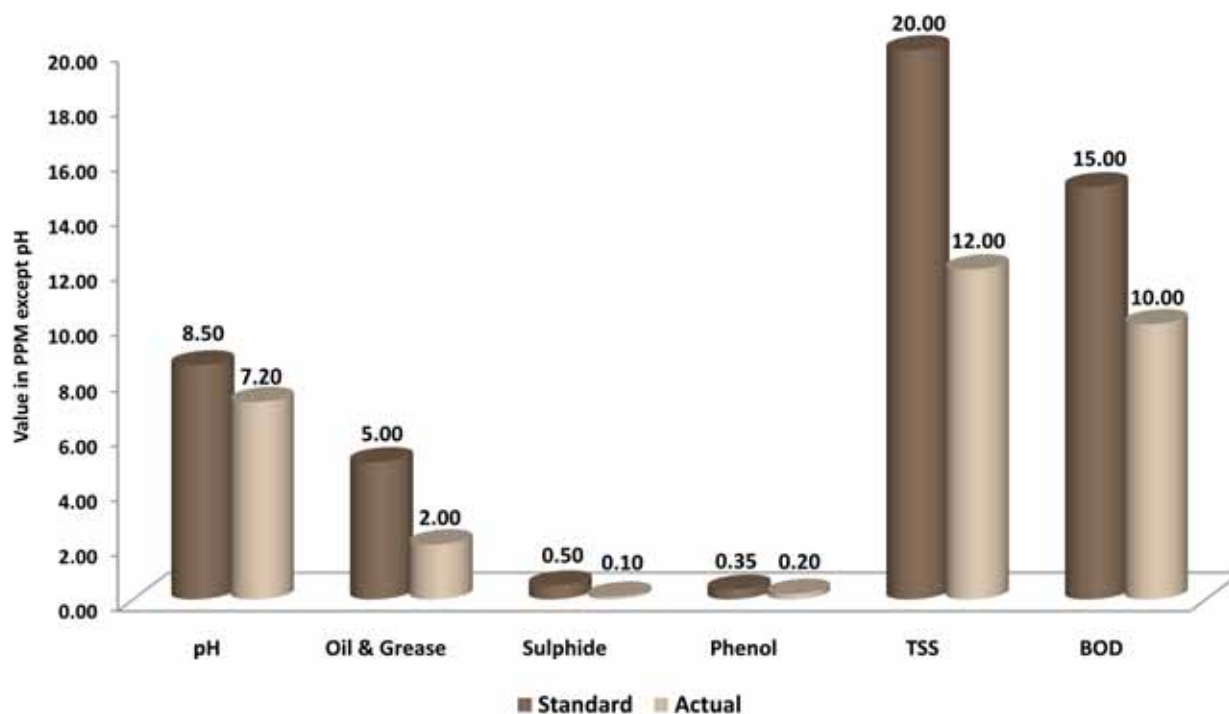
## Manpower Qualification-wise



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



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





NUMALIGARH  
REFINERY  
LIMITED



# Directors' Report



## Directors' Report to Shareholders

Your Directors take pleasure in presenting their 20<sup>th</sup> Annual Report on performance of your Company together with audited statement of accounts for the financial year ended 31<sup>st</sup> March, 2013.

The year started with the challenging task of achieving the highest ever MOU crude throughput target of 2710 TMT at excellent level amidst expectation of receiving similar quantity of crude during the year.

During first quarter of the year, a major fire broke out on 7<sup>th</sup> April, 2012 in the Hydrocracker Unit from equipment failure resulting in unplanned refinery shutdown. The 30 days planned refinery shutdown for carrying out maintenance activities, which was scheduled to start from mid-May'12 was preponed to April'12 so as to minimize production loss during the 1<sup>st</sup> quarter. After successful re-commissioning, the refinery operated at full capacity during the second quarter. However, since third quarter, capacity utilization declined due to inadequate crude supplies. On overall basis, crude throughput for 2012-13 was 2478 TMT against receipt of 2448 TMT. Thus, the MoU excellent target on crude throughput could not be achieved due to factors beyond the Company's control.

Notwithstanding lower crude throughput, refinery operations were continuously optimized during the year. Due to such persistent efforts, NRL's distillate

yield for the year at 91.11% was the highest among PSU oil refineries in the country. Specific energy consumption was limited to 59.7 MBN and fuel and loss was contained at 9.34%.

## Financial Performance

### a) Financial Results

During 2012-13, the Company posted a sales turnover of ₹ 8,752.88 crores which was lower compared to ₹ 14,067.86 crores in the previous year. Sales turnover declined by 37.78% in 2012-13 primarily on account of routing upstream crude oil discounts due to Bharat Petroleum Corporation Limited (BPCL), received by NRL from the crude suppliers, which were passed on to BPCL through discounts in product prices. This procedure is in line with advice from the Ministry of Petroleum and Natural Gas. Profit before tax (PBT) in 2012-13 declined by 8.56% to ₹ 262.86 crores from ₹ 287.46 crores in 2011-12 mainly on account of lower margins. Profit after tax (PAT) during 2012-13 declined by 21.47% to ₹ 144.26 crores from ₹ 183.70 crores in the previous year. The Compound Annual Growth Rate (CAGR) for PAT thus stood at 16.95% as on 31<sup>st</sup> March, 2013.

The financial results for the year 2012-13 compared to those of the previous year are summarized below:

(₹ In Crore)

	2012-13	2011-12
Sales Turnover - Gross	8,752.88	14,067.86
Profit before Depreciation & Amortization, Interest and Tax	520.90	518.15
Interest	59.40	38.58
Depreciation & Amortization	180.13	173.97
Profit before extraordinary items and tax	281.37	305.60
Extraordinary Items	12.89	-
Prior period items (net)	5.62	18.14
Profit before Tax	262.86	287.46
Provision for Taxation - Current	108.91	138.35
Provision for Taxation - Deferred	9.69	(34.59)
Profit after Tax	144.26	183.70
Balance brought forward from the previous year	0.01	0.01
Amount available for Disposal	144.27	183.71

	2012-13	2011-12
<b>Directors propose to appropriate this amount as under :</b>		
<b>Appropriations:</b>		
Towards Dividend	73.56	73.56
Corporate Dividend tax	12.50	11.93
For Transfer to General Reserve	58.20	98.21
Balance carried forward to Balance Sheet	0.01	0.01

#### Summarised Cash Flow Statement :

<b>Cash Flows :</b>		
Inflow/(Outflow) from operations	153.84	11.32
Inflow/(Outflow) from investing activities	(123.59)	(152.00)
Inflow/(Outflow) from financing activities	(27.74)	(60.87)
Net Increase/(decrease) in cash & cash equivalent	2.51	(201.55)

*(Previous year figures have been reclassified / regrouped to conform to current year's classification)*

## b) Dividend

Your Directors after taking into account financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secured future, are pleased to recommend for your approval, a dividend of 10% (₹1.00 per fully paid equity share of ₹10.00 each) for the year on the paid-up share capital of ₹735.63 crores, which would absorb a sum of ₹86.06 crores out of the

Company's PAT inclusive of Corporate Dividend Tax. NRL's net worth as on 31<sup>st</sup> March, 2013 would increase to ₹2,757.45 crores compared to ₹2,699.25 crores at the end of the previous year.

## c) Operating Results

- During the year, the refinery processed 2478 TMT of crude oil against 2825 TMT in the previous year. Correspondingly, total



Green Tech Environment Award 2012



NSU Project

sales volume declined by 11.66% to 2410 TMT compared to 2728 TMT in the previous year. During the year, PBT was recorded at ₹262.86 crores against ₹287.46 crores in 2011-12 while PAT was recorded at ₹144.26 crores against ₹183.70 crores in the previous year.

- ii) Gross Refinery Margin (GRM) during the year was US \$10.52 per barrel including excise benefit of US \$5.66 per barrel against previous year's GRM of US \$12.45 per barrel with excise benefit of US \$6.25 per barrel.
- iii) The Earning Per Share (EPS) stood at ₹1.96 compared to ₹2.50 during the previous year.

#### d) Treasury Operations

During the year, term loan amounting to ₹24.23 crores was repaid. The Company continued its focused

attention towards effective utilization of available surplus funds enabling it to earn an interest/dividend income of ₹3.70 crores during the year. CRISIL Ltd. has rated the Company at 'A1+' for Short Term Loan facilities and 'AAA/Negative' for Long-Term Loans, which has reduced the overall interest cost besides facilitating optimization of treasury activities. The Company achieved 99% conversion in its e-payment / e-collection mechanisms for making payment / managing receivables. This has further enhanced fund management activities of the Company. Debt equity ratio at the close of the financial year stood at 0.02.

During the year, NRL availed External Commercial Borrowing (ECB) in the form of Buyers Credit (a form of import financing), for working capital financing which contributed marginally towards optimization of interest cost.

Your Company also accessed the route of raising Term Loan through External Commercial Borrowing (ECB)





WHFU - Wax Project

for the first time for financing its project expenditure and has tied up with the State Bank of India for raising US\$ denominated Term Loan of 90 million for an average tenor of five years. The drawal of this loan has started from May 2013.

### e) Contribution to Exchequer

Your Company has contributed a total of ₹748.34 crores to the Central Exchequer and ₹279.82 crores to the State Exchequers in the form of taxes, duties and dividends compared to ₹859.60 crores and ₹555.92 crores respectively in the previous year.

### f) Cost Control Initiatives

Your Company follows a system of online budgetary control through SAP ECC 6.0 ERP system for cost optimization whereby expenditures are monitored and controlled on a day-to-day basis for ensuring proper adherence to budget. Besides taking adequate measures towards austerity and rationalization of expenditures, your Company has 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

Comments of the Comptroller and Auditor General of India (C&AG) under section 619(4) of the Companies Act, 1956 on accounts of the Company for the year ended 31<sup>st</sup> March, 2013 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

On physical front, during 2012-13, 2.478 MMT of crude oil was processed against 2.825 MMT in the previous year. Crude throughput for 2012-13 was short of the excellent MOU target of 2.710 MMT but was higher than the total crude receipt of 2.448 MMT during the year.

Distillate yield during 2012-13 was recorded at 91.11% against 91.52% in the previous year. The excellent MOU 2012-13 target for distillate yield was 90.65%. The high distillate yield during 2012-13 was sustained through strict monitoring and control of fuel and loss besides minimal generation of heavy ends.

Refinery fuel and loss during the year was contained at 9.34% with hydrocarbon loss component at 0.35%. Specific energy consumption (SEC) for 2012-13 at 59.7 MBN was better than the excellent MOU target of 68.0 MBN and was at par with that of the previous year despite lower crude throughput.

During the year, 126 TMT of natural gas was received and utilized against anticipated quantity of 160 TMT.

Motor Spirit production during 2012-13 was 298.8 TMT which was higher than the excellent MOU target of 240.0 TMT.

The 12 MW Steam Turbine Generator (STG) was in operation on continuous basis during the year with an average load of 6.0 MW.

During 2012-13, out of total production amounting to 2.379 MMT, total evacuation from the refinery was 2.382 MMT which included pipeline transfer of 1.49 MMT, rail dispatch of 0.423 MMT and road dispatch of 0.469 MMT.

During 2012-13, 100% reuse of treated effluents in the refinery as well as in the township was sustained. Effluent and air quality parameters were maintained within latest statutory norms.

NRL had participated in a benchmarking study for PSU refineries for 2010-11 carried out by Solomon Associates under aegis of the Centre for High Technology. Result of the study has placed Operational Availability of NRL in 1<sup>st</sup> quartile, besides Turnaround Index, Turnaround Component of Maintenance Cost Effectiveness Index, and Refinery's Mechanical Availability in 2<sup>nd</sup> quartile among the Asia Pacific group. Similar study for subsequent years is in progress.

The Refinery's quality control laboratory received approval against renewal of accreditation from



SDU - Wax Project





*MOU for 2013 with BPCL*

National Accreditation Board for Testing and Calibration Laboratories (NABL), Directorate General of Civil Aviation (DGCA), Directorate General of Aeronautical Quality Assurance (DGAQA) and Centre for Military Airworthiness and Certification (CEMILAC). NRL participated in a Diesel, MS and ATF inter-laboratory crosschecking program conducted by the American Society for Testing and Materials (ASTM), USA.

## Marketing Performance

During 2012-13, the Company recorded a total sales volume of 2410 TMT of which, 22% were sold within the North East while 78% were marketed outside the region. The percentage sales under different heads, in order of sales volume, were as follows: Bharat Petroleum Corporation Limited: 85.3%, Indian Oil Corporation Limited 7.1%, Direct Sales 2.9%, Retail Sales 2.3%, Hindustan Petroleum Corporation Limited 1.4% and private oil companies 1.0%.

On retail marketing front, NRL had 74 Retail Outlets at the beginning of 2012-13. During the year, under

the aegis of Ministry of Petroleum and Natural Gas, NRL's entire retail network was handed over to its holding company Bharat Petroleum Corporation Limited in order to curtail retail under-recoveries, which reached unsustainable levels. The transfer of Retail Outlets to BPCL took place from 30<sup>th</sup> June, 2012 to 6<sup>th</sup> October, 2012.

In the context of performance against retail marketing parameters incorporated in MOU 2012-13, during April-October 2012, 168 number of sampling from Retail Outlets were carried out, 251 inspections were conducted and sales from outlets certified under Q&Q protocol amounted to 92.6% of total retail sales. Vehicle Tracking System was under implementation during the stated period, covering 99.76% of the RO fleet strength.

With regard to sales of RPC/CPC, against total production quantity of 65.45 TMT during the year, 66.91 TMT was sold.

The Siliguri Marketing Terminal (SMT) recorded a total product dispatch of 1.51 MMT during the year vis-à-vis 1.58 MMT in the previous year.

## Management Discussion and Analysis Report

### Industry Structure and Developments

During 2012-13, global oil demand remained relatively subdued which contributed in limiting prices within a reasonable level. However, retreat from nuclear energy by several countries has led to resurgence in demand for fossil fuels. An important development in the world oil scenario has been increased production of shale oil, particularly in Canada and the USA. This development has raised prospects for shale oil production in India. Assam, reported to have high potential in shale gas and oil by the Directorate General of Hydrocarbons, is expected to witness increasing interest from prospective explorers in coming years.

In India, during 2012-13, economic growth moderated significantly with Gross Domestic Product (GDP) slipping to a decade low growth level of 5%. The



MOU with NALCO

decline in GDP growth rate is attributable to inadequate performance on farm, manufacturing and mining sectors besides high cost on corporate borrowings, restricting investments.

The country's refining capacity as on 1<sup>st</sup> April, 2013 increased marginally to 215 MMTPA from 213 MMTPA a year ago. Production of petroleum products increased to 219 MMT in 2012-13 from 204 MMT in 2011-12. On overall basis, in 2012-13, consumption of petroleum products increased to 155 MMT from 148 MMT in the previous year, signifying a growth of nearly 5%. During the year, HSD and MS consumption grew by 6.8% and 5% respectively. LPG grew by 1.6% while SKO recorded negative growth of 8.8%.

### Strengths

NRL's primary strength emanates from unstinted support in various endeavours from the Company's stakeholders. Learning to mitigate challenges leveraging on available opportunities has been a way of life for employees at NRL and this quality is one of the Company's greatest strengths. In addition, NRL is empowered through effective utilization of contemporary technologies. Besides, the Company has the resource base to pursue ambitious projects necessary for ensuring sustenance and growth.

### Weaknesses

Fundamental weakness of NRL arises from sub-economic refinery size, a constraint compounded with inadequate crude oil availability in the North East region. Due to logistical bottlenecks, importing limited quantities of crude oil for saturating existing refining capacity is economically not feasible. Location of the refinery in a product surplus zone is another weakness resulting in under-recoveries.



ECB Agreement with SBI

### Opportunities

NRL's endeavour for refinery expansion has been endorsed by MOP&NG and the project has been included in the 12<sup>th</sup> Five Year Plan of the Ministry. This has opened up opportunities for speedy implementation of the project. The other opportunity arises from sustained utilization of natural gas resulting in higher distillate yield besides reduction in operating costs. Another opportunity is expected to materialize during 2013-14 from sale of petrochemical grade Naphtha to the Assam Gas Cracker. Distinct opportunity for NRL lies also in expansion and diversification initiatives. The Wax project is scheduled for commissioning during 2013-14. This would augment the product slate besides opening up marketing opportunities.

## Threats

Inadequate supplies of crude oil and natural gas are important areas of threat for NRL. In addition, like other oil refiners, NRL faces the threat from volatility in crude oil and product prices that can affect refining margin. Policy decisions of the Government towards reduction in customs and excise duties on petroleum products can also affect the Company's profitability. The other threat for NRL, as in case with other North East refineries, lies in profitability being dependent on 50% excise duty benefit, continuance of which is necessary for mitigating inherent constraints.

## Product-wise Performance

NRL's total production during 2012-13 amounted to 2,379 TMT. Production comprised 1,407 TMT and 240 TMT of HSD in BS III and IV grades respectively, besides 284 TMT and 15 TMT of MS in BS III and IV grades respectively. Production also included 48 TMT LPG, 108 TMT Naphtha, 61 TMT ATF, 147 TMT SKO, 65 TMT RPC/CPC and 4 TMT Sulphur.

## Outlook

Outlook for 2013-14 is optimistic. The refinery has resumed normal operations after a shutdown triggered by a major fire incident in CDU/VDU area on 31.05.2013. Subject to adequate crude oil availability, the excellent MOU target for the year is anticipated to be achieved. The refinery is set to be equipped with a new plant for production of high quality Wax. A dedicated customer for petrochemical grade Naphtha is expected to materialise. Implementation of the refinery expansion plan along with an associated pipeline for transporting imported crude oil is expected to gain momentum. Significant progress is expected to be made over implementation of a new product pipeline project from NRL's Siliguri terminal to Parbatipur in Bangladesh. This project has received active support from government of both countries. Besides, there is the prospect of product exports to Nepal. In this regard, approval from Government of Nepal has been obtained while that from Government of India is awaited.

## Risks and Concerns

Risks and associated concerns for 2013-14 mainly pertains to supplies of crude oil and natural gas.

## Internal Control Systems and their adequacy

The Company has an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial and management information, safeguarding the assets and interests of the Company and ensuring compliance with all laws, regulations, rules, internal policies and guidelines. The Company has also put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions. In order to achieve a sound internal control, Company has established a robust control environment and a framework that is conducive to the objective of achieving effective and efficient corporate governance which has been further strengthened by use of information technology and ERP driven business processes.

The Company has an Internal Audit Department which conducts round the year risk focused audits in key business areas. The Company's management reviews and takes appropriate action on the audit findings and recommendations. All significant audit observations and follow up actions are reported to the Audit Committee of the Board along with management's responses. The Audit Committee periodically reviews audit plans, observations and recommendations of internal auditors.

## Human Resources

The Company considers human resource as its most valuable resource and continues to work for its development. Your company takes great pride in the commitment, competence and professionalism of its employees. The Company continues to take new



Shri Dipak Chakravarty, MD receiving the CEO with HR Orientation Award



initiatives to further align its HR policies to meet emerging requirements of its business.

NRL's manpower strength as on 31<sup>st</sup> March, 2013 was 852 of which 432 was in unionized category and 420 in executive cadre. Of the total staff strength, 185 members belonged to Scheduled Caste (SC) / Scheduled Tribe (ST) categories and 236 to Other Backward Class (OBC) Category. There were 41 women employees, 37 belonging to minority communities besides 13 physically challenged employees.

In line with the previous year, for 2012-13, Bell Curve approach was adopted for rating of executives under Performance Management System (PMS). The PMS format comprised a section towards developmental plan which was utilised for ascertaining training needs of officers. Incentive payment to executives under Performance Related Pay (PRP) for the year has been linked with PMS.

Attrition was limited to nine employees during the year.

Major HR initiatives during 2012-13 included development of career and succession plan for executives, mentorship development programme, implementation of quality circle projects, effective redressal of grievances, employee satisfaction survey, formulation and implementation of social security schemes.

The company sustained cordial relationship with employees during the year. Ten structured meetings with employees' representatives were held. There was no incident of industrial unrest. The company has developed structured incentive programmes, including performance-linked variable pay structure for certain level of employees.

## Developmental Training

During the year focused attention continued towards imparting developmental training to employees. Training comprised 1326 mandays for management and 422 mandays for non-management, totaling 1748 mandays. Six programmes on leadership development were organized. A total of 50 non-management staff participated in skill upgradation programmes. Training on project management and advance management programme for senior executives covered 56 and 7 officers respectively. Five programmes on stress management were also conducted during the year.

## SC/ ST Employees

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

## Reservation and other welfare measures for SC/ST

Your Company observes applicable guidelines of the Government issued from time to time in respect of providing reservations on all-India recruitments as well as local recruitments in context of candidates belonging to Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Classes (OBC) and Persons with Disabilities (PWD). Relaxation in age and qualifications are given and interviews of SC/ST candidates are based on relaxed standards to maximize chances of their appointment. In the interview panel for recruitment, a member belonging to SC/ST community is associated. Candidates belonging to SC/ST who are called for written test and interviews are reimbursed travelling expenses. In addition to reservations in employment, your Company is also offering relaxed criteria in promotions, as per applicable guidelines.

The Company has an SC/ST cell to monitor reservations and other enabling provisions for SC/ST employees. An executive in the rank of General Manager is appointed as the Chief Liaison Officer for SC/ST employees to ensure compliance to various guidelines pertaining to SC/ST employees.

As a part of CSR initiatives, the Company is implementing welfare measures for backward communities. Such initiatives include providing drinking water facilities, hygienic toilets, setting up of Self Help Groups, construction and development of roads, health camps, offering free treatment and medicines, scholarship to students.

## Persons with Disabilities

Your Company is providing reservations and concessions to the Persons with Disabilities for appointments in all categories of posts identified, and is offering other incentives, as applicable, under government guidelines. The Company has identified positions which could be reserved for filling up by persons with disabilities. In addition, NRL has taken various initiatives as a part of its community development programme for the benefit of physically challenged persons.

## Corporate Social Responsibility

CSR at NRL is a deeply ingrained belief of doing business by adding value to the community on a sustainable basis through dedicated policies and engagement process to promote inclusive growth. The following five focus areas have been identified by NRL for welfare of the economically weaker section of the society: agri allied / income generation activities; promotion of education; infrastructure development; promotion of health; promotion of arts, sports, literature and culture.

During 2012-13, against NRL's CSR budget allocation of ₹ 558 lakhs, actual expenditure was ₹ 551 lakhs. Expenditure against CSR activities in the previous year was ₹ 586 lakhs.

Since inception, NRL has been taking specific steps for promotion of education at various levels providing financial assistance for construction of school buildings, libraries, auditoriums and teachers' common room. The Company has provided merit scholarships to students who excel in their 10<sup>th</sup> and 12<sup>th</sup> standards Board examinations from schools within 10 km radius of the refinery through schemes like 'Prerona' and 'Gyandeep'. During 2012-13, under the scheme 'Prerona', scholarships were offered to 295 girl-child within 10 km radius of the refinery.

Under project 'Niramoy', a total of 229 free mobile medical camps were organized in nearby areas of the refinery with support from Vivekananda Kendra NRL Hospital. Hygienic sanitation facilities were provided to 70 BPL families within 5 km radius of the refinery. A new initiative titled 'NRL Helping Hand' was launched for the differently-abled people. In order to fulfill the National Plan goals as well as Millennium



Gyandeep Sarma HSLC topper felicitated by NRL

Development Goals (MDG), NRL extended support to physically challenged persons in Golaghat district by providing aids and appliances.

NRL have provided assistance to more than 50 self-help-groups in the neighbourhood of the refinery for setting up establishments of self-employment in the form of piggeries, poultry farms, animal husbandry and handloom units. Under the scheme 'Swa Nirbhar' for promotion of livelihood, assistance was offered to 370 educated unemployed youths.

NRL had opened a football academy at Numaligarh. Forty young boys in the age group of 10 to 12 years were selected and inducted into the academy. These young boys are being imparted training under supervision of a professional coach from Spain, who is also the Technical Director of the Academy.

## Gender-friendly work place

Your Company has provided a gender friendly work place with equal opportunity for men and women. A committee is in place to look into representations from both men and women employees. The Committee, among other tasks, look into complaints on sexual harassment, if any, and recommends appropriate course of action.

## Communication to Employees

Your Company lays considerable stress in ensuring that all modes and means of communication are fully utilized to ensure timely and regular flow of information, which in turn helps to realise partly its Mission of creating a pool of knowledgeable and inspired employees. The flow of communication is facilitated through a variety of tools, which include



The 20-seater passenger boat handed over by NRL for the people of Majuli





*Presentation of a cheque of Rs. 3 Lakhs to Shiva Thapa at Corporate Office, Ghzy.*

periodic meetings such as Communication Meetings, Functional Co-ordination Meetings, inter and intra Departmental Meetings. The quarterly in-house journal 'Rodali' keeps employees updated about the developments and happenings in the Company and its associates.

The Annual Report is another means to apprise both internal and external customers about the activities and performance highlights of the Company throughout the financial year. Other Department and event specific newsletters such as the Vigilance Newsletter, 'Chaitanya', the HR Journal, 'HR bytes', Safety Newsletters etc. are a way of connecting employees across functions. The Intranet portal 'Eureka' facilitates prompt access by employees to Company news, developments and policies at the click of the mouse. Important developments within the Company are also shared with employees from time to time using the email mode. The Company website [www.nrl.co.in](http://www.nrl.co.in) is regularly updated with the latest news and developments, which caters to both internal and external customers.

## Industrial Relations

Industrial Relations at NRL was cordial and harmonious throughout 2012-13. Effective inter-departmental coordination meetings contributed in sustaining peaceful relations and building team spirit for putting up cohesive effort in realization of the Company's objectives.

## Implementation of Official Language

NRL has been actively pursuing implementation of Hindi as the official language as per provisions of the Official Language Act, 1963 and Official Language Rules, 1976. Hindi training and workshop are being regularly organized for the employees. A Hindi language software, 'ISM V6' has been installed at all official computers. Incentive schemes for encouraging employees to use Hindi in official correspondences are being implemented. Events like 'Hindi Divas' and 'Hindi Week' are being celebrated with active participation from employees and their families. The Company's in-house journal 'Rodali' incorporates a Hindi section. NRL's coordination office in New Delhi has been notified in June, 2012 under the Official Language Rule, 1976.

## Right to Information Act

Internal mechanisms have been developed to deal with applications received from citizens of India under the Right to Information Act, 2005. Each RTI application is prudently handled and all efforts are made to furnish information held in the Company's domain in the true letter and spirit of the Act. Monthly progress report on status of implementation of the RTI Act in NRL is furnished to MOP&NG and quarterly online returns are uploaded in the 'RTI Annual Return Information System' available in the website of Central Information Commission. Awareness on various provisions of the Act are regularly discussed in meetings so that flow of information to CPIO from concerned functions is smooth and prompt and RTI

applications are disposed off amicably within the stipulated time of 30 days.

## Vigilance

The Company's Vigilance Function is continually focused towards preventive and proactive vigilance activities for ensuring transparency, fairness and sound business practices. As part of preventive vigilance activities, the Function carried out inspections and organized orientation programmes for employees to keep them abreast of circulars and guidelines issued by statutory authorities like the Central Vigilance Commission (CVC). The Function insists upon maximizing utilization of information technology and achievement of targets on e-payment and e-tendering as per directives from CVC and the Administrative Ministry. On e-payment and e-receipt transactions, more than 99% progress was achieved as on 31<sup>st</sup> March, 2013. The threshold value of e-tendering has been reduced to ₹5 lakhs and on e-tendering, the Company achieved a progress of more than 88% as on 31<sup>st</sup> March, 2013. A number of e-auctions for sale of goods were conducted during the year and Integrity Pact for high value contracts and purchases was implemented.

Vigilance Awareness Week was observed at all locations of the Company from 29<sup>th</sup> October to 3<sup>rd</sup> November, 2012 with active participation from employees and stake holders. Several programmes including slogan writing, essay competitions, interactive sessions were held to promote probity in public life and generate awareness on importance of vigilance in all spheres. In context of complaints received, necessary investigations were carried out and recommendations were furnished to authorities. As part of vigilance

initiative, on-line submission of Annual Property Returns for officers has been introduced.

During the year, structured meetings were held with the Managing Director and other Directors. Vigilance activities were reviewed on quarterly basis in addition to half-yearly reporting to the Board. During the year, Shri Amit Mohan Prasad, IAS, Chief Vigilance officer, Oil India Limited, took over additional charge as the Chief Vigilance Officer of NRL with effect from 10<sup>th</sup> July, 2012.

## Safety

During the year, there was no loss time accident (LTA). As on 31<sup>st</sup> March, 2013, the refinery achieved 20.36 million LTA free man-hours (11 years, 1 month). During 2012-13, safety training was imparted for a total of 937 mandays comprising 445 employees, 201 CISF and 291 POL drivers. Besides, 100% of the workers engaged by contractors, totaling 7120, were imparted safety training. Eight safety awareness camps were organized during the year in the neighbourhood of the refinery for educating people on various fire and safety aspects.

The Road Safety Week, National Safety Week and Fire Service Fortnight were observed during the year with active involvement of employees, CISF, security staff, contractors and their workers, nearby public and school students. Civil defense personnel were also involved in the programmes.

NRL rehearses its fire and safety preparedness by conducting mock drills on minor fire, major fire, onsite disaster and offsite disaster on periodic basis. A total of 20 mock drills were carried out during the year. This comprised 1 offsite emergency, 3 onsite



*Vigilance workshop -Interaction with NRL Employee*





Safety awareness programme

emergency, 3 major fire/emergency and 13 minor fire mock drills. The drills were carried out associating district authorities, local public and media apart from employees of the organisation.

Several awards and incentive schemes have been introduced for promoting safety. A total of 13 internal awareness programmes were conducted during the year.

To assess safety awareness level among employees, security staff, POL drivers, contract workers, a Safety Awareness Survey by National Safety Council, Mumbai was conducted from 24<sup>th</sup> to 27<sup>th</sup> July, 2012. In the survey, NRL achieved a rating of 84.8%. Oil Industry Safety Directorate (OISD) external safety audit was successfully conducted in January 2013. In addition, Internal Safety Audit, 2012 was conducted with external auditors from BPCL group companies.

## Occupational Health

The medical centre inside the refinery serves as NRL's Occupational Health Department. The Department is equipped with diagnostic and treatment facilities. During 2012-13, periodic health checkups were conducted for 471 employees and 158 contract workers. No occupational health disease has been detected so far. The Department also organizes awareness camps on safety and health in villages surrounding the refinery. Among other activities, the department conducted thermal fogging operation using eco-friendly chemicals inside the Township, CISF barrack, railway quarters as preventive measure against malaria, encephalitis and other insect born diseases.

## Environment and Ecology

Since inception, NRL has endeavoured to remain an environment friendly refinery. As part of its corporate

policy on Environment Management, NRL is committed to ensure compliance with stipulations in statutes, applicable codes of practices and relevant guidelines, MINAS and OISD standards apart from the Company's policies and manuals. NRL has been pursuing focused programmes towards environment protection through well-defined objectives and has taken up several initiatives that are being implemented in phased manner.

Legal and regulatory requirements for the refinery have been fully complied with during the year. All environmental monitoring parameters including treated effluent quality, stack flue gas emission, ambient air quality and noise level were within permissible limits.

In management of hazardous waste treatment and disposal facilities, several initiatives have been implemented. Cleaning of tank bottom oily sludge was carried out adopting BLABO process. This is a close loop process by which nearly 100% recovery of hydrocarbons can be achieved. Oily sludge, thus generated, is being disposed off through bio-remediation process. The existing secured land fill facility with 1200 cu.m. capacity is in operation. Action has been initiated for installation of another secured land fill facility of 6000 cu.m. capacity at an estimated cost of ₹2.15 crores. During the year, bioremediation of 480 MT of hazardous tank bottom oily sludge was successfully completed on 8<sup>th</sup> June, 2012.

NRL has undertaken a thorough study for implementation of volatile organic compound (VOC) recovery project including modernization of the existing Effluent Treatment Plant (ETP).



*Unfurling of WED flag by Director (Technical), Mr. S R Medhi*

In an effort to control fugitive emissions and vapor loss, installation of double seals in seven floating roof tanks has been completed and actions have been initiated for installation of double seals in 19 other tanks.

A number of awareness programmes were organized during the year for spreading environmental awareness amongst employees and neighboring people. World Environment Day was celebrated involving employees, local residents and students.

During the year, NRL complied with requirements of ISO 14001 on environment management.

## **Sustainable Development Performance**

During the year, in line with Sustainable Development policy of NRL, aligned with applicable guidelines from DPE, five projects were pursued. With regard to the first project on 'Reuse of contaminated rain water and storm water in the refinery', detail engineering was completed on 31<sup>st</sup> January, 2013. On the second project pertaining to installation of 100 KWH Solar PV panel, as on 31<sup>st</sup> March, 2013, bid evaluation was in progress. The third project on reuse of treated effluents, 100% of the treated effluents were reused during the year and utilized mostly towards fire water makeup and gardening. Thus, zero discharge of effluents was maintained during 2012-13. The fourth project relates to a study on carrying capacity of the receiving atmosphere, which was completed on 31<sup>st</sup> December, 2012. The study delineates a framework for development based on the concept and premises of carrying capacity with a view to maximizing equitable quality of life and minimizing environmental



*Extempore speech competition amongst students on WED*

degradation. The fifth initiative pertains to reporting of Sustainable Development activities in 2012-13 as per GRI G3 guidelines and the report was published on 16<sup>th</sup> December, 2012.

Total expenditure incurred on Sustainable Development activities during 2012-13 was ₹84.93 lakhs against budget allocation of ₹67.93 lakhs. Throughout the year, Sustainable Development activities were monitored and reviewed by a three member Board Level committee headed by an Independent Director. Implementation of NRL's Sustainable Development projects during the year was evaluated by consultants from Gauhati University.

## **Certifications & Awards**

NRL received Management System Certification on Quality (ISO 9001), Environment (ISO 14001) and Occupational Health & Safety (OHSAS 18001) in the second year of operation. Since then, the Company has been sustaining the certifications with continual improvement and stabilization. As a notable step towards improvement, all three systems were integrated and maintained as Integrated Management System since 2008. The systems were last re-certified in August 2011 and are valid till August 2014. NRL completed the fourth year under Information Security Management System (ISMS) as per ISO 27001.

The Company is currently pursuing ISO 50001 towards Energy Management. A study has been carried out for estimation of Green House Gas (GHG) inventory and GHG footprint of the refinery for the base year 2009-10 and reporting year 2010-11. Actions have been initiated for ISO 14064



certification through verification of findings from the GHG estimation study.

During the year NRL received the Greentech Environment Award-2012 under Gold category.

NRL received the IPE CSR Corporate Governance Award 2012. The award instituted by the Institute of Public Enterprises (IPE), Bangalore has been endorsed by the World CSR Congress, CMO Asia and Asian Confederation of Business. IPE also conferred the Corporate Social Responsibility Award (CSR) 2012 to NRL under the head 'Community Development'. The Managing Director of NRL has been conferred the coveted 'CEO with HR Orientation' award at the Global HR Excellence Awards function organized by IPE.

### Integrated Information Systems (IIS)

All information technology systems and the SAP R/3 ERP system were in smooth operation during the year with maximum uptime, without loss time of operation or incident on information security. Another successful year of B2B transactions with Oil Marketing Companies and Oil India Limited was completed. Major system integration initiatives carried out during the year included configuration of revised financial statements as per Schedule-VI of the Companies Act and changes

in compliances to new Service Tax requirements. Unicode based Hindi software was installed in official computers. During the year, Travel Management applications were implemented successfully.

Applications implemented towards automation comprised 'Management of Change' (MOC), on-line submission of property return, file tracking system, road permit system and internal audit management system.

### Projects

Your Company is pursuing a broad array of growth opportunities by way of implementing several value added projects for sustenance and growth. Status of major projects under implementation is given below:

#### Naphtha Splitter Project

The Naphtha Splitter Project involving a project cost of ₹ 87 crores has been taken up for setting up a plant for production of 160 TMTA petrochemical grade Naphtha for supply as feedstock to the Assam Gas Cracker. This project is being implemented under the Non-Plan budget for Additional Facilities. The project has been mechanically completed on 10<sup>th</sup> May, 2013 and commissioning is expected to follow shortly.



Tanks of NSU Project



## Wax Project

The Wax Project is a Plan project under implementation at NRL.

The project envisages production of high value paraffin and micro-crystalline wax utilizing inherent properties of Assam Crude. As on 31<sup>st</sup> March, 2013, overall progress of the project reached 68.5% and 52 out of a total of 69 milestones were achieved. The project is scheduled for completion by December 2013.

## Refinery Expansion Plan

Towards finding a plausible solution to the inherent constraint of lower capacity utilization every year and in order to achieve economic scale of operations, NRL has planned for expansion of its refining capacity from 3.0 to 8.0/9.0 MMTPA, sourcing incremental crude from imports through a suitable port along the East coast. Techno-economic feasibility report for the expansion project is expected to be finalized shortly after which, activities for preparation of the detailed feasibility report are planned to be taken up. In context of the crude oil pipeline, reconnaissance

survey has been completed and actions for preparing the detailed feasibility report are in progress.

## Investment in Joint Ventures

### Brahmaputra Cracker and Polymer Limited

NRL has 10% equity participation in the joint venture company Brahmaputra Cracker and Polymer Limited which is implementing the Assam Gas Cracker Project in Dibrugarh district of Assam at a project cost of ₹8920 crores. Upto 31<sup>st</sup> March, 2013, NRL had contributed ₹126.90 crores towards equity in this joint venture.

### DNP Limited

NRL has 26% equity participation in the joint venture company DNP Limited which had commissioned a natural gas pipeline from Duliajan to Numaligarh in April, 2011. The pipeline has facilitated utilization of natural gas in the refinery as a substitute for costlier Naphtha as fuel and feed. NRL's total contribution towards equity in this joint venture is ₹43.49 crores.

## Annual Plan 2012-13

Budget Estimates (BE) 2012-13 toward Plan projects of NRL was provided at ₹272 crores which was revised



*Offsite piping works in progress*



*Graduation Ceremony at DPS Numaligarh*

to ₹225 crores in RE based on mid-year assessment. Actual expenditure during the year on Plan projects was ₹161 crores. Shortfall in expenditure was mainly on account of the Wax project where slippages occurred from project schedules in ordering and construction activities. Actual expenditure on the Wax project during the year was ₹125 crores against BE of ₹209 crores and RE of ₹180 crores.

### Memorandum of Understanding with BPCL

Your Company has been achieving 'Excellent' performance rating consistently since the first Memorandum of Understanding (MOU) signed with BPCL in the year 2003-04. Based on self evaluation of performance for the year 2012-13, NRL is expected to qualify under 'Excellent' category.

### 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 in the **Annexure-D** to the Directors' Report.

### Conservation of Energy, Technology Absorption

The details regarding energy conservation and technology absorption as required to be furnished pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies

(Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are placed at **Annexure-A** as part of this report.

### Foreign Exchange Earnings and outgo

There was no direct foreign exchange earning during 2012-13. However, foreign exchange outgo during the year was ₹351.19 crores mainly on account of purchase of materials, know-how and professional consultancy fees.

### Corporate Governance

NRL being a non listed Company, stipulations as contained in clause 49 of the listing agreement are not mandatory. However, as a good corporate governance practice and in accordance with the Corporate Governance Guidelines for CPSEs issued by Department of Public Enterprises (DPE) in May 2010, the report on Corporate Governance together with a Certificate from practicing Company Secretary on compliance of conditions of Corporate Governance is annexed as **Annexure-B** to the Directors' Report.

The Company has engaged Biman Debnath & Associates, Company Secretaries for conducting Secretarial Audit for the year 2012-13. The Secretarial Audit Report is enclosed as a part of **Annexure-B**.

The forward looking statements made in the 'Management Discussion and Analysis' forming part of Directors report are based on certain assumptions and



expectations of future events. The Directors cannot guarantee that these assumptions are accurate or these expectations will materialize.

## Statutory Auditors

S. Ghose & Co., Chartered Accountants, 11, Old Post Office Street, 2<sup>nd</sup> Floor, Kolkata - 700001, were appointed as Statutory Auditors of the Company for the year 2012-13 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.

## Cost Auditors

Subhadra Dutta & Associates, Cost Accountants, Dibrugarh, Assam, were appointed as the Cost Auditor of the Company for the year 2011-12 in accordance with the provisions of Section 233B(2) of the Companies Act, 1956.

Cost Audit Report pertaining to the Refinery Unit of the Company for the year 2011-12 was filed with the Ministry of Corporate Affairs on 18.03.2013 against the due date for filing of cost audit report by 28.02.2013.

Musib & Associates, Cost Accountants, Mumbai were appointed as the Cost Auditor of the Company for the year 2012-13 in accordance with the provisions of section 233B(2) of the Companies Act, 1956. The due date of filing of cost audit report for the year 2012-13 is 30.09.2013, for which necessary action is being taken.

## 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 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

Shri V.L.V.S.S. Subba Rao, Advisor (IFD), Ministry of Petroleum & Natural Gas resigned from the Board with effect from 28<sup>th</sup> September, 2012 on withdrawal of his nomination by the Government. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.



Winners of Inter Department Cricket Tournament 2012-13

Shri J. P. Rajkhowa, IAS (Retd), relinquished his charge as Director and Chairman of the Audit Committee with effect from 11<sup>th</sup> December, 2012 on completion of his more than three years tenure. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business during his tenure as Independent Director.

Shri Nilmoni Bhakta, on attaining superannuation on 30<sup>th</sup> April, 2013, completed his tenure as Director (Finance) of the Company and consequently, resigned from the Board with effect from 1<sup>st</sup> May, 2013. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business during his tenure as Director (Finance).

Shri S. K. Barua, General Manager (Finance) was appointed as Additional Director with effect from 1<sup>st</sup> May, 2013. He also assumed the office of Director (Finance) from that date in pursuance of the appointment by the Government of India. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting (AGM). Notice under Section 257 of the Companies Act, 1956 has been received proposing his name for appointment as Director at the ensuing AGM.

Shri L. Rynjah, Shri B.P. Rao and Dr. Alope Kumar Ghoshal were appointed as Additional Directors with effect from 28<sup>th</sup> June, 2013. Being Additional Directors, they will hold office up to the date of the ensuing AGM. The Company has received notices under Section 257 of the Companies Act, 1956 proposing their names for appointment as Directors at the ensuing AGM.

In accordance with the direction of the Government for reconstitution of the Board, Shri H. S. Das, Shri K. K. Gupta and Shri B. K. Datta, Directors of the Company were re-designated as "Permanent Invitee" w.e.f. 24 July 2013.

Shri S.K. Srivastava and Shri R.T. Jindal will retire by rotation at the ensuing AGM as per the provisions of Section 256 of the Companies Act, 1956, and being eligible, offer themselves for re-appointment as Directors at the said Meeting.

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

## Acknowledgment

Your Directors express their earnest appreciation for the untiring efforts of every employee of the Organisation without which NRL would not have been able to achieve the challenging targets in all areas of operations.

Your Directors thank NRL's valued customers, dealers, contractors and suppliers for their unstinting support and cooperation.

Your Directors are grateful for the assistance and guidance received from the various Ministries of the Government of India, particularly from the Ministry of Petroleum and Natural Gas, Ministry of Heavy Industries and Public Enterprises, 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 Departments.

Yours Directors would like to extend their sincere thanks to all the share owners of the Company viz. BPCL, Govt. of Assam and OIL for reposing their confidence and continued support to NRL management.

For and on behalf of Board of Directors

Sd/-

Mumbai

Dated: 12<sup>th</sup> August, 2013

R. K. Singh  
Chairman



NUMALIGARH  
REFINERY  
LIMITED



# Annexures to Directors' Report

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, following ENCON schemes have been taken up during 2012-13:

1. Sustained operation of the 12 MW Steam Turbine Generator (STG) utilizing waste thermal and pressure energy of high pressure steam generating 43,234 MWh of power during the year.
2. The STG which is registered as a Clean Development Mechanism (CDM) project under United Nations Framework Convention on Climate Change (UNFCCC) achieved issuance of 6,741 Certified Emission Reduction (CER) for the first crediting period of December 2009 to December 2010, thereby reducing Green House Gas (GHG) emission to the tune of 6,741 tonnes of CO<sub>2</sub> equivalent.
3. A comprehensive Energy Efficiency Improvement Study (EEIS) was carried out by an external team of Engineers India Limited (EIL) and Centre for High Technology (CHT) indicating potential savings of 1.9 SRFT/h from process units and 2.2 SRFT/h from other sources within the refinery.
4. Combined Heat and Power (CHP) tool from EEIS is in use for optimizing utility (steam and power) consumption.
5. Increased reliability with installation of Prognost Online Monitoring System for Offgas and Makeup Gas Compressor of Hydrocracker Unit. This has led to increase in productivity and safety besides reduction in unplanned outages and maintenance cost.
6. Replacement of steam export line from H2U to HCU by a shorter line was carried out during the year.
7. Replacement of EE-01 of HCU with a higher heat duty exchanger has reduced consumption of fired fuel at FF-01.
8. Cleaning of tank bottom sludge of crude tank by BLAVO process. This is an energy efficient and environment friendly process.
9. Installation of improved insulation of calcium silicate over high pressure steam lines has reduced heat loss.
10. Transfer of slop from dry slop oil tank to CDU has been done directly instead of the earlier practice of routing it through crude oil tank, thus reducing pumping cost.
11. Solar lighting fixtures and LED lights installed in place of conventional ones.
12. Energy optimization study done for CDU/VDU through a competent consultant. Implementation of recommendations has resulted in savings in stripping steam quantity in Kero Stripper and stoppage of a heavy Naphtha draw pump.
13. Steam Trap System Management for the entire refinery steam network was implemented during the year.
14. Steam leak survey for Refinery heaters by expert team nominated by oil companies under aegis of CHT-MOPNG was carried out.
15. Double seals were installed in seven floating roof tanks.
16. PIMS software was utilized for product planning optimization.
17. Stabilization of Advanced Process Control (APC) operation was ensured in DCU, HCU and H2U.
18. Reuse of vented Nitrogen to inert gas header was achieved through process modification.
19. CDU desalter desludging operation was carried out to reduce maintenance intervention.

#### ***Other schemes adding to continual benefit:***

20. Use of natural gas as fuel in GTG and process furnaces and as feed and fuel in H2U.
21. Use of waste enriched Oxygen stream available from N<sub>2</sub> plant in Sulphur Recovery Unit by replacing conventional use of process air.



22. Use of unique Step Less Control System in make-up gas compressor of HCU.
23. Use of HTER-p (Heat Transfer Exchange Reformer - parallel) in H2U for enhanced capacity without additional fuel.
24. CDU stabilizer off-gas diversion to DCU 2<sup>nd</sup> stage compressor to recover LPG.
25. Hydrocarbon vapor loss reduction and reduction in slop generation by operational procedure changes in Delayed Coker unit.
26. Bio gas utilization in refinery canteen, thus saving LPG consumption.
27. Telescopic insulation in bare portion of H2U reformer.
28. Use of slop oil for quenching purpose in DCU.
29. Regular LDAR programme for monitoring valves connected with flare system resulting in substantial reduction in process/fuel gas from flaring.
30. Fugitive emission survey for detecting and rectifying minor leaks using Gas Measuring Instrument (GMI).

## **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:

1. Implementation of Flare Gas Recovery System.
2. Magnetic Resonator installation in Utility Boiler of CPP.
3. Replacement of conventional lighting fixture by more energy efficient fittings.
4. Installation of improved insulation over the high pressure steam lines.
5. Steam traps survey and rectification covering all units including utilities and offsite.
6. Recovery of hot well gas of VDU.
7. Installation of secondary seals in 19 tanks.
8. Energy Management System (EnMS) ISO 50001 implementation.
9. Auto drain valve in crude and slop tanks.
10. Installation of 100 KW solar PV panel.

## **B. Technology Absorption**

The Wax extraction unit along with associated utilities to extract Wax from crude oil processed by the refinery is under implementation. The Solvent Deoiling Unit is licensed by EIL and IIP jointly. The Wax Hydro finishing Unit is licensed by Axens, France. In an effort towards improvement in Sulphur Recovery Block (SRB) efficiency by recovering SO<sub>2</sub> from incinerator flue gas, NRL is implementing a Flue Gas Treating Unit at SRB. Technology partners in this endeavor would be with EIL and IIP, Dehradun.

The Naphtha Splitter Unit (NSU) which is being implemented to supply 160 TMTPA petrochemical grade Naphtha to Brahmaputra Cracker and Polymer Limited (BCPL) is ready for commissioning. NRL is focused on value addition of surplus Naphtha generated from the NSU by producing BS-IV grade MS through adoption of suitable technology.

To cater to the future needs of high quality environment friendly fuel, NRL is exploring suitable technology for production of HSD conforming BS-IV specification along with limited quantity of Euro-V HSD at 100% refinery throughput.

Benefits are being accrued from implementation of Advance Process Control (APC) in Hydrocracker, Hydrogen and Delayed Coker units.

The Process Industry Modeling System (PIMS) software is being utilized for optimizing production and blending operations.

## FORM A

Form for disclosure of particulars with respect of conservation of energy

A. Power & Fuel Consumption			2012-13	2011-12
1	Electricity			
a)	Purchased			
	Unit (million KWH)		-	-
	Total Amount (₹ crores)		0.42	0.38
	Rate / Unit (₹ /KWH)		NA	3.95
b)	Own Generation			
i)	Through Diesel Generator			
	Units (million KWH)		0.03	0.02
	Units per ltrs of Gas Oil		0.000001	0.000003
	Cost / Unit (₹ /KWH)		32.16	11.86
ii)	Captive Power Plant			
	Net (million KWH) (GTGs+STG)		209.72	236.11
	Fuel Consumption (Qty - MT)			
	GTG			
	Naphtha		1,280.51	1,447.89
	HSD		374.56	292.93
	NG		50,602.98	56,010.74
	Total Fuel (MT)		52,258.05	57,751.56
	Fuel consumption in HRSG (Naphtha+NG), MT		6,714.64	-
	Fuel consumption in CCU(Inc)(FG), MT		704.19	-
	Total Amount due to GTG,HRSG&CCU (₹ crores)		134.11	121.77
	Less: Steam credit		51.22	71.11
	Net Amount (₹ crores)		82.89	50.66
	Cost / Unit (₹ /KWH)		3.95	2.15
2	Internal Consumption			
a)	Liquid Fuel			
	Quantity (MT)	Naphtha	7,849.88	7,684.83
		FO	26,642.53	29,360.54
		LPG	-	459.00
	Total Fuel (MT)		34,492.41	37,504.37
	Total Amount (₹ crores)		141.14	144.87
	Avg.Rate (₹ /Unit)		40,918.76	38,628.50
b)	Refinery Gas			
	Quantity (MT)		1,35,691.44	1,46,409.56
	Total Amount (₹ crores)		573.66	625.63
	Avg.Rate (₹ /Unit)		42,276.88	42,731.18
b)	NG			
	Quantity (MT)		70,941.45	93,052.09
	Total Amount (₹ crores)		108.37	45.38
	Avg.Rate (₹ /Unit)		15,275.64	4,876.93
Energy Consumption per unit of production				
	UNIT	STD. IF ANY	2012-13	2011-12
ELECTRICITY	KG/MT		21.97	20.96
LIQUID FUEL	KG/MT		14.50	13.61
REFINERY GAS	KG/MT		57.03	53.14
NG	KG/MT		28.15	33.77
TOTAL	KG/MT		121.65	121.48

## FORM B

### *Form for disclosure of particulars with respect to technology absorption*

## Research & Development:

During the year, NRL pursued three R&D projects as envisaged in the performance MOU for the year. The first project pertains to creation of a demonstrative plant for flue gas treatment in Sulphur Recovery Block (SRB) for increasing efficiency. The basic engineering and design package for the plant was completed on 7<sup>th</sup> November, 2012. The second R&D project was on development of refinery model in process industry management system (PIMS). The model was successfully developed on 15<sup>th</sup> December, 2012. The third project was on conducting simulation study on blend components for Motor Spirit production. The study was completed as planned and the report was submitted on 31<sup>st</sup> January, 2013. Total expenditure on R&D activities during 2012-13 was ₹102.46 lakhs. Implementation of NRL's R&D projects during the year was evaluated by consultants from the North East Institute of Science and Technology, Jorhat (formerly known as the Regional Research Laboratory).

### Benefits derived from R&D

- Implementation of the Flue Gas Treating Unit (FGTU) will improve recovery in the SRB from 97% to 99.9% besides enhancing capacity of the block by recycling SO<sub>2</sub>.
- Development of Refinery Model on PIMS software has resulted in more effective monthly production planning and monthly back-casting (NCR cascade). Application of PIMS is being used in analysis of impact from various modes of operation, cut point optimization, determination of blend flexibility and constraints.
- Successful completion of the study on MS blend components has resulted in blend optimization and phasing out of Py Gas as one of the blend components.

## Technology Absorption, Adaptation & Innovation

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

NRL is implementing a Wax project for production of high quality paraffin and micro-crystalline Wax utilizing inherent properties of Assam crude. The project is under active implementation and is scheduled for completion by December 2013.

Efforts are continuously being made for optimizing plant operations through continuous utilization of Advance Process Control (APC). Optimized product mix is evaluated with the help of PIMS software. The Company has initiated the process for setting up a plant for production of BS-IV grade MS from surplus Naphtha that would be generated from the Naphtha Splitter Unit (NSU). The detailed feasibility report for this project has been prepared. Another initiative involves sustained production of HSD conforming BS-IV specification along with limited quantity of Euro-V HSD at 100% utilization of the refinery.

### 2. Benefits derived as a result of the above efforts include product quality improvement, cost reduction, product development and import substitution.

With continuous utilization of natural gas, NRL has gained both on financial and technical fronts. After commissioning of the Wax plant, a high value product would be added to the product slate that would lead to improvement in gross refinery margin (GRM). Conversion of surplus Naphtha generated from the NSU upon commissioning into BS-IV grade MS will contribute towards improvement in GRM. Production of HSD conforming BS-IV specification along with limited quantity of Euro-V HSD at 100% refinery throughput will help the Company in production of high quality fuel and meet requirements of the Auto Fuel Policy.

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

a) Technology Imported	Year of Import
Hydrogen Unit Revamp (DQUP) along with HTER-p technology	2007-08
Wax Hydrofinishing Unit	2011-12
b) Technology Fully Absorbed	
Hydrocracker Revamp (DQUP)	2010
Hydrogen Unit Revamp (DQUP) along with HTER-p technology	2010
Wax Hydrofinishing Unit	Under implementation



# 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 the 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 and as per Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) in May, 2010, the Company has been complying with the stipulations contained therein to the extent applicable. Relevant information on areas covered under Corporate Governance disclosures during the financial year 2012-13 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 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 31<sup>st</sup> March, 2013, the NRL Board comprised of three Whole Time (Executive) Directors including the Managing Director, one Part-time (Ex-Officio) Director appointed by Oil India Limited and five Part-time (Ex-Officio) Directors appointed by the Promoters, namely - BPCL (three) and Govt. of Assam (two). For nomination of additional three Part-time (Independent) Directors as required under Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises, the Company had taken up the matter with the Government of India and three independent Directors have since been appointed.

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

The Directors neither held membership of more than 10 Board Committees nor Chairmanship of more than 5 Committees (as specified in the Guidelines on Corporate Governance for CPSEs issued by DPE) across all the companies in which they were Directors.

The Board's actions and decisions are aligned with the Company's best interests. The Board critically evaluates the strategic direction of the Company, management policy, annual plan, revenue budget, review of financial reports etc.

Details regarding Board Meetings, Annual General Meeting, Directors' attendance thereat, Directorship held by the Directors are as under:

### Board Meetings :

Eight Board Meetings were held during the financial year 2012-2013 on the following dates :

11 <sup>th</sup> May, 2012	23 <sup>rd</sup> May, 2012	26 <sup>th</sup> July, 2012	7 <sup>th</sup> September, 2012
5 <sup>th</sup> November, 2012	11 <sup>th</sup> December, 2012	21 <sup>st</sup> December, 2012	4 <sup>th</sup> February, 2013

The Board has adopted a 'Code of Conduct and Ethics for the Directors and the Senior Management Personnel' of the Company as per DPE guidelines and the same has been posted on the website of the Company. There is a system in the organization of affirming compliance with the Corporate Governance by the Board Members and Senior Management Personnel of the Company.

**Particulars of Directors including their attendance at Board/ Shareholders' Meeting during the financial year 2012-13:**

Sl. No.	Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 8 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Companies
(a)	<b>Whole Time Directors :</b>			No. of Meetings Attended	%		
1.	Shri Dipak Chakravarty Managing Director	BE (Chemical Engineering) and MS (Chemical Engineering)	04.08.2006	8	100	Attended	Director: BCPL
2.	Shri Nilmoni Bhakta Director(Finance)	M.Com. A.I.C.W.A and PGDPM from NIPM, Kolkata	25.07.2007	8	100	Attended	Director: DNPL
3.	Shri S. R. Medhi Director (Technical)	B. Tech from ISM University, Dhanbad & MBA from IIM, Ahmedabad	04.11.2011	8	100	Attended	Nil
(b)	<b>Part-time ( Ex-Officio)</b>						
1.	Shri R. K. Singh, C&MD Bharat Petroleum Corpn. Ltd. Mumbai-400001  [Chairman of the Company]	B. Tech (Mech. Engg)	04.04.2006	8	100	Attended	C&MD: 1. BPCL  Chairman 1.BORL 2.MBPL 3.BREL  Director 1.BPRL 2. PLL
2.	Shri Partha Sarathi Das Director (Exploration-II) Govt. of India, Ministry of Petroleum & Natural Gas New Delhi-110001 (Up to 7.8.2012)	B. Tech (Hons.) from IIT, Kharagpur	24.03.2011	2	67	NA	Nil
3.	Shri V.L. V. S. S. Subba Rao Adviser (IFD) Govt. of India, Ministry of Petroleum & Natural Gas New Delhi-110001 (Up to 28.9.2012)	MA (Economics)	07.08.2012	Nil	Nil	Absent	Nil
4.	Shri H. S. Das, IAS Additional Chief Secretary to the Govt. of Assam, Finance Department Dispur, Guwahati-781006	M.A.(Economics)	29.08.2000	4	50	Absent	Director 1.AHECL
5.	Shri Jatinderbir Singh, IAS Principal Secretary to the Govt. of Assam, Industries & Commerce Department Dispur, Guwahati-781006 [ Up to 18.6.2012]	M.A (English) & MBA	25.07.2011	Nil	Nil	NA	--

Sl. No.	Name of the Directors	Academic Qualifications	Date of joining as Director of the Company	Attendance out of 8 Board Meetings held during the year and percentage thereof		Attendance at the last Annual General Meeting	Details of Directorship held in other Companies
				No. of Meetings Attended	%		
6.	Shri R. T. Jindal, IAS Principal Secretary to the Govt. of Assam, Industries & Commerce Department Dispur, Guwahati-781006  (w.e.f. 2.7.2012)	M.Sc (Chemistry) from Punjab Agricultural University	02.7.2012	1	17	Absent	Chairman: 1. AIIDCL 2. DNP Ltd  Director: 1. AGCL 2. AIDC 3. APL 4. BCPL 5. AHECL 6. ATPO 7. ATCL 8. MBCBL
7.	Shri N. M. Borah, C&MD Oil India Limited Noida, Uttar Pradesh  (Up to 30.4.2012)	B. Tech from ISM University, Dhanbad & PG Diploma from Norwegian Institute of Technology, Norway	08.05.2008	Nil	Nil	NA	---
8.	Shri K. K. Gupta Director (Marketing) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B. Sc., (Engg), Mechanical	13.04.2011	8	100	Attended	Director 1. BPCL 2. IGL 3. SGL 4. BSSDPL 5. BSSPL 6. MBPL
9.	Shri B. K. Datta Director (Refineries) Bharat Petroleum Corpn. Ltd. Mumbai-400001	BE (Chemical)	24.10.2011	8	100	Attended	1. BPCL 2. BORL 3. BPRL
10.	Shri S. K. Srivastava, C&MD Oil India Limited Noida, Uttar Pradesh (w.e.f. 26.7.2012)	B.Sc (Hons) and M.Sc (Geology) from Lucknow University	26.7.2012	1	25	Absent	C&MD- OIL
<b>C. Part-Time (Independent)</b>							
1.	Shri J. P. Rajkhwa, IAS (Retd.) Former Chief Secretary to the Govt. of Assam Narikal Basti, Guwahati-781024 (Upto 11.12.2012)	MA (Economics)	26.07.06	6	100	Attended	--

**AGCL:** Assam Gas Company Limited, **AHECL:** Assam Hydrocarbon & Energy Co. Limited, **AIDC:** Assam Industrial Development Corporation Ltd, **AIIDCL:** Assam Industrial Infrastructure Development Corporation Ltd, **APL:** Assam Petrochemicals Limited, **ATCL:** Assam Tea Corporation Limited, **ATPO:** Assam Trade Promotion Orgn., **BCPL:** Brahmaputra Cracker & Polymer Limited, **BORL:** Bharat Oman Refineries Ltd, **BPCL:** Bharat Petroleum Corporation Ltd., **BPRL:** Bharat PetroResources Limited, **BREL:** Bharat Renewable Energy Ltd., **BSSDPL:** Bharat Stars Services (Delhi) Pvt. Ltd, **BSSPL:** Bharat Stars Services Pvt. Limited, **DNPL:** DNP Limited, **IGL:** Indraprastha Gas Limited, **MBCBL:** Mondakini 'B' Coal Block Limited, **MBPL:** Matrix Bharat Pte Ltd., **OIL:** Oil India Limited, **PLL:** Petronet LNG Ltd., **SGL:** Sabarmati Gas Limited.

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

### 3. Audit Committee

NRL took the initiative to introduce Corporate Governance in the organization during the year 1999 itself, by constituting an 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 Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, remuneration of Statutory Auditors, appointment and remuneration of Cost Auditors, performance of Internal Auditor and its compliance with the legal and regulatory requirements etc. The quorum for the meetings of the Committee is two members or 1/3<sup>rd</sup> of the members of the Audit Committee whichever is higher.

On relinquishment of charge by Shri J.P.Rajkhowa, Independent Director w.e.f.11.12.2012, who was the Chairman of the Audit Committee, the Board had reconstituted the Audit Committee w.e.f. 11.1.2013 in accordance with the provisions of section 292A of the Companies Act, 1956. As on 31<sup>st</sup> March 2013, the Audit Committee comprises two Part-time (Ex-officio) Directors and one Whole time Director. Shri H.S.Das, Additional Chief Secretary to the Govt. of Assam, Finance Department, is the Chairman of the Committee and Shri K.K.Gupta and Shri S.R.Medhi are the other two members of the Committee. 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.

Director (Finance), BPCL and Executive Director (Audit), BPCL along with other two 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 also attend and participate at the meetings, on invitation.

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 of 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 on 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 2012-13, five meetings of the Audit Committee were held on the following dates:

11 <sup>th</sup> May,2012	26 <sup>th</sup> July,2012	4 <sup>th</sup> November,2012	11 <sup>th</sup> December,2012	4 <sup>th</sup> February,2013
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#### Attendance at the Audit Committee Meetings during the financial year 2012-13:

Name of the members	No of Meetings attended	% age thereof [out of 5 nos. meeting held]	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman (up to 11.12.2012)	4	100	Attended
Shri H.S. Das, Member	2	40	Absent
Shri K. K. Gupta, Member	5	100	Attended
Shri S. R. Medhi, Member (w.e.f. 11.01.2013)	1	100	Attended

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

#### 4. Remuneration Committee

NRL has a 'Remuneration/HR Policies Committee' to examine, review and recommend proposals to the Board relating to perquisites and benefits payable to the employees of the Company within the parameters of Guidelines issued by the Government of India. The Remuneration Committee comprises one independent Director, two Part-time (ex-officio) Directors and Director (HR), BPCL. However, due to change of directorship of three members including the Chairman of the Committee, action has been initiated for reconstitution of the Committee.

All the three functional Directors including the Managing Director of the Company are invited to attend the meetings of the Remuneration Committee as permanent invitee. The head of HR function acts as a coordinator and the Company Secretary acts as the Secretary for convening such meetings. The quorum for the meetings of Remuneration Committee is two members.

During the financial year 2012-13, three meetings of the 'Remuneration/HR Policies Committee' were held on 15.6.2012, 26.7.2012 and 11.12.2012 respectively.

**Attendance at the Remuneration/ HR Policies Committee Meetings:**

Name of the members	No of Meetings attended	% age thereof [out of 3 nos. meeting held]	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman [up to 11.12.2012]	3	100	Attended
Shri N.M.Borah, Member (up to 30.4.2012)	Nil	Nil	NA
Shri Partha S. Das, Member [up to 07.08.2012]	1	50	NA
Shri S. P. Gathoo, Member	3	100	Absent

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

**5. Remuneration to Directors**

NRL being a Govt. Company, appointment and remuneration of whole time Directors are determined by the Government 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 (Independent) Director received sitting fees of ₹20,000 for each Board/Audit Committee meeting and ₹10,000 for each of the other Committee meetings attended by him during the year 2012-13.

Details of remuneration paid to the Whole-time Directors during the financial year 2012-2013 are given below:

Name of Directors	All elements of remuneration package of the Directors i.e. salary, benefits, bonuses, pension etc. (In ₹)	Details of fixed component, Performance Related Pay (PRP) (In ₹)	Other benefits (In ₹)	Service Contracts, notice period, severance fees
Shri Dipak Chakravarty Managing Director	<b>52,77,715.00</b>	Fixed Com : 24,77,617.00 PRP : 10,85,328.00	17,14,770.00	Appointed for five years w.e.f. 01-04-2011 or till the date of his superannuation.  Present contract shall expire on 31-03-2014 i.e. date of his superannuation.  Notice period: Three months
Shri Nilmoni Bhakta Director (Finance)	<b>66,81,304.00</b>	Fixed Com : 33,90,865.00 PRP : 10,13,006.00	22,77,433.00	Appointed for five years w.e.f. 25-7-2007 and thereafter renewed till 30.04.2013 i.e. the date of his superannuation.  Notice period: Three months
Shri S. R. Medhi Director (Technical)	<b>39,33,045.00</b>	Fixed Com : 20,36,205.00 PRP : 8,12,052.00	10,84,788.00	Appointed for five years w.e.f. 04-11-2011.  Present contract shall expire on 03-11-2016.  Notice period: Three months

During the year, Shri J. P. Rajkhowa, IAS ( Retd), erstwhile Part-time (Independent) Director received sitting fees amounting to ₹ 2,70,000/- for attending the meetings of the Board/ Sub-Committees of the Board.

## 6. Investors Grievance Committee

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

## 7. 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
17 <sup>th</sup> Annual General Meeting	10 <sup>th</sup> September, 2010 at 3.00 P.M.	Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
18 <sup>th</sup> Annual General Meeting	9 <sup>th</sup> September, 2011 at 3.00 P.M	Registered Office, 122A, G. S. Road, Christianbasti, Guwahati-781005
19 <sup>th</sup> Annual General Meeting	7 <sup>th</sup> September, 2012 at 3.00 PM	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
Fixation of remuneration of Statutory Auditors	Special Resolution	17 <sup>th</sup> AGM held on 10-09-2010

c) Postal Ballot:

NRL being a non-listed company, provisions of Section 192A of the Companies Act, 1956 regarding passing of resolutions by Postal Ballot is not applicable to the Company.

## 8. Brief Resumes of Directors seeking re-appointment/ appointment

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

i) **Shri S. K. Srivastava**

Shri S.K. Srivastava, Chairman & Managing Director, OIL did his B.Sc (Hons) and M.Sc., (Geology) from Lucknow University with first division in both. He had presented several papers and published in various symposia, conferences and refereed journals. He is the member of the prestigious American Association of Petroleum Geologists. He worked for over 36 years in the upstream sector, out of which over 3 decades with OIL, a leading upstream Public Sector Undertaking (PSU). During his more than three and half decades experience in OIL in on land and offshore fields in India and abroad, Shri Srivastava had occupied several leadership positions in various capacities.

Prior to taking over as CMD, OIL, Shri Srivastava, worked as the Director General, Directorate General of Hydrocarbons (DGH), with an excellent blend of experience and expertise in oil and gas exploration, drilling, production, national and international exploration project management and upstream oil & gas industry regulation.

Shri S.K. Srivastava was appointed by the Board as Director w.e.f. 26<sup>th</sup> July, 2012 and thereafter by the shareholders at the 19<sup>th</sup> AGM held on 7<sup>th</sup> September, 2012. He is liable to retire by rotation and being eligible, offers himself for re-appointment.

ii) **Shri R. T. Jindal**

Shri Ram Tirath Jindal is a Senior IAS Officer of 1983 batch of Assam Meghalaya joint cadre. He did his post graduation in Chemistry from Punjab Agriculture University. He has worked in different capacities under Government of Assam, Government of Punjab and Central Government. He was also Managing Director of Assam State Transport Corporation, Secretary of Labour & Employment Department, Principal Secretary to Governor of Assam and Principal Secretary to the Govt. of Assam for the Dept. of Agriculture, Irrigation, Vety. & A.H. and Fisheries. Presently he is working as Principal Secretary to the Govt. of Assam, Industries & Commerce Department. Besides holding directorship in NRL, he is also a Director of Assam Hydrocarbon

& Energy Co. Ltd., Assam Industrial Infrastructure Development Corporation Limited, DNP Limited, Assam Gas Company Limited, Assam Petrochemicals Limited, Brahmaputra Cracker and Polymer Limited, Assam Industrial Development Corporation Limited, Assam Tea Corporation Limited and Mandakani 'B' Coal Block Ltd.

Shri R.T. Jindal, was appointed by the Board as Director w.e.f. 2<sup>nd</sup> July, 2012 and thereafter by the shareholders in the 19<sup>th</sup> AGM held on 7<sup>th</sup> September, 2012. He is liable to retire by rotation and being eligible, offers himself for re-appointment.

### iii) Shri S. K. Barua

Shri S.K.Barua is a Member of the Institute of Cost & Works Accountants of India and a graduate in Law from Dibrugarh University. Shri Barua stated his career in Indian Oil Corporation(Assam Oil Division) in 1985 and thereafter joined NRL in the year 1993 as its first permanent employee. He has more than 26 years of rich and varied experience in Finance & Business Development disciplines in Oil & Gas Industry. Prior to his appointment as Director (Finance), he was holding the position of General Manager (Finance) in NRL.

Shri S. K. Barua was appointed as Additional Director w.e.f.1.5.2013 by the Board of Directors. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act,1956 from a member proposing his name as a Director of the Company.

### iv) Shri L. Rynjah

Shri Lambor Rynjah, former Principal Adviser to the Planning Commission did his M.Sc. in Mathematics from Madras University. He joined the Indian Administrative Service in 1974 (Assam Meghalaya joint cadre ) and was holding various important positions in the department of Agriculture, Mines & Minerals, Environment & Forest, Department of Panchayat & Rural Development, Soil Conservation, Health & Family Welfare, Bodoland Autonomous Council etc. during his 30 years tenure with the State Government. Thereafter, on deputation to Government of India, he also worked for 6 years in the Ministry of Culture, Rural Development, Agriculture and Planning Commission. He was also actively associated with framing of guidelines on the innovative Rastriya Krishi Vigyan Yojana (RKVY) and also with National Food Security Mission (NFSM) and the National Horticulture Mission (NHM).

Shri Lambor Rynjah, nominated by the Government as Part-time (Independent) Director was appointed by the Board as Additional Director w.e.f. 28<sup>th</sup> June,2013. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act,1956 from a member proposing his name as a Director of the Company.

### v) Shri B. P. Rao

Shri B. P. Rao, is a Practicing Chartered Accountant and founder and senior partner of M/s B.P.Rao & Co. Chartered Accountants, having its office in Bangalore, Chennai and Mysore. He has been actively involved with the Institute of Chartered Accountants of India (ICAI) since 1982 and made significant contribution for development of the profession. He became the President of the premier institution in the year 1994-95. He had represented the country for a period of 2 years as a Council Member of International Federation of Accountants (IFAC) during 1995-97.

During 1997-2003, he was appointed as one of the Independent Directors and Chairman of the Audit Committee in State Bank of Mysore. He was also a Director of BE-DELFT Electronics Ltd. Puna for 8 years, Bangalore Stock Exchange Financial Limited for 3 years and Mysore Sales International Limited, Bangalore for a period of 1 year.

Shri B.P.Rao, nominated by the Government as Part-time (Independent) Director was appointed by the Board as Additional Director w.e.f. 28<sup>th</sup> June,2013. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act,1956 from a member proposing his name as a Director of the Company.



**vi) Dr. Alope Kumar Ghoshal**

Prof. Alope Kumar Ghoshal, has over 15 years of teaching and research experience in leading technical institutes of the country including BITS Pilani and IIT Guwahati. He is presently working as the Head, Centre for Energy, IIT, Guwahati. He did his B. Tech in Chemical Engineering from Calcutta University and completed his M. Tech and Ph. D in Chemical Engineering from IIT Kharagpur. His research interest and expertise includes but are not limited to Pyrolysis of waste plastics, Adsorption, Membrane separation, Bioremediation, and Modelling and simulation of separation processes.

He is involved in guidance of 19 Ph. D students, 11 research/consultancy projects and published 74 research papers in the journals of international repute. He has received “Professor N.R. Kuloor memorial award” for the year 2001 and 2003 for the best paper published in Indian Chemical Engineer. In addition, Prof. Ghoshal has also been instrumental in shaping up the proposal, sanctioned recently by the Dept. of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Govt. of India, on ‘Centre of Excellence for Sustainable Polymers’ to develop cost effective and scalable technologies for the production of biodegradable polymer based end products using both petrochemical and renewable bio-feedstock.

In parallel to basic research, Dr. Ghoshal is also equally involved with industrial research and has undertaken, along with his team members at IIT Guwahati, various industrial projects in collaboration with Bharat Heavy Electricals Limited (BHEL), Bangalore; Oil India Limited (OIL), Duliajan; Indian Oil Corporation Limited (IOCL), Guwahati and Bongaigaon; National Thermal Power Corporation Limited (NTPC), New Delhi. He had participated in various national level brain-storming sessions and shared his views on “Carbon Capture & New Generation Technology” in various platforms across the country.

Prof. Alope Kumar Ghoshal, nominated by the Government as Part-time (Independent) Director was appointed by the Board as Additional Director w.e.f. 28<sup>th</sup> June, 2013. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member proposing his name as a Director of the Company.

## **9. 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. An expenditure amounting to ₹ 5.36 crores was incurred for various social welfare activities under CSR.
- 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 2.31% during the year.
- f. There are no qualifications in the Auditors’ Report on the financial statements to the shareholders of the Company.

## **10. 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.

## **11. Means of communication of Financial Performance**

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](http://www.nrl.co.in)), press release, Annual Reports etc.

## 12. Management Discussion & Analysis Report

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

## 13. General information to shareholders

a.

Number of AGM	20 <sup>th</sup> Annual General Meeting
Date and Time	6 <sup>th</sup> September, 2013 at 3.00 P.M.
Venue	Hotel Brahmaputra Ashok, M. G. Road, Guwahati- 781001
Dividend payment	The Board has recommended Dividend @ ₹ 1.00 per share for the consideration of the shareholders at the ensuing Annual General Meeting . If approved by the shareholders, the same will be paid within 30 days from the date of declaration.

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

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

d. Registrars & Share Transfer Agents:

Data Software Research Co. Pvt. Limited

'Kasturi Towers'

No.6, Smith Road, Chennai-600 002, India

Ph: +91-44-24833738/24834487; Fax: +91-44-24834646

Email: dsrcomd@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 31-03-2013.

Sl. No.	Name of share holder	Capital contribution (In ₹)	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
5.	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

Pankagrang, P.O. Numaligarh Refinery Complex

Dist. Golaghat, Assam, Pin- 785699

h. Address for correspondence:

Numaligarh Refinery Limited

122A, G. S. Road, Christianbasti

Guwahati, Assam, Pin- 781005

## Certificate on Corporate Governance

To

The Members,  
Numaligarh Refinery Limited,  
122A, G. S. Road, Christianbasti,  
Guwahati- 781005, Assam

We have examined the compliance of conditions of Corporate Governance by **Numaligarh Refinery Limited** (a Non-Listed PSU) for the year ended 31<sup>st</sup> March 2013, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India in May, 2010.

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:

- a. Clause 3.1.4 relating to the number of Independent Directors on the Board of Directors of the Company;
- b. Clause 4.1.1 relating to the composition of Audit Committee which states that two-thirds of the members of the Audit Committee shall be Independent Director;

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

**For Biman Debnath & Associates**  
Company Secretaries

*Sd/-*  
**Biman Debnath**  
Proprietor  
C. P. No. 5857  
FCS No. 6717

Place: Guwahati  
Date : 25<sup>th</sup> June, 2013

## Secretarial Audit Report

The Members,  
Numaligarh Refinery Limited,  
122A, G. S. Road, Christianbasti,  
Guwahati- 781005, Assam

We have examined the registers, records and documents maintained by **Numaligarh Refinery Limited** ("the Company") having Corporate Identity Number (CIN) **U11202AS1993GOI003893**, for the financial year ended 31<sup>st</sup> March, 2013 according to the provisions of the Companies Act 1956 and the Rules made under the Act and also the provisions contained in the Memorandum and Articles of Association of the Company.

- I. In our opinion, based on test check carried out by us, verification of the records produced to us and according to the information furnished to us by the Company, the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to :
1. Maintenance of various Statutory Registers and documents and making necessary entries therein;
  2. Filing of requisite forms, returns, documents and resolutions with the Registrar of Companies, Shillong and Central Government within the time prescribed under the Act and Rules made there under;
  3. Service of documents by the Company on its Members, Auditors and Registrar of Companies;
  4. The Company has adopted a system of taking the date of Annual General Meeting as the record date for declaration & payment of dividend;
  5. Convening and holding of meetings of Directors and Committees of the Directors including passing of resolutions by circulation;
  6. Convening and holding of 19th Annual General Meeting of the Company on 7<sup>th</sup> September, 2012;
  7. Minutes of the proceedings of General Meeting and the meetings of the Board and its committees were properly recorded in loose leaf form, which are being bound in book form at regular intervals;
  8. Appointment and remuneration of Auditor and Cost Auditor;
  9. Transfer and transmission of shares and issue and delivery of original certificates of shares;
  10. Composition and terms of reference of Audit Committee;
  11. Declaration and payment of Dividend;
  12. Investment of Company's funds including inter-corporate loans and investments and investment and loans to others;
  13. Giving guarantees in connection with loan taken by Associate Companies;
  14. Borrowing and registration, modification and satisfaction of charge;
  15. Deposit of both the Employees' and Employers' Contribution relating to Provident Fund;
  16. Form of Balance Sheet as prescribed under part I of Revised Schedule VI to the Act and requirements as to the Profit and Loss Account as per Part II of the said Schedule;
  17. Contracts, Common Seal, Registered Office and publication of name of the Company;
  18. Generally, all other applicable provisions of the Act and the Rules made under the Act.



II. We further state that :

1. The Company being a Government Company, appointment and remuneration of Whole-time Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Non-official) Directors received sitting fee of ₹ 20,000/- for each Board/Audit Committee meeting and ₹ 10,000/- for each of the other Committee meetings attended by them during the year 2012-13.
2. The Directors have disclosed their interest and concerns in contracts and arrangements, shareholding and directorships in other Companies and interest in other entities as and when required and their disclosures have been noted and recorded by the Board;
3. The Directors have complied with the disclosure requirements in respect of their eligibility of appointments, their being independent and compliance with the Code of Business Conduct and Ethics for Board and Senior Management personnel;
4. The Company has obtained all necessary approvals under the various provisions of the Act;
5. There was no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and no fines and penalties were imposed on the Company/ its Directors and Officers during the financial year, for offences under the Act; and
6. The Company is a non-listed Company and the provisions of the listing agreements are not applicable to the Company except and to the extent that it is a subsidiary of a listed company.

III. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-Laws framed thereunder by the Depositories with regard to dematerialization /re-materialization of securities and reconciliation of records of dematerialization securities with all securities issued by the Company.

IV. We further report that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India in May, 2010 except for non compliance of Clause 3.1.4 relating to the number of Independent Directors on the Board of the Company and Clause 4.1.1 relating to composition of the Audit Committee with two-thirds of the members as Independent Directors.

**For Biman Debnath & Associates**  
Company Secretaries

Sd/-  
**Biman Debnath**  
Proprietor  
C.P. No. 5857  
FCS No. 6717

Place: Guwahati  
Date: 25<sup>th</sup> June, 2013

## Annexure-C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 1.1.2013

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	397	49	12.34	33	8.31	-
Lowest rung of Group-A (02)	Permanent	3	-	-	1	33.33	-
Total		400	49	12.34	34	41.64	-
Group - B	Permanent	-	-	-	-	-	-
Group - C	Permanent	432	36	8.33	61	14.12	-
Group - D (Excluding Sweepers)	Permanent	4	2	50.00	1	25.00	-
Group - D ( Sweepers )	Nil	-	-	-	-	-	-
Total		836	87	10.41	96	11.48	

Statement showing representation of Scheduled Castes & Scheduled Tribes in each Service Controlled by the Ministry as on 1.1.2013

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)
	<b>NON-SUPERVISORY EMPLOYEES</b>						
I	₹ 9000-15300	D	4	4	1	2	1
II	₹ 9700-16800	C	13	13	6	1	6
III	₹ 10350-31200	C	10	10	8	-	2
IV	₹ 10900-31500	C	2	2	2	-	-
V	₹ 11400-32500	C	40	40	33	1	6
VI	₹ 12200-33500	C	57	57	39	9	9
VII	₹ 1 2450-35500	C	97	97	71	7	19
VIII	₹ 13150-45000	C	213	213	176	18	19
	<b>SUPERVISORY EMPLOYEES</b>						
02	₹ 20600-46500	A	3	3	3	-	-
A	₹ 24900-50500	A	119	119	101	10	8
B	₹ 29100-54500	A	75	75	50	16	9
C	₹ 32900-58000	A	66	66	46	12	8
D	₹ 36600-62000	A	65	65	56	7	2
E	₹ 43200-66000	A	42	42	35	3	4
F	₹ 51300-73000	A	17	17	15	-	2
G	₹ 51300-73000	A	8	8	6	1	1
H	₹ 51300-73000	A	5	5	5	-	-

**Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes during the year 2012**

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 3 <sup>rd</sup> 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 3 <sup>rd</sup> 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	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL										
Other than lowest rung of Group-A	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL										
Lowest rung of Group-A	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL										
Group B	NIL	NIL	Filled by promotion by selection.																					
Group C	4	4	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	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 *	No promotions have taken place which attracts reservation.																							
Group A																								
Other than lowest rung of Group-A																								
Lowest rung of Group-A																								
Group- B	No promotions have taken place which attracts reservation.																							
Group C	No promotions have taken place which attracts reservation.																							
Group-D (Excluding Sweepers)	No promotions have taken place which attracts reservation.													-	-	-								

\* Reservation policy is not applicable for promotion in Group 'A' posts. However, relaxations in performance ratings are given to officers belonging to SCs & STs.

For Non-Management (Group 'C' & 'D') posts, all the employees are promoted after uniform periodicity based on satisfactory level of performance.

## 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 2013

A. Employed throughout the financial year and in receipt of remuneration of more than ₹60 lakhs per annum - NIL

B. Employed for part of the financial year and in receipt of remuneration of more than ₹ 5 lakhs per month

Sl.No.	Name	Qualification	Age	Designation/ Nature of Duties	Date of Commencement of Employment	Experience (No. of years)	Remuneration (₹)	Particular of last employment
1	Subhash Bhatnagar	B.Sc.	60	Manager(F&A)	11.03.1995	17	18,01,698.00	Balmar Lawrie & Co. Ltd

Note:

1. The remuneration includes, apart from regular salary, Company's contribution to Provident Fund & Pension Funds, medical expenses.
2. 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.
3. The above employees are not related to any Director.





NUMALIGARH  
REFINERY  
LIMITED



# Independent Auditors' Report

## Independent Auditors' Report

To  
The Members,  
Numaligarh Refinery Ltd.

### Report on the Financial Statements

We have audited the accompanying financial statements of **Numaligarh Refinery Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended on that date and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, and
  - e. in our opinion, reporting in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to the company, being a government company, as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

**For S. Ghose & Co.**  
Chartered Accountants  
Firm Registration No. 302184E

Sd/-  
**CA. Chandan Chattopadhyay**  
Partner  
Membership No. 051254

Place: Mumbai

Date: 28<sup>th</sup> May, 2013



NUMALIGARH  
REFINERY  
LIMITED



# Annexures to Independent Auditors' Report



## Annexure to Independent 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 in a phased manner 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 program of verification a portion of the fixed assets i.e. *Equipments & Appliances* 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 books of account.  
(c) In our opinion, the disposals of fixed assets during the year are not of a significant value and do not affect the going concern assumption.
2. (a) As explained to us the inventories of Finished Goods, Raw Materials 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. In our opinion and 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 the 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 ₹ 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 maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been maintained.

9. (a) According to the records of the Company and information and explanations given to us, the Company is generally 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 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable except the outstanding dues of ₹ 0.60 crores payable under CST Act (WB) which has since been paid.
- (c) According to the records of the Company and the information and explanations given to us, the following are the details of disputed dues in respect of Income Tax, Sales Tax, Entry Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as on 31<sup>st</sup> March, 2013:

Name of the Statute	Nature of Dues	Since when Pending	Amount	Where Dispute is Pending
			(₹ in Crore)	
The C. Excise Act, 1944 (Excise Duty including Penalty and Interest)	Interest on erroneous refund of additional excise duty on HSD	25-02-11	73.16	Deptt.'s appeal against favorable order to NRL is pending before CESTAT, Kolkata
	Penalty & Interest on wrongful admissibility of CENVAT credit	25-03-05	60.13	CESTAT Kolkata
	Excise Duty on adoption of lower transaction value for OMC's other than M/S BPCL (HSD & MS)	26-12-05	90.44	CESTAT Kolkata
	Adoption of lower transaction value on sales to Oil Marketing Companies (other than BPCL)	06-01-11	0.55	Commissioner of Central Excise (Appeal) Guwahati
	Availing of CENVAT Credit on GTA services on outward transportation up to Place of removal up to March, 08	05-01-07	1.04	CESTAT Kolkata
The Income Tax Act, 1961	Income Tax demand on write back of provision for retirement benefits for F.Y. 2006-07	27-01-10	0.11	CIT (Appeals)
The Finance Act relating to Service Tax	Service Tax on Services received from foreign entities that do not have office in India.	26-10-07	1.62	CESTAT Kolkata
The Finance Act relating to Service Tax	Classification of Service under Business Support Service by the Department instead of Rent on Immovable Property Services	01-06-06	0.32	Commissioner of Central Excise (Appeal) Guwahati
Bihar Value Added Tax Act	Interest due to late deposit of tax and surcharge	12-07-12	0.34	Joint Commissioner Appeal Patna Sales Tax
Uttar Pradesh Value Added Tax Act	Penalty for non submission of Form 31 for import of SKO in the state of UP	09-08-11	0.38	Joint Commissioner Appeal UP trade and Taxes
West Bengal Value Added Tax Act'2003	Penalty for non submission of way bills for import of Naphtha	28-03-13	8.76	West Bengal Taxation Tribunal
The Assam Entry Tax Act	Entry Tax	Nov-06	194.53*	Supreme Court

\* A sum of ₹ 50 crores have been deposited under protest against the disputed dues of ₹ 194.53 crores.

10. According to the information and explanation provided to us, the Company has no accumulated losses as at 31<sup>st</sup> March, 2013 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 ₹ 42.98 crores and ₹ 64.11 crores for loans taken by DNP Ltd. and Brahmaputra 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, we are of the opinion that the funds raised by the Company on short term basis have not been used for long term investment.
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 Paragraph 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, there was an instance of alleged fraud of under invoicing during the Financial year 2011-12 for which the amount of loss, if any, could not be quantified, pending investigation by the CVO.

**For S. Ghose & Co.**  
Chartered Accountants  
Firm Registration No.302184E

Sd/-  
**CA. Chandan Chattopadhyay**  
Partner  
Membership No. 051254

Place: Mumbai

Date : 28<sup>th</sup> May 2013

**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, GUWAHATI FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

The preparation of financial statements of Numaligarh Refinery Limited, Guwahati for the year ended 31<sup>st</sup> March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are 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 28-05-2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Numaligarh Refinery Limited, Guwahati for the year ended 31<sup>st</sup> March 2013. 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,  
Kolkata

Place : Kolkata  
Dated: 8<sup>th</sup> July, 2013





Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013

₹ in Crores

	Notes	31-03-2013	31-03-2012
<b>Revenue</b>			
Revenue from operations (Gross)	25	8,757.01	14,075.58
Less : Excise duty		(571.08)	(647.58)
Revenue from operations (Net)		8,185.93	13,428.00
Other income	26	83.34	34.69
<b>Total revenue</b>		<b>8,269.27</b>	<b>13,462.69</b>
<b>Expenses</b>			
Cost of material consumed	27	6,476.71	12,360.43
Purchases of traded goods		23.68	72.55
Changes in inventories of finished goods and work in progress	28	560.62	(303.90)
Employee benefits expenses	29	129.92	143.28
Finance costs	30	59.40	38.58
Depreciation and amortisation expense	13 & 14	180.13	173.97
Other expenses	31	557.44	672.18
<b>Total Expenses</b>		<b>7,987.90</b>	<b>13,157.09</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>281.37</b>	<b>305.60</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>281.37</b>	<b>305.60</b>
Extraordinary Items	32	12.89	-
Prior period items (net)	33	5.62	18.14
<b>Profit Before Tax</b>		<b>262.86</b>	<b>287.46</b>
<b>Tax Expense</b>			
Current tax	34	115.08	133.02
Deferred Tax	6	9.69	(34.59)
Short/(excess) provision for Taxation in earlier years provided for	34	(6.17)	5.33
<b>Profit /(Loss) for the year</b>		<b>144.26</b>	<b>183.70</b>
<b>Earnings per equity share (in ₹):</b>			
Basic	35	1.96	2.50
Diluted	35	1.96	2.50
<b>Significant accounting policies</b>	2		
<b>Notes to Financial Statement</b>	3-55		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date  
**For S. Ghose & Co.**  
Chartered Accountants  
Firm Registration No.302184E  
Sd/-  
**Chandan Chattopadhyay**  
Partner  
Membership No.51254

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

For and on behalf of the Board of Directors

Sd/- Sd/-  
**Dipak Chakravarty** **S.K. Barua**  
Managing Director Director (Finance)

Sd/-  
**H. K. Sarmah**  
Company Secretary

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013

₹ in Crores

	31-03-2013	31-03-2012
<b>A Cash Flow from Operating Activities</b>		
Profit before taxation, prior period and extraordinary item	281.37	305.60
<i>Adjustments for :</i>		
Depreciation and amortisation expense	180.13	173.97
Interest expenditure	55.24	36.59
(Profit) / Loss on Sale/Write Off of tangible assets (net)	12.20	7.20
Foreign Exchange Fluctuations	(3.41)	0.79
Income from Investments	(1.96)	(5.98)
Dividend Income	(1.74)	(5.15)
Interest Income	(6.89)	(6.03)
Other Non-Cash items (refer explanatory Note no. 4)	7.59	(8.28)
<b>Operating Profit before Working Capital Changes</b>	<b>522.53</b>	<b>498.71</b>
<i>(Invested in) / Generated from:</i>		
Trade receivables	92.55	(45.70)
Other receivables	(187.25)	(30.35)
Inventories	770.76	(372.84)
Current Liabilities & Provisions	(875.50)	118.92
<b>Cash generated from Operations</b>	<b>323.09</b>	<b>168.74</b>
Income Tax and Interest thereon (net of refund)	(157.01)	(156.18)
<b>Cash generated from Operations before extraordinary items</b>	<b>166.08</b>	<b>12.56</b>
Prior period items (net)	(5.62)	(18.14)
Extraordinary Items	(12.89)	-
Non-Cash items	6.27	16.90
<b>Net Cash from Operating Activities</b>	<b>153.84</b>	<b>11.32</b>

₹ in Crores

	31-03-2013	31-03-2012
<b>B Cash Flows from Investing Activities</b>		
Purchase of tangible assets	(195.66)	(140.19)
Purchase of intangible assets	(0.04)	(3.53)
Sale of tangible assets	60.07	41.81
Investment in associate companies	(31.20)	(61.21)
Purchase of / Accretion to Investments	(25.06)	-
Sale of Investments	64.31	-
Income from Investment	2.25	5.97
Dividend Received	1.74	5.15
<b>Net Cash from Investing Activities</b>	<b>(123.59)</b>	<b>(152.00)</b>
<b>C Cash Flows from Financing Activities</b>		
Long term Borrowings	-	-
Repayment of Long-term loans/borrowings	(24.23)	(7.98)
Net Increase/Decrease(-) in other borrowings	133.81	95.70
Interest paid	(55.24)	(19.56)
Dividend Paid	(73.56)	(110.34)
Corporate Dividend Tax	(11.93)	(17.90)
Realised (loss) / gains of foreign exchange differences	3.41	(0.79)
<b>Net Cash used in Financing Activities</b>	<b>(27.74)</b>	<b>(60.87)</b>
<b>D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>2.51</b>	<b>(201.55)</b>
<b>E Cash &amp; Cash Equivalents at beginning of Period</b>	<b>0.12</b>	<b>201.67</b>
Cash/cheques in Hand	0.01	0.01
Cash at Bank	0.11	0.12
Remittance in transit	-	-
Fixed Deposits with Banks	-	201.54



₹ in Crores

	31-03-2013	31-03-2012
<b>F Cash &amp; Cash Equivalents at end of Period</b>	<b>2.63</b>	<b>0.12</b>
Cash/cheques in Hand	0.01	0.01
Cash at Bank	2.62	0.11
Remittance in transit	-	-
Fixed Deposits with Banks	-	-

1. The Cash Flow Statement is prepared in accordance with the format included in Accounting Standard 3 as notified by the Central Government.
2. 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.
3. The net profit/loss arising due to conversion of Current assets/ current liabilities, receivable/ payables in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. "Other Non-Cash items" comprise of provisions for Stores and Consumables, provision for Claims and provision for Investments and write back of Provisions.

As per our report of even date  
**For S. Ghose & Co.**  
Chartered Accountants  
Firm Registration No.302184E

For and on behalf of the Board of Directors

Sd/-  
**Chandan Chattopadhyay**  
Partner  
Membership No.51254

Sd/-  
**Dipak Chakravarty**  
Managing Director

Sd/-  
**S.K. Barua**  
Director (Finance)

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

## Notes to Financial Statements

### 1. Corporate Information

Numaligarh Refinery Limited referred to as “NRL” or “the company” was incorporated on 22<sup>nd</sup> April 1993. NRL is a Government Company, incorporated under the provisions of the Companies Act, 1956 and is a subsidiary of Bharat Petroleum Corporation Limited. The company is engaged in the business of refining of crude oil.

### 2. Statement of Significant Accounting Policies

#### 2.1 Basis for Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis (unless otherwise stated) and under historical cost convention.

#### 2.2 Use of Estimates

The preparation of financial statements requires management of the company to make certain estimates and assumptions that affect the amounts reported in the financial statement and notes thereto. Differences, if any, between actual amounts and estimates are recognised in the period in which the results are known.

#### 2.3 Fixed Assets

##### 2.3.1 Tangible Assets

2.3.1.1 Fixed Assets are stated at cost of acquisition (including incidental expenses) net of accumulated depreciation.

2.3.1.2 Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

2.3.1.3 Expenditure on assets, other than plant and machinery, not exceeding ₹ 1,000 per item are charged to revenue.

2.3.1.4 Machinery spares that are specific to a fixed asset are capitalised along with the fixed asset. Replacement of such spares is charged to revenue.

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

2.3.1.6 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 ₹ 5 crores and above are also capitalised. Expenditure incurred generally during construction period of projects on assets like electricity transmission lines, roads, culverts etc. the ownership of which is not with the company are charged to revenue in the accounting period of incurrence of such expenditure.

##### 2.3.2 Intangible Assets

2.3.2.1 Intangible assets are carried at cost less accumulated amortization.

2.3.2.2 Expenditure incurred for creating/acquiring intangible assets of ₹ 0.50 crores 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.

## Notes to Financial Statements

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

### **2.4 Impairment of Assets**

The values of tangible and intangible assets of respective 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.

### **2.5 Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to revenue.

### **2.6 Depreciation**

**2.6.1** Depreciation on fixed assets is provided at rates prescribed under Schedule XIV to the Companies Act, 1956, on straight line method, up to 95% of the cost of the asset other than machinery spares which are depreciated up to 100%, except in the following cases:

**2.6.1.1** Premium paid for acquiring leasehold land (other than perpetual lease) is amortised over the period of lease.

**2.6.1.2** Computer equipment and peripherals, and mobile phones are depreciated over a period of 4 years. Furniture provided at the residence of management staff is depreciated over a period of 7 years.

**2.6.2** Fixed assets costing not more than ₹ 5,000 each, are depreciated @ 100 percent in the year of acquisition.

**2.6.3** Depreciation is charged on addition / deletion on pro-rata monthly basis including the month of addition / deletion.

### **2.7 Investments**

**2.7.1** Current investments are valued at lower of cost or fair value determined on an individual investment basis.

**2.7.2** Long-term investments are valued at cost. Provision for diminution in value is made to recognise a decline, other than of temporary nature, in the value of such investments.

### **2.8. Inventory**

**2.8.1** Raw materials are valued at cost or net realisable value, whichever is lower.

**2.8.2** Stock-in-process is valued at raw material cost plus conversion costs as applicable or net realisable value, whichever is lower.

**2.8.3** Finished products are valued at weighted average cost or net realisable value, whichever is lower.

**2.8.4** Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing inventories to their present location including appropriate overheads apportioned on a reasonable and consistent basis.

**2.8.5** The net realisable value of finished goods is based on the transfer prices (applicable at the location of stock for sale to oil companies) and the final selling prices for sale to other customers.

**2.8.6** 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 ₹ Nil.

## Notes to Financial Statements

### 2.9 Revenue Recognition

- 2.9.1 Sales represents invoiced value of goods supplied net of trade discounts, and include applicable North East excise duty benefit, excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/Sales Tax. Further, it includes other elements allowed by the Government from time to time.
- 2.9.2 Other claims are booked when there is reasonable certainty of recovery.
- 2.9.3 Income from sale of scrap is accounted for on realisation.
- 2.9.4 Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

### 2.10 Classification of Income / Expenses

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

### 2.11 Employee Benefits

- 2.11.1 Contributions to defined contribution schemes such as Pension, Provident Fund, etc. are charged to the Statement of Profit and Loss as and when incurred.
- 2.11.2 The Company also provides for retirement/ post-retirement benefits in the form of gratuity, leave encashment, post retirement medical benefits, resettlement benefits and long service award. Such defined benefits are charged to the Statement of Profit and Loss based on valuations made by independent actuaries using the Projected Unit Credit Method, as at the balance sheet date.

### 2.12 Duties on Bonded Stocks

- 2.12.1 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.

### 2.13 Foreign Currency Transactions

- 2.13.1 Transactions in foreign currency are accounted in the reporting currency at the exchange rate prevailing on the date of transaction.
- 2.13.2 Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.
- 2.13.3 Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Statement of Profit & Loss either under foreign exchange fluctuation or interest, as the case may be.
- 2.13.4 Premium/discount arising at the inception of the forward exchange contracts to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit & Loss.
- 2.13.5 Gains / losses arising on settlement of Derivative transactions entered into by the Company to manage the exposures on account of fluctuations in foreign exchange are recognised in the Statement of Profit and Loss. Provision for losses in respect of outstanding contracts as on balance sheet date is made on the basis of mark to market valuations of such contracts.

## Notes to Financial Statements

### 2.14 Government Grants

- 2.14.1 When the grant relates to an expense item or depreciable fixed assets, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.
- 2.14.2 Government grants in the nature of promoters' contribution or relating to non depreciable assets are credited to Capital Reserve and treated as a part of shareholders' funds.

### 2.15 Provisions, Contingent Liabilities and Capital Commitments

- 2.15.1 Show cause notices issued by various Government Authorities are not considered as Obligation. When the demand notices are raised against such show cause notices and are disputed by the Company, then they are treated as Obligations.
- 2.15.2 A provision is recognised when an enterprise has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.
- 2.15.3 Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- 2.15.4 Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 0.05 crore in each case.

### 2.16 Taxes on Income

- 2.16.1 Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.
- 2.16.2 Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.
- 2.16.3 The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, in respect of unabsorbed depreciation or carry forward losses, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.
- 2.16.4 The carrying amount of deferred tax assets and unrecognised deferred tax assets are reviewed at each balance sheet date.

### 2.17 Earnings per share

- 2.17.1 Basic earnings per share are calculated by dividing the net profit or loss (after deducting preference dividends, if any, and attributable taxes) for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.
- 2.17.2 For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.



## Notes to Financial Statements

## 3 Share Capital

₹ in Crores

	31-03-13	31-03-12
<b>Equity Shares</b>		
<b>Authorised</b>		
100,00,00,000 Equity Shares of ₹ 10 each	<u>1,000.00</u>	<u>1,000.00</u>
	<u>1,000.00</u>	<u>1,000.00</u>
<b>Issued, subscribed and paid-up</b>		
73,56,31,544 fully paid Equity Shares of ₹ 10 each	<u>735.63</u>	<u>735.63</u>
<b>Total</b>	<u>735.63</u>	<u>735.63</u>

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31-03-13		31-03-12	
<b>Equity Shares</b>	<b>Number</b>	<b>₹ Crores</b>	<b>Number</b>	<b>₹ Crores</b>
Shares outstanding at the beginning of the year	73,56,31,544	735.63	73,56,31,544	735.63
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	73,56,31,544	735.63	73,56,31,544	735.63

## b. Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31<sup>st</sup> March 2013, the amount of dividend per share recognised as distributions to equity shareholders is ₹ 1.00 ( 31<sup>st</sup> March 2012: ₹ 1.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c. Shares held by holding company

Out of equity shares issued by the Company, shares held by Holding Company is as below:

₹ in Crores

	31-03-13	31-03-12
Bharat Petroleum Corporation Limited. (with nominees)		
45,35,45,998 (previous year 45,35,45,998) equity shares of ₹ 10 each fully paid	<u>453.55</u>	<u>453.55</u>

## d. Details of shareholders holding more than 5% shares in the company

	31-03-13		31-03-12	
<b>Name of Shareholder</b>	<b>Number</b>	<b>% of Holding</b>	<b>Number</b>	<b>% of Holding</b>
Bharat Petroleum Corporation Limited.	45,35,45,998	61.65%	45,35,45,998	61.65%
Oil India Limited.	19,12,64,202	26.00%	19,12,64,202	26.00%
Governor of Assam.	9,08,21,344	12.35%	9,08,21,344	12.35%

## Notes to Financial Statements

### 4 Reserves and Surplus

₹ in Crores

	31-03-2013	31-03-2012
<b>Capital Reserve</b>		
As per last Account	100.00	100.00
	<b>100.00</b>	<b>100.00</b>
<b>General Reserve</b>		
As per last Account	1,863.61	1,765.40
Add: Transfer from Statement of Profit & Loss	58.20	98.21
	<b>1,921.81</b>	<b>1,863.61</b>
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
As per last Account	0.01	0.01
Add: profit/(loss) for the year	144.26	183.70
Less: Proposed Dividend	(73.56)	(73.56)
Less: Corporate Dividend Tax	(12.50)	(11.93)
Less: Transfer to General Reserve	(58.20)	(98.21)
	<b>0.01</b>	<b>0.01</b>
	<b>2,021.82</b>	<b>1,963.62</b>

Capital Reserve represents grant of ₹100.00 crores received in the year 1999-2000 from the Government of India.

## Notes to Financial Statements

### 5 Long-term Borrowings

₹ in Crores

	31-03-2013	31-03-2012
<b>Term Loans</b>		
From Banks		
Secured (External Commercial Borrowings)	-	-
From Oil Industry Development Board		
Unsecured	40.48	64.71
<b>Total</b>	<b>40.48</b>	<b>64.71</b>

Unsecured Loans from Oil Industry Development Board consist of 2 loans as on 31.03.2013:

- ₹ 15.96 crores drawn at 5.00% p.a. and repayable in next 2 years in annual installments of ₹ 7.98 crores.
- ₹ 48.75 crores drawn at 7.48% p.a. and repayable in next 3 years in annual installments of ₹ 16.25 crores.

### 6 Deferred Tax Liabilities (Net)

As per requirement of the Accounting Standard 22 - "Accounting of Taxes on Income" the net tax liability charged to the Statement of Profit and Loss during the year is ₹ 9.69 crores [previous year ₹ (34.59) crores]. The year end position of Deferred Tax Liability and Asset is given below:

₹ in Crores

	31-03-2013	31-03-2012
<b>Deferred Tax Liability</b>		
Difference of Book Depreciation & Tax Depreciation	305.59	297.66
<b>Deferred Tax Assets</b>		
Difference in write offs under Companies Act and Income Tax Act	-	-
Disallowance u/s 43B of Income Tax Act, 1961	65.28	74.82
Others including retirement benefits	26.76	18.98
<b>Total</b>	<b>92.04</b>	<b>93.80</b>
<b>Net Deferred Tax Liability</b>	<b>213.55</b>	<b>203.86</b>

## Notes to Financial Statements

### 7 Other Long-Term Liabilities

₹ in Crores

	31-03-2013	31-03-2012
Trade Payables	-	-
Security and Earnest Money Deposits	3.81	7.42
	<b>3.81</b>	<b>7.42</b>

### 8 Long-Term Provisions

₹ in Crores

	31-03-2013	31-03-2012
Provision for employee benefits:		
Gratuity	-	-
Long Service Award	7.12	4.58
Resettlement Allowance	2.10	1.66
Post Retirement medical Benefit	14.93	12.93
Contingencies for probable obligations (refer note 47)	144.53	144.53
	<b>168.68</b>	<b>163.70</b>

### 9 Short-term Borrowings

₹ in Crores

	31-03-2013	31-03-2012
Loans repayable on demand		
From banks		
Secured (Working Capital Demand Loan)	137.00	217.00
Secured (Cash Credit)	-	1.58
Un-Secured (Overdraft)	-	0.10
Un-Secured (Foreign Currency Loans)	215.49	-
From other parties		
Secured	-	-
Un-Secured	-	-
	<b>352.49</b>	<b>218.68</b>

Working Capital Demand Loan from State Bank India carries interest @ 9.70% p.a. The loan is repayable on demand. The loan is secured by hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts.

Cash Credit from State Bank India carries interest @ 11.95% p.a. The loan is repayable on demand. The loan is secured by hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts.

Un-secured loan in form of overdraft from HDFC Bank with a limit of ₹ 3 crores, carries interest @ 11.60% p.a. The loan is repayable on demand.

Foreign Currency Loans are in the form of Buyer's Credit USD 39.46 million (previous year USD Nil million).

## Notes to Financial Statements

### 10 Trade Payables

₹ in Crores

	31-03-2013	31-03-2012
Due to micro and small enterprises	0.22	0.41
Due to others	515.82	1,345.63
	<b>516.04</b>	<b>1,346.04</b>

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 2012-13.

<b>Amount due and payable at the year end</b>		
Principal	0.22	0.41
Interest on above principal	-	-
<b>Payment made during the year after the due date</b>		
Principal	-	-
Interest	-	-
Interest due and payable for Principals already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

### 11 Other Current Liabilities

₹ in Crores

	31-03-2013	31-03-2012
Current maturities of long term debt	24.23	24.23
Advances from Customers	1.10	14.30
Interest Accrued but not due on borrowings	1.13	0.51
Sales Tax, Entry Tax, Excise, Customs etc.	112.53	172.05
Employee related liabilities	12.26	15.07
Deposits from customers	2.01	4.44
Other deposits and retentions	36.84	17.15
Other Payables	30.61	57.25
	<b>220.71</b>	<b>305.00</b>



## Notes to Financial Statements

### 12 Short-Term Provisions

₹ in Crores

	31-03-2013	31-03-2012
<b>a Provision for employee benefits</b>		
Gratuity	(1.34)	(0.71)
Leave Encashment	29.86	30.86
Pension	2.96	4.97
<b>Other defined benefits</b>		
Long Service Award	0.24	0.04
Resettlement Allowance	0.06	0.03
Post Retirement Medical Benefit	1.07	0.78
Other short term employee benefits	0.71	0.29
	<b>33.56</b>	<b>36.26</b>
<b>b Other Provisions</b>		
Provision for Taxation (net of Tax paid)	45.69	60.69
Proposed Dividend	73.56	73.56
Corporate Dividend Tax on Proposed Dividend	12.50	11.93
Provision for mark-to-market losses on derivatives	-	-
	<b>131.75</b>	<b>146.18</b>
	<b>165.31</b>	<b>182.44</b>

Pension: The Company has a defined contribution pension plan managed by a trust. The contribution is the differential amount of 30% of Basic + DA less PF+Gratuity+Post Retirement Medical Scheme and paid to the trust which is invested with LIC. Pension is paid to the Staff member who has put in a minimum qualifying period of 15 years of service on superannuation.

## Notes to Financial Statements

### 13 Tangible Assets

₹ in Crores

	Gross Block/Cost				Depreciation & Impairment				Net Block		
	As at	Addition	Deductions on account of Retirement/ Reclassifications	As at	Addition	Deductions on account of Retirement/ Reclassifications	As at	As at	As at	As at	
	01-04-2012	(1)	(2)	(3)	(4)=(1+2+3)	(5)	(6)	(7)	(8)=(5+6+7)	(9)=(4-8)	(10)=(1-5)
Land Freehold	28.82	0.56	-	-	29.38	-	-	-	-	29.38	28.82
Land Leasehold	0.72	-	(0.56)	0.16	0.16	0.14	0.05	(0.10)	0.09	0.07	0.58
Buildings	429.10	12.33	(53.67)	387.76	71.52	10.42	10.42	(8.42)	73.52	314.24	357.58
Plant and Equipment	2,729.84	34.50	(15.18)	2,749.16	1,393.57	150.14	150.14	(2.25)	1,541.46	1,207.70	1,336.27
Furniture and Fixtures	8.61	1.06	(0.07)	9.60	4.81	0.51	0.51	(0.07)	5.25	4.35	3.80
Vehicles	21.53	0.31	(0.05)	21.79	16.42	0.74	0.74	0.02	17.18	4.61	5.11
Office equipments	46.53	4.99	(13.00)	38.52	28.67	4.28	4.28	(11.45)	21.50	17.02	17.86
Other equipments	69.17	2.19	(1.52)	69.84	22.48	5.48	5.48	(1.16)	26.80	43.04	46.69
Tanks and Pipelines	230.34	3.38	(0.02)	233.70	186.73	9.43	9.43	-	196.16	37.54	43.61
Dispensing Tanks and Pipelines	15.61	-	(15.20)	0.41	3.42	0.32	0.32	(3.57)	0.17	0.24	12.19
Railway Sidings	48.08	-	-	48.08	19.03	2.28	2.28	-	21.31	26.77	29.05
Total	3,628.35	59.32	(99.27)	3,588.40	1,746.79	183.65	183.65	(27.00)	1,903.44	1,684.96	1,881.56
Previous Year Figures	3,609.89	83.89	(65.43)	3,628.35	1,569.64	188.92	188.92	(11.77)	1,746.79	1,881.56	2,040.25

a) Freehold Land includes ₹ 11.00 Crore (₹ 11.00 Crore) in respect of 352.78 acres (352.78 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 Nil acres (Nil acres) of disputed land.

b) Freehold Land includes ₹ 0.30 Crore (₹ 0.30 Crore) in respect of 39.67 acres (39.67 acres) of Land out of which physical possession has been obtained for 13.48 acres (13.48 acres).

b) Deduction from Gross Block (Column 3) includes :

- ₹ 10.66 crores (₹ 5.51 crores) on account of Write off of Physical Verification discrepancies.
- ₹ 88.61 crore (₹ 58.00 Crore) on account sale retirement, deletions and reclassifications.

d) Depreciation for the year (column 6) includes :

- Charged to the Statement of Profit & Loss ₹ 177.61 Crore (₹ 171.52 Crore)
- Charged to previous year expenses ₹ 5.48 Crore (₹ 16.90 Crore)
- Charged to project expenses ₹ 0.56 crore (₹ 0.50 crore)

e) Deduction from Depreciation (Column 7) includes :

- ₹ 9.37 crore (₹ 0.28 Crore) on account of Write off of Physical Verification discrepancies.
- Withdrawal of depreciation of ₹ 17.03 Crore (₹ 10.31 Crore) on account sale, deletions, retirement & reclassification.

## Notes to Financial Statements

### 14 Intangible Assets

₹ in Crores

	Gross Block/Cost				Amortisation				Net Block	
	As at	Addition	Disposal/ adjustments	As at	As at	Addition	Disposal/ adjustments	As at	As at	As at
	01-04-12			31-03-13	01-04-12			31-03-13	31-03-13	31-03-12
Computer Software (SAP Implementation cost)	8.34	-	-	8.34	7.92	0.42	-	8.34	-	0.42
Computer Software (Aspen PIMS)	3.04	-	-	3.04	0.35	0.61	-	0.96	2.08	2.69
Licenses - SAP Upgradation	1.95	0.04	-	1.99	0.99	0.69	-	1.68	0.31	0.96
Licenses - MS Plant	1.71	-	-	1.71	1.62	0.09	-	1.71	-	0.09
Licenses - Hydrocracker	7.55	-	-	7.55	2.77	1.51	-	4.28	3.27	4.78
<b>Total</b>	<b>22.59</b>	<b>0.04</b>	<b>-</b>	<b>22.63</b>	<b>13.65</b>	<b>3.32</b>	<b>-</b>	<b>16.97</b>	<b>5.66</b>	<b>8.94</b>
Previous Year Figures	19.06	3.53	-	22.59	11.20	2.45	-	13.65	8.94	7.86

Amortisation for the year includes :

(i) Charged to the Statement of Profit & Loss ₹ 2.52 Crore (₹ 2.45 Crore)

(ii) Charged to previous year expenses ₹ 0.80 Crore (Z Nil Crore )

### 15 Capital work-in-progress

₹ in Crores

	31-03-2013	31-03-2012
Work-in-progress	236.04	96.95
Assets held for sale	3.14	12.55
Less : Provision for Capital Losses	(2.27)	(4.55)
	236.91	104.95
Capital Stores	11.36	16.24
Capital goods in transit	6.81	1.24
	255.08	122.43
<b>Construction period expenses pending allocation</b>		
Opening balance	6.46	2.70
Add : Expenditure during the year		
Establishment charges	5.16	2.76
Depreciation	0.56	0.50
Finance Cost	-	-
Rates & Taxes	-	-
Others (including miscellaneous stores)	-	0.50
	12.18	6.46
Less : Allocated to assets during the year	-	-
Closing balance	12.18	6.46
	<b>267.26</b>	<b>128.89</b>

## Notes to Financial Statements

## 16 Non Current Investment

₹ in Crores

	Number of Shares	Face Value ₹	31-03-2013	31-03-2012
<b>Trade Investment (valued at cost unless stated otherwise)</b>				
Investments in Equity Instruments (Unquoted)				
Brahmaputra Cracker and Polymer Ltd.	10,57,95,029	10	105.80	86.16
Investments in associates				
DNP Limited	4,34,90,000	10	43.49	35.08
<b>Other Investments</b>			-	-
			<b>149.29</b>	<b>121.24</b>

NRL holds 10% share in Brahmaputra Cracker and Polymer Limited.

DNP Limited is an associate company of Numaligarh Refinery Limited (NRL). NRL holds 26% shares in DNP Limited.

## 17 Long-Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31-03-2013	31-03-2012
Capital Advances	14.00	3.08
Security Deposits	4.77	5.18
Loans and advances to employees (secured)	36.11	35.35
Advance for investment	21.10	17.95
Other Loans and advances		
Considered good	-	1.16
Considered doubtful	-	-
Less: Provision for doubtful advances	-	-
	<b>75.98</b>	<b>62.72</b>

Loans and advances due from Directors ₹ 0.07 crore (previous year ₹ 0.13 crore) and due from Officers ₹ 20.19 crore (previous year ₹ 18.17 crore)

Advance for investment is made towards equity shares of:

Brahmaputra Cracker and Polymer Limited	21.10	17.95
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## 18 Other Non-Current Assets

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31-03-2013	31-03-2012
Long Term Trade Receivables	-	4.90
	-	<b>4.90</b>

## Notes to Financial Statements

### 19 Current Investments

₹ in Crores

	31-03-2013	31-03-2012
<b>Valued at cost or fair value unless stated otherwise</b>		
Investments in 7% Oil Companies GOI Special Bonds 2012 (Non-Trade, Quoted)	-	64.31
Less: Provision for Diminution in value in Investment	-	(0.47)
	-	63.84
Investments in Mutual Funds (Non-Trade, Quoted)	25.06	-
Investments in Inter Corporate Deposits (Non-Trade, Unquoted)	-	-
	<b>25.06</b>	<b>63.84</b>

Aggregate market value of 7% Oil Companies GOI Special Bonds 2012 is ₹ Nil crores (previous year ₹ 63.84 crores).

Aggregate amount of provision made for diminution in value of investment is ₹ Nil crores (previous year ₹ 0.47 crores).

### 20 Inventories

(refer note 2.8 for valuation policy)

₹ in Crores

	31-03-2013	31-03-2012
Raw materials	133.39	360.26
Stock in process	81.56	86.42
Finished products	930.91	1,486.67
Stores and spares	139.80	123.47
Less: Provision for losses	(78.58)	(41.38)
Stores and spares in Transit	0.47	0.08
	<b>1,207.55</b>	<b>2,015.52</b>
<b>Details of Inventory of Finished products</b>		
<i>Manufactured goods</i>		
LPG	3.41	5.01
Naphtha	155.92	263.07
MS	149.30	302.67
ATF	21.98	39.07
SKO	86.83	124.02
HSD	483.44	708.33
RPC	21.06	16.72
Sulphur	0.30	0.17
CPC	8.67	27.61
<i>Traded goods</i>		
MS	-	-
HSD	-	-
	<b>930.91</b>	<b>1,486.67</b>



## Notes to Financial Statements

## 21 Trade Receivables

₹ in Crores

	31-03-2013	31-03-2012
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	15.63	15.55
Considered doubtful	2.26	1.09
Provision for doubtful receivables	(2.26)	(1.09)
	<b>15.63</b>	<b>15.55</b>
<b>Other receivables</b>		
Considered good	691.07	784.87
Considered doubtful	-	-
	<b>691.07</b>	<b>784.87</b>
	<b>706.70</b>	<b>800.42</b>

## 22 Cash &amp; Bank Balances

₹ in Crores

	31-03-2013	31-03-2012
<b>Cash &amp; Cash Equivalents</b>		
Balances with bank		
On current accounts	2.53	0.02
Deposits with original maturity of less than three months	-	-
Other earmarked balances with bank	0.09	0.09
Cheques, Drafts on hand	-	-
Cash on hand	0.01	0.01
<b>Other Bank Balances</b>		
Deposits with original maturity for more than three months	-	-
	<b>2.63</b>	<b>0.12</b>

## Notes to Financial Statements

### 23 Short-Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

₹ in Crores

	31-03-2013	31-03-2012
Security Deposits	0.60	0.91
Loans and advances to employees (secured)	3.76	3.27
Other loans and advances		
Considered good	123.10	16.32
Considered doubtful	1.04	0.45
Less: Provision for doubtful advances	(1.04)	(0.45)
Prepaid expenses	0.38	0.20
Claims Receivable		
Considered good	39.39	2.47
Considered doubtful	2.04	2.46
Less: Provision for doubtful claims	(2.04)	(2.46)
Deposits with Customs, Excise, etc.(net)	37.88	18.67
Advance Income Tax (net of provision for taxation)	62.83	22.78
	<b>267.94</b>	<b>64.62</b>

Loans and advances due from Directors ₹ 0.03 crore (previous year ₹ 0.01 crore) and due from Officers ₹ 2.01 crore (previous year ₹ 1.72 crore)

Deposits with Customs, Excise etc. includes CENVAT credit on capital goods of ₹ 13.63 crore (previous year ₹ 13.63 crore) under adjudication at CESTAT on dispute and reversed from CENVAT Register (RG-23C part II) and the same is kept in CENVAT on Hold account.

### 24 Other Current Assets

₹ in Crores

	31-03-2013	31-03-2012
Interest accrued but not due on Investments	-	0.29
Interest accrued on other loans	-	0.03
Unamortised premium on forward contract	0.54	-
Other Receivables	44.95	38.01
	<b>45.49</b>	<b>38.33</b>

## Notes to Financial Statements

### 25 Revenue from operations (Gross)

₹ in Crores

	31-03-2013	31-03-2012
Sale of Products (Gross)	8,731.07	14,044.36
Other Operating Revenue		
Terminal Charges from Oil Marketing Companies	21.81	23.50
Other	4.13	7.72
	<b>8,757.01</b>	<b>14,075.58</b>
<b>Details of Product Sold</b>		
<i>Manufactured goods</i>		
LPG	256.28	269.49
Naphtha	600.10	567.67
MS	2,223.51	2,140.29
ATF	365.27	324.66
SKO	488.37	915.86
HSD	4,628.15	9,585.22
RPC	14.60	63.55
Sulphur	2.22	3.40
CPC	133.22	112.02
	<b>8,711.72</b>	<b>13,982.16</b>
<i>Traded goods</i>		
MS	5.03	15.91
HSD	14.32	46.29
	<b>19.35</b>	<b>62.20</b>
	<b>8,731.07</b>	<b>14,044.36</b>

## Notes to Financial Statements

### 26 Other Income

₹ in Crores

	31-03-2013	31-03-2012
Interest Income		
On Bank Deposits	-	1.46
On Current Investments	1.96	4.51
Others	2.11	1.33
Dividend Income		
On Current Investments	1.74	5.15
Net gain/(loss) on sale of investment	-	-
Other non-operating income	31.18	9.28
Write back of liabilities/provisions no longer required	42.94	12.96
Foreign Exchange Fluctuations (net)	3.41	-
	<b>83.34</b>	<b>34.69</b>

### 27 Cost of material consumed

₹ in Crores

	31-03-2013	31-03-2012
Opening Stock	360.26	252.24
Add : Purchases	6,249.84	12,468.45
	6,610.10	12,720.69
Less : Closing Stock	133.39	360.26
<b>Cost of material consumed</b>	<b>6,476.71</b>	<b>12,360.43</b>
<b>Details of raw material consumed</b>		
Crude Oil	6,018.25	11,988.19
MTBE, Reformate and Py-Gas	377.98	253.24
Natural Gas	80.48	119.00
	<b>6,476.71</b>	<b>12,360.43</b>

## Notes to Financial Statements

### 28 Changes in inventories of finished goods and work in progress

₹ in Crores

	31-03-2013	31-03-2012
Value of closing stock of		
Finished goods	930.91	1,486.67
Stock in process	81.56	86.42
	<b>1,012.47</b>	<b>1,573.09</b>
<b>Less:</b>		
Value of opening stock of		
Finished goods	1,486.67	1,137.11
Stock in process	86.42	132.08
	<b>1,573.09</b>	<b>1,269.19</b>
	<b>(560.62)</b>	<b>303.90</b>

### 29 Employee benefits expenses

₹ in Crores

	31-03-2013	31-03-2012
Salaries and wages	78.65	73.07
Contribution to provident fund and other funds	15.31	14.59
Contribution to gratuity fund	1.99	7.61
Bonus	9.98	10.49
Leave Encashment	1.84	7.73
Welfare expenses	22.15	29.79
	<b>129.92</b>	<b>143.28</b>

### 30 Finance costs

₹ in Crores

	31-03-2013	31-03-2012
Interest expense on loans	55.03	19.24
Interest expense others	2.85	17.89
Interest expense on delayed payments	1.15	1.35
Other borrowing costs	0.16	0.10
Applicable net loss on foreign currency transactions and translations	0.21	-
	<b>59.40</b>	<b>38.58</b>



## Notes to Financial Statements

### 31 Other expenses

₹ in Crores

	31-03-2013	31-03-2012
Power and Fuel	128.87	136.50
Less:Consumption of fuel out of own production	(5.68)	(6.65)
Power and Fuel (net)	123.19	129.85
Consumption of stores, spares and materials	22.97	12.81
Rent	3.67	4.51
Other Duties and taxes	84.06	203.66
Transportation	112.78	164.83
Repairs to buildings	0.32	0.33
Repairs to machinery	23.08	33.76
Repairs others	48.60	43.54
Insurance	5.80	5.19
Rates and taxes, excluding taxes on income	1.01	1.14
Payment to Auditor as Auditor	0.05	0.05
Payment to Auditor for other services	0.01	0.01
Payment to Auditor for reimbursement of expenses	-	-
Utilities	4.49	3.37
Facility hire charges	5.66	7.50
Travelling and conveyance	14.41	12.65
Communication expenses	0.50	0.60
Others	35.96	33.61
Increase/(Decrease) in Excise Duty on inventory differential	2.25	(4.96)
Loss on sale/write off of Fixed Assets (net)	13.03	7.20
Foreign Exchange Fluctuations (net)	-	0.79
Amortisation of premium on forward contracts	0.19	-
Provision for Stores	37.20	-
Provision for Doubtful Debts, Advances and Claims	12.41	-
Provision Against Capital Work in Progress	-	4.23
Provision/(reversal) towards diminution in value of investments	-	(0.01)
Provision for mark-to-market losses on derivatives	-	-
Bad debts and claims written off	-	0.47
Expenses on CSR activities	5.36	5.86
Charity and donation	0.44	1.19
	<b>557.44</b>	<b>672.18</b>

## Notes to Financial Statements

### 32 Extraordinary Items

₹ in Crores

	31-03-2013	31-03-2012
Loss on account of fire	12.89	-
	<b>12.89</b>	<b>-</b>

Loss on account of fire on 7th April, 2012 in the Air Fin Cooler of Hydrocracker plant of the refinery resulted in partial damage to the unit. Against this loss provisional insurance claim of ₹ 5 crores has been received.

### 33 Prior period items (net)

₹ in Crores

	31-03-2013	31-03-2012
Raw Materials Consumed	-	0.11
Consumption of Stores	(0.65)	0.11
Other operating and administration expenses	-	1.02
Depreciation and amortisation expense	6.27	16.90
	<b>5.62</b>	<b>18.14</b>

34 Provision for taxation for the financial year 2012-13 amounting to ₹ 115.08 crores (previous year ₹ 133.02 crores) has been made as per normal provisions of the Income Tax Act.

### 35 Earnings per equity share

	31-03-2013	31-03-2012
Face value ₹ 10/- each		
Net Profit as per Profit and Loss account available to Equity Shareholders (₹ in crores)	144.26	183.70
Weighted average number of Equity Shares outstanding during the year	73,56,31,544	73,56,31,544
Basic earnings per share (₹)	1.96	2.50
Diluted earnings per share (₹)	1.96	2.50

36 **Segment Reporting:** 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".

37 **Impairment of Assets:** As per Accounting Standard -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 2013.

## Notes to Financial Statements

### 38 Related Party Disclosures as per Accounting Standard 18:

Key Management Personnel (Whole time Directors)	Mr.Dipak Chakravarty	Managing Director
	Mr.Nilmoni Bhakta	Director (Finance)
	Mr.Sona Ram Medhi	Director (Technical)

<b>Remuneration to Key Managerial Personnel:</b>	<b>31-03-2013</b>	<b>31-03-2012</b>
Salary and Allowances	0.92	0.58
Contribution to Provident Fund & other funds	0.16	0.09
Other benefits	0.51	0.50
<b>Total</b>	<b>1.59</b>	<b>1.17</b>

- 39 The company has taken operating lease of product tanks from IMC Limited and MPRS Logistics Care for 12 - 36 months duration with renewable option and lease rent amounting to ₹ 2.96 crore (previous years ₹ 1.38 crore) has been debited to the Statement of Profit and Loss. The future minimum lease payment is as under:

	<b>31-03-2013</b>	<b>31-03-2012</b>
Not later than one year	0.07	5.40
Later than one year and not later than five years	-	4.05
Later than five years	-	-

- 40 An amount of ₹ 84.06 crores (Previous year ₹ 203.66 crores) has been charged to the Statement of Profit and Loss towards under recovery of CST on petroleum products.

- 41 The company has numerous transactions with other oil companies, which are reconciled on an ongoing basis and are subject to confirmation.

- 42 Ministry of Petroleum & Natural Gas (MOP & NG) vide letter No: P-20012/16/2008-PP (Vol.II) dated 20th June 2012 advised Petroleum Planning & Analysis Cell (PPAC) to include Assam Crude Oil quantity supplied to Numaligarh Refinery Ltd. (NRL) for upstream discount due to Bharat Petroleum Corporation Ltd. (BPCL). Accordingly, PPAC on a quarterly basis has intimated the per bbl crude oil discount for the year 2012-13 to be passed on by Oil India Ltd. (OIL) and Oil and Natural Gas Corporation Ltd. (ONGC) to NRL. This upstream crude oil discount is received by NRL from OIL / ONGC and the same is subsequently passed on by NRL through its sale of products to BPCL. This has resulted in savings in indirect tax to the company.

- 43 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 2012-13 in line with FY 2011-12.

To augment crude availability of north-east refineries, Ravva crude/imported crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is to be shared by all four NE refineries as per the directive of MOPNG. The company's share of the transportation cost and other incidentals thereof has been included in crude cost as well as for valuation of the closing inventory.

## Notes to Financial Statements

- 44 MOP & NG vide letter No: P-20023/2/2012-PP dtd.24th July 2012 conveyed its approval for revision in the State Specific Cost (SSC) to cover the irrecoverable levies in respect of Public Sector Oil Companies. This scheme allows the oil marketing companies to recover the incurrence of SSC viz: Entry tax, Octroi etc. on crude oil through the Retail Selling price (RSP). The SSC so collected would be amongst the oil companies by way of pooling mechanism. NRL's share of this SSC has been worked out to ₹ 88.51 crores (previous year ₹ Nil) for the year 2012-13 and accounted for as receivable from Bharat Petroleum Corporation Limited (BPCL)/Hindustan Petroleum Corporation Ltd. (HPCL)/Indian Oil Corporation Ltd. (IOCL) from whom NRL would be receiving the amount.
- 45 As on 31st March 2013, the Company has stock of approximately 800 kgs of spent catalyst (scrap), which contains approximately 2.632 kgs of platinum.
- 46 The Company was selling some of its petroleum products through its Retail Outlets located primarily in Freight Economic Zone. However as oil prices continued to remain high and as NRL is not covered under the Governments' compensation Scheme for losses in retail marketing, the company handed over 39 of its Retail Outlets located in the northern part of India to Bharat Petroleum Corporation Limited (BPCL) in the year 2010-11 and a further 81 Retail Outlets located in the North-East in the current year 2012-13. Accordingly the Company has handed over 120 Retail Outlets to BPCL till 31st March'2013 and is currently not selling its petroleum products through its Retail Outlets.
- 47 In compliance of Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

₹ in Crores

Nature	Opening Balance	Additions during the year	Utilisation during the year	Reversal during the year	Closing Balance
Entry Tax	144.53	-	-	-	144.53
<b>Total</b>	<b>144.53</b>	-	-	-	<b>144.53</b>
<i>Previous year</i>	<i>144.53</i>	-	-	-	<i>144.53</i>

Provision for Entry Tax represents an amount of ₹ 194.53 crores towards Assam Entry Tax for the period November 2006 to May 2008, which has been disputed by the Company and filed a Writ Petition (Civil) before the Hon'ble Supreme Court of India. Based on the Writ Petition, the Court has directed the Assessing Authority to Assess the liability for the aforesaid period which has been assessed at ₹ 194.53 crores. The Court vide interim Order dated 04.02.2010 has directed the Company to pay under protest a sum of ₹ 50 crores. Accordingly, the Company has deposited ₹ 50 crores.

The above provisions are made based on estimates and the expected timing of outflow is not ascertainable at this stage.

### 48 Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits"

The Company's contribution to Provident Fund is remitted to Employees Provident Fund on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss.

**Gratuity:** The Company has a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid to the trust which is invested with LIC. Gratuity is paid to the Staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

## Notes to Financial Statements

**Leave Encashment:** The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

**Other defined benefits:** These are non funded defined benefit obligations

- (a) Long Service Award
- (b) Post Retirement Medical Scheme benefit to employees, spouse, dependent children and dependent parents.
- (c) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

₹ in Crores

Reconciliation of balances of Defined Benefit Obligations	Gratuity Funded		Long Service Award Non Funded		Post Retirement Medical Non Funded		Leave Encashment Non Funded		Resettlement Allowance Non Funded	
	31-3-13	31-3-12	31-3-13	31-3-12	31-3-13	31-3-12	31-3-13	31-3-12	31-3-13	31-3-12
Defined Obligations at the beginning of the year	18.93	10.61	4.62	2.50	13.71	3.75	30.86	25.57	1.69	1.68
Interest Cost	1.61	0.89	0.38	0.21	1.16	0.32	2.61	2.16	0.15	0.14
Current Service Cost	0.36	1.12	0.30	0.22	1.05	0.26	1.23	1.24	0.16	0.11
Benefits paid	(0.32)	(0.30)	(0.02)	(0.01)	(0.11)	(0.05)	(2.83)	(2.45)	(0.30)	(0.41)
Actuarial (Gains)/ Losses on obligations	1.88	6.61	2.08	1.70	0.19	9.43	(2.01)	4.34	0.46	0.17
<b>Defined Obligations at the end of the year</b>	<b>22.46</b>	<b>18.93</b>	<b>7.36</b>	<b>4.62</b>	<b>16.00</b>	<b>13.71</b>	<b>29.86</b>	<b>30.86</b>	<b>2.16</b>	<b>1.69</b>

Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund	31-3-13	31-3-12
Fair Value at the beginning of the year	19.64	10.73
Expected Return	1.67	1.00
Actuarial Gain/(Losses)	0.19	0.01
Actual return on Plan assets	1.86	1.01
Contribution by employer	2.62	8.20
Benefits paid	(0.32)	(0.30)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>23.80</b>	<b>19.64</b>

<b>Amount recognised in Balance Sheet</b>	<b>(1.34)</b>	<b>(0.71)</b>	<b>7.36</b>	<b>4.62</b>	<b>16.00</b>	<b>13.71</b>	<b>29.86</b>	<b>30.86</b>	<b>2.16</b>	<b>1.69</b>
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<b>Amount recognised in P&amp;L Account</b>										
Current Service Cost	0.36	1.12	0.30	0.22	1.05	0.26	1.23	1.24	0.16	0.11
Interest Cost	1.61	0.89	0.39	0.21	1.17	0.32	2.62	2.15	0.14	0.14
Expected Return on Plan Assets	(1.67)	(1.00)								
Actuarial (Gains)/ Losses	1.69	6.60	2.08	1.70	0.19	9.43	(2.01)	4.34	0.46	0.17
<b>Expenses for the period</b>	<b>1.99</b>	<b>7.61</b>	<b>2.77</b>	<b>2.13</b>	<b>2.41</b>	<b>10.01</b>	<b>1.84</b>	<b>7.73</b>	<b>0.76</b>	<b>0.42</b>

<b>Major Actuarial Assumptions</b>										
Discount Rate	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%
Salary Escalation / Inflation	8.00%	8.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expected Return on Plan Assets	8.00%	8.50%	-	-		-	-	-	-	-



## Notes to Financial Statements

Investment pattern for Gratuity Fund	31-03-2013	31-03-2012
Category of Asset	%	%
Government of India Asset	-	-
Corporate Bonds	-	-
Special Deposit Scheme	-	-
State Government	-	-
Others (LICI)	100	100
Total	100	100

As per our best estimate, ₹ Nil crores is expected to be paid to the Gratuity Fund as contribution in the year 2013-14.

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

	31-03-2013	31-03-2012
Change in Liability for : 1% increase in Discount Rate	2.45	1.05
Change in Liability for : 1% decrease in Discount Rate	(1.30)	(1.14)

The estimate for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

#### 49 Commitments and Contingent Liabilities

₹ in Crores

	31-03-2013	31-03-2012
<b>Commitments :</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	217.56	150.50
Uncalled liability on shares	-	22.79
Commitments relating to lease arrangements	0.07	9.45
<b>Contingent Liabilities :</b>		
<u>Claims against the Company not acknowledged as debts :</u>		
Claim by contractors Arbitration cases/other extra claims on capital account	146.07	132.52
Land matters		2.16
<u>In respect of taxation matters:</u>		
Excise Duty Matters	225.32	234.04
Service Tax Matters	1.93	1.86
Sales Tax Matters	9.48	-
Income Tax Matters	0.11	0.11
Entry Tax Matters	139.40	21.39
ESI Matter	1.86	1.86
<u>Guarantees:</u>		
Guarantees in favour of Oil Industry Development Board and GAIL (India) Ltd. for long term loans extended to associate companies DNP Ltd & BCP Ltd.	74.85	67.38

## Notes to Financial Statements

### 50 Derivative Instruments and unhedged foreign currency exposure:

a. Derivatives outstanding as at the reporting date					
Particulars	Purpose	31-03-2013		31-03-2012	
		USD million	₹ crores	USD million	₹ crores
Forward contracts to buy USD	Hedge of Buyers Credit Loan (Short Term)	6.54	36.43	-	-

b. Particulars of unhedged foreign currency exposures as at reporting date					
Particulars		USD million	₹ crores	USD million	₹ crores
Buyers Credit Loan (Short Term)		32.92	179.06	-	-

c. Mark-to-Market losses					
Mark-to-Market losses provided for			Nil		Nil

### 51 Value of imports calculated on C.I.F. basis :

	31-03-2013	31-03-2012
Raw Materials	350.66	123.00
Components and spare parts	7.54	14.65
Capital goods	3.98	5.60

### 52 Expenditure in foreign currency :

	31-03-2013	31-03-2012
Royalty	2.10	-
Know-how	0.45	5.89
Professional Consultancy Fees	1.14	1.53
Purchase of products	347.42	137.41
Other matters		
i) Travelling	0.08	0.09
ii) Others	-	-

## Notes to Financial Statements

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

	Imported		Indigenous		Total
	In ₹ crores	%	In ₹ crores	%	In ₹ crores
Crude Oil	-	-	6,018.25	100.00	6,018.25
	-	-	(11,988.19)	100.00	(11,988.19)
MTBE, Reformate and Py-Gas	349.89	92.57	28.09	7.43	377.98
	(136.85)	54.04	(116.39)	45.96	(253.24)
Natural Gas	-	-	80.48	100.00	80.48
	-	-	(119.00)	100.00	(119.00)
Stores/Spare parts and Components (including chemicals & catalysts)	5.99	26.08	16.98	73.92	22.97
	(0.56)	4.37	(12.25)	95.63	(12.81)

### 54 Earnings in foreign currency (accrual basis)

	31-03-2013	31-03-2012
Exports at F.O.B. Value	Nil	Nil

### 55 Previous year figures

Previous year figures have been reclassified / regrouped to conforms to current year's classification.

Signature to Notes '1' to '55'

As per our report of even date  
For **S. Ghose & Co.**  
Chartered Accountants  
Firm Registration No.302184E

Sd/-  
**Chandan Chattopadhyay**  
Partner  
Membership No.51254

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

For and on behalf of the Board of Directors

Sd/- Sd/-  
**Dipak Chakravarty** **S.K. Barua**  
Managing Director Director (Finance)

Sd/-  
**H. K. Sarmah**  
Company Secretary

Place: Mumbai  
Date : 28<sup>th</sup> May 2013

## Human Resource Accounting

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				Total
	20-30	30-40	40-50	Over 50	
<b>Technical</b>					
Executives	75	108	90	35	308
Workmen	22	138	219	12	391
Sub Total	97	246	309	47	699
<b>Others</b>					
Executives	14	36	49	23	122
Workmen	4	9	24	3	40
Sub Total	18	45	73	26	162
<b>Grand Total</b>	<b>115</b>	<b>291</b>	<b>382</b>	<b>73</b>	<b>861</b>
		Average age 39 years			

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 2.14% (previous year 3.67%)

### Value of Human Resources

₹ in Crores

	2012-13	2011-12	2010-11	2009-10	2008-09
Executives	1,731.22	1,659.65	1,305.62	923.62	624.81
Staff	999.98	1,037.57	1,051.41	461.62	454.61
	<u>2,731.20</u>	<u>2,697.22</u>	<u>2,357.03</u>	<u>1,385.25</u>	<u>1,079.42</u>
<b>Human Assets vis-à-vis Total Assets</b>					
Value of Human Assets	2,731.20	2,697.22	2,357.03	1,385.25	1,079.42
Net Fixed Assets	1,952.22	2,010.45	2,111.92	2,155.43	2,071.31
Net Current Assets	1,328.25	1,085.53	746.38	615.52	447.43
	<u>6,011.67</u>	<u>5,793.20</u>	<u>5,215.33</u>	<u>4,156.20</u>	<u>3,598.16</u>
Profit before tax	262.86	287.46	414.13	361.71	319.59
Value Added	1,056.48	1,172.81	896.84	741.27	690.31
<b>Ratio of :</b>					
Profit(before tax) to Human Resources	10%	11%	18%	26%	30%
Value Added to Human Resources	39%	43%	38%	54%	64%
Human Resources to Total Resources	45%	47%	45%	33%	30%

## Social Accounts

₹ in Crores

	2012-13	2011-12	2010-11	2009-10	2008-09
<b>I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES</b>					
<b>a) Social Benefits to Employees</b>					
1 Welfare facilities	7.35	7.92	6.34	6.20	5.28
2 Ex-gratia/Awards	9.98	10.49	10.16	15.93	9.07
3 Medical facilities	11.89	10.78	8.16	7.83	6.38
4 Retirement Benefits	12.00	25.33	5.99	0.91	4.42
5 Interest Concessions	-	0.87	2.20	0.74	0.59
6 Training and career development	0.70	0.62	0.78	0.59	0.81
7 Clothing and Uniform	0.31	-	0.26	0.71	2.35
8 Holiday Facilities	3.06	4.90	3.23	3.31	0.99
9 Transport Facilities	3.82	3.48	2.84	2.49	2.45
10 Insurance	0.88	0.65	0.28	0.34	0.47
11 Educational Facilities	1.42	1.74	1.39	1.60	0.06
12 Township Costs	4.61	5.10	4.36	4.18	3.74
13 Power Service at Township	0.93	0.94	1.23	1.10	0.85
14 Others	20.86	19.79	11.59	9.60	15.08
<b>Total (a)</b>	<b>77.81</b>	<b>92.61</b>	<b>58.81</b>	<b>55.53</b>	<b>52.54</b>
<b>b) Social Cost to Employees :</b>					
1 Out of pocket expenses surrendered	1.67	0.99	1.34	0.30	0.80
<b>Total (b)</b>	<b>1.67</b>	<b>0.99</b>	<b>1.34</b>	<b>0.30</b>	<b>0.80</b>
<b>Net Social Income to Employees</b>	<b>76.14</b>	<b>91.62</b>	<b>57.47</b>	<b>55.23</b>	<b>51.74</b>
<b>II. SOCIAL BENEFITS TO COMMUNITY</b>					
1 Local Taxes	0.60	0.66	0.59	0.49	0.39
2 Environment Improvements	1.24	1.10	0.47	0.43	0.28
3 Expenditure on Project-Education	1.18	1.69	1.90	1.34	1.35
4 Expenditure on -Agriculture & allied	0.61	0.72	0.54	0.64	0.45
5 Expenditure on -Infrastructure	1.89	2.00	1.46	1.71	1.40
6 Expenditure on -Medical	0.55	0.53	0.35	0.50	0.23
7 Expenditure on -Sports & Culture	1.28	0.93	0.72	0.51	0.60
8 Generation of job potential to local people	7.58	7.58	7.48	6.88	6.80
9 Generation of business	1,078.21	194.72	323.60	264.62	234.07
<b>Total Social Income to Community</b>	<b>1,093.14</b>	<b>209.93</b>	<b>337.11</b>	<b>277.12</b>	<b>245.57</b>



₹ in Crores

	2012-13	2011-12	2010-11	2009-10	2008-09
<b>III. SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC</b>					
<b>a) Benefits to the General Public</b>					
1 Taxes paid to State Government	270.74	542.49	340.61	364.45	326.72
2 Dividend paid to State Government	9.08	13.43	13.62	13.62	18.16
3 Taxes and Duties paid to Central Government	748.34	859.60	791.98	803.12	702.28
<b>Total (a)</b>	<b>1,028.16</b>	<b>1,415.52</b>	<b>1,146.21</b>	<b>1,181.19</b>	<b>1,047.16</b>
<b>b) Costs to the General Public :</b>					
1 Purchase of Power	4.49	3.37	3.36	2.38	2.02
<b>Total (b)</b>	<b>4.49</b>	<b>3.37</b>	<b>3.36</b>	<b>2.38</b>	<b>2.02</b>
<b>Net Social Income to the General Public (a-b)</b>	<b>1,023.67</b>	<b>1,412.15</b>	<b>1,142.85</b>	<b>1,178.81</b>	<b>1,045.14</b>
<b>Net Social Income to Employees, Community and General Public (I+II+III)</b>	<b>2,192.95</b>	<b>1,713.70</b>	<b>1,537.43</b>	<b>1,511.16</b>	<b>1,342.45</b>

## 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.

₹ in Crores

	2012-13	2011-12
<b>Cost of Capital</b>		
Cost of Equity	2.14%	3.67%
Cost of Debt (net of tax)	4.54%	4.49%
Weighted Average Cost of Capital	2.14%	3.67%
Average Capital Employed	2,997.45	2,885.26
<b>Economic Value Added</b>		
Operating Profits	322.26	326.04
Less: Tax	118.60	103.76
Cost of Capital	64.15	105.89
Economic Value Added	139.51	116.39
<b>Return Ratios</b>		
PAT/Average Capital Employed	4.81%	6.37%
EVA/Average Capital Employed	4.65%	4.03%





