

Annual Report *2013-14*



Enhancing capacity

**NUMALIGARH
REFINERY
LIMITED**

A GOVERNMENT OF INDIA ENTERPRISE



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.



Contents

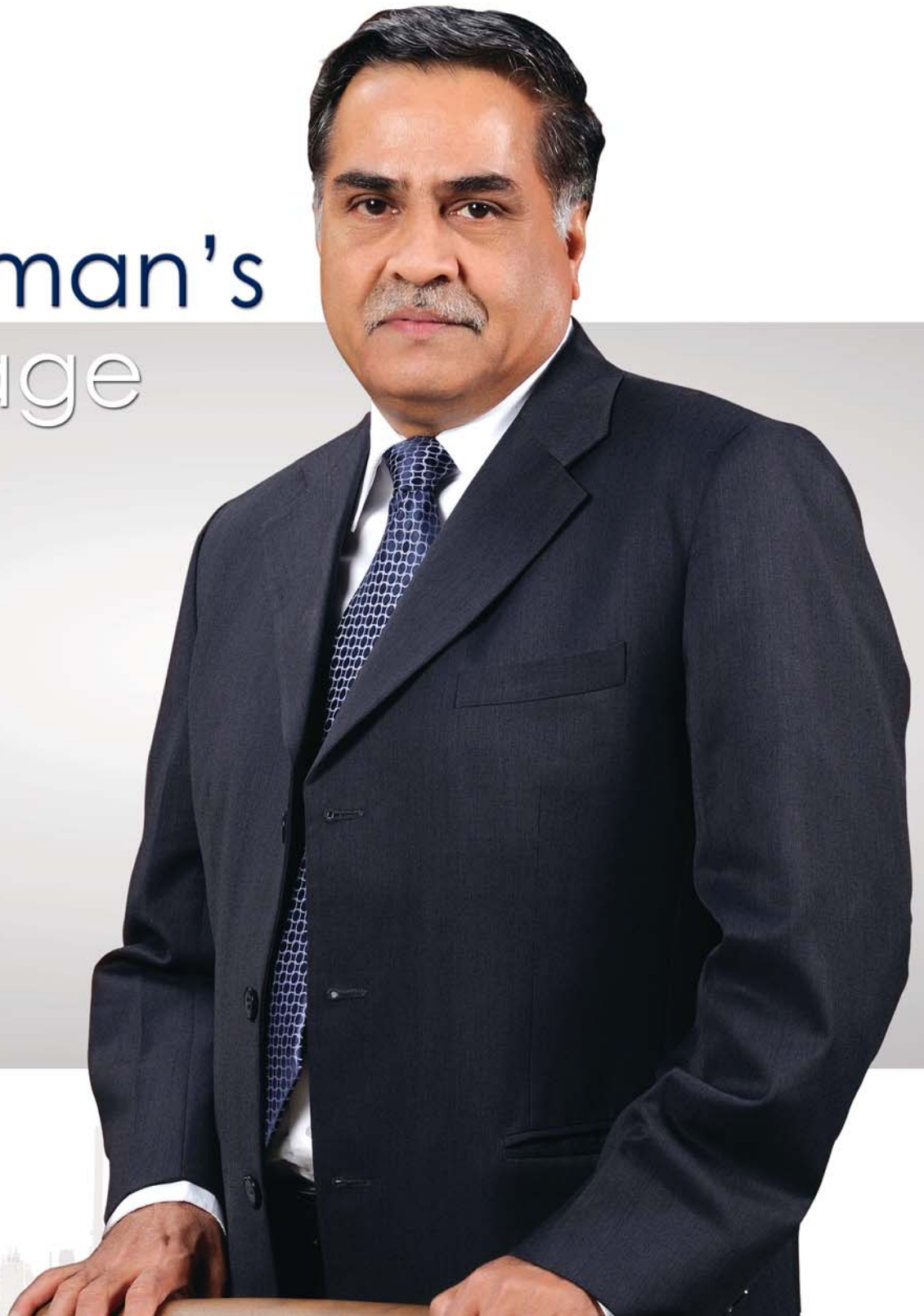
Chairman's Message	2
Board of Directors	4
Management Team	6
Notice to the Shareholders	7
Performance Profile	10
Directors' Report	22
Management Discussion & Analysis	37
Annexures to Directors' Report	44
Independent Auditors' Report	66
Annexure to Independent Auditors' Report	69
Comments of Comptroller & Auditor General of India	73
Balance Sheet	74
Statement of Profit & Loss	75
Cash Flow Statement	76
Notes to Financial Statements	79
Human Resource Accounting	106
Social Accounts	107
Economic Value Added	108

NUMALIGARH
REFINERY
LIMITED

A GOVERNMENT OF INDIA ENTERPRISE



Chairman's Message



Dear Shareowners,

I am happy to inform you that Numaligarh Refinery Limited has completed another year of successful operations. Despite formidable challenges, we could end the financial year achieving excellence on physical and financial fronts.

NRL's distillate yield continues to be the highest amongst PSU oil refineries in the country for the third consecutive year. Distillate yield of 92.16% during 2013-14 was the highest ever achieved by the Company so far. NRL's Specific Energy Consumption continues to be among the best in the country. The Company's performance during 2013-14 exceeded excellent MoU targets against all refining parameters.

During 2013-14, NRL received ISO 50001 certification on Energy Management. Thus, NRL's management systems certification encompasses ISO 9001, 14001, 27001, 50001 and OHSAS 18001. During the year, NRL received three awards on Energy Conservation from the Centre for High Technology related to furnace/boiler efficiency, steam leak and Specific Energy Consumption. The Greentech Foundation also conferred three awards related to environment management and CSR.

The Naphtha Splitter Unit was successfully commissioned during the year. Implementation of the project has enabled production of petrochemical grade Naphtha resulting in value addition to the product slate. The Wax project has reached the final stages of completion. Commissioning of this project would facilitate emergence of the Company as the dominant supplier of Wax in the country.

The Company continues to pursue the refinery expansion project alongwith an associated crude oil pipeline project from an Eastern port to Numaligarh in right earnest. The refinery expansion would enable achievement of economic scale of operations, leading to long term sustenance and growth, besides promoting economic development in the region.

NRL has taken up initiatives for product export to Nepal and to ensure sustained supplies to Bangladesh. The Company is pursuing an Indo-Bangla product pipeline from Siliguri to Parbatipur in Bangladesh, for which a route survey and detailed feasibility studies are in progress.

The Company remains committed to efforts toward creating a sustainable organization beyond the triple bottom line of social, financial and environmental performance. Increased emphasis is thus being laid towards pursuing various activities under Corporate Social Responsibility. Possibilities of increased utilization of renewable energy are being explored for reducing the carbon footprint.

With every passing year, NRL has been able to meet increased expectations from the Company's stakeholders and the general public in the North Eastern Region. The Company's management and dynamic workforce remain committed to sustain the success story and shall strive to scale new heights of professional excellence. I am confident that NRL will continue to stand tall as a striking symbol of growth and development in the years to come.

Warm regards,

S. Varadarajan
Chairman

Board of Directors



S. Varadarajan
Chairman
[w.e.f. 12-10-2013]



R. K. Singh
Chairman
[upto 30-09-2013]

Bankers

State Bank of India
HDFC Bank
United Bank of India
Union Bank of India

Canara Bank
UCO Bank
IndusInd Bank
Axis Bank
ICICI Bank

Auditors

M/s Ghoshal & Ghosal
Chartered Accountants
4, Commercial Buildings
23, Netaji Subhas Road,
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, 6th Floor
15 - 17 Tolstoy Marg
New Delhi - 110001

Marketing, BD & Project Office

NEDFi House, 4th Floor
G. S. Road, Dispur
Guwahati - 781006



Annual Report 2013-14



P. Padmanabhan
Managing Director
[w.e.f. 1-04-2014]



Dipak Chakravarty
Managing Director
[upto 31-03-2014]



S. R. Medhi
Director (Technical)



S. K. Barua
Director (Finance)



L. Rynjah
Director



B. P. Rao
Director



A. K. Ghoshal
Director



R T Jindal
Director



S K Srivastava
Director



Alok Tripathi
Director
[w.e.f. 26-08-2013]





(L to R) Mr. S. R. Medhi, Director (Technical); Mr. P. Padmanabhan, Managing Director and Mr. S. K. Barua, Director (Finance)

Management Team

Mr. Manoj Pant	Chief Vigilance Officer
Mr. D. Ghosh	Sr. GM (Technical Service)
Mr. A. K. Bhattacharya	GM (Marketing, BD & CP)
Mr. B. Ekka	GM (HR)
Mr. D. Choudhury	GM (Development Maintenance)
Mr. M. R. Baruah	GM (Projects)
Mr. P. K. Barua	GM (Commercial & Legal)
Mr. Samiran Chakraborty	GM (Maintenance)
Mr. S. D. Maheshwari	GM (Finance)

Mr. A. Chakravorty	DGM (Commercial & Legal)
Mr. A. K. Senapati	DGM (HR)
Mr. A. K. Patra	DGM (Finance)
Mr. B. J. Phukan	DGM (Operations)
Mr. Gopal Sarma	DGM (HSE)
Mr. G. N. Sarma	DGM (Project)
Mr. H. K. Nath	DGM (Maintenance)
Mr. Nikunja Borthakur	DGM (Co-ordination)
Mr. P. K. Baruah	DGM (Instrumentation)

Notice to the Shareholders

Notice is hereby given that the 21st 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 12th September, 2014 at 3.00 P.M. to transact the following Ordinary and Special Businesses:

A. Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2014 and Statement of Profit & Loss for the year ended 31st March, 2014 along with the Reports of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India.
2. To declare dividend.
3. To appoint a Director in place of Shri S. K. Srivastava, who retires by rotation in pursuance of Section 152 of the Companies Act, 2013. Shri S. K. Srivastava, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Alok Tripathi, who retires by rotation in pursuance of Section 152 of the Companies Act, 2013. Shri Alok Tripathi, 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 Shri S. Varadarajan, 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 Shri P. Padmanabhan, be and is hereby appointed as Director of the Company."

7. Remuneration of Cost Auditor

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 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, approval accorded by the Board in its meeting held on 24th May, 2014 for appointment of M/s. Subhadra Dutta & Associates, Cost Accountants, Guwahati as the Cost Auditor of the Company for the financial year 2014-15 for carrying out the audit of cost records maintained by the Company under Cost Accounting Records (Petroleum Industry) Rules, 2011 at a remuneration of ₹75,000/- plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of service tax at applicable rates etc., be and is hereby ratified and approved."

Registered Office:

122 A, G. S. Raod
Christianbasti, Guwahati-781005
Date : 12th August, 2014

By Order of the Board of Directors

Sd/-
H. K. Sarmah
Company Secretary

Note:

1. Explanatory statements under Section 102 of the Companies Act, 2013, in respect of the business under item Nos. 5 to 7 as set out above are annexed hereto.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The Proxy form duly completed should be deposited at the registered office of the Company not less than forty eight hours before commencement of the Meeting.

Explanatory Statements for the Special Business pursuant to Section 102 of the Companies Act, 2013:

The following are the Explanatory Statements in respect of item No. 5, 6 & 7 of the Special Business indicated in the Notice dated 12th August, 2014:

Item No. 5: Appointment of Director

Shri S. Varadarajan, Chairman & Managing Director, Bharat Petroleum Corporation Limited (BPCL) was appointed as Additional Director on the Board of the Company w.e.f. 12th October, 2013 pursuant to Section 161 of the Companies Act, 2013. He was also elected as Chairman of the Board of the Company w.e.f. that date pursuant to Article 105 of the Articles of Association of the Company.

Shri S. Varadarajan, being appointed as Additional Director, will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri S. Varadarajan as a Director of the Company. A brief resume of Shri S. Varadarajan is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Board recommends the appointment of Shri S. Varadarajan as Director of the Company.

Except Shri S. Varadarajan, no other Director, key managerial personnel or their relatives are interested or concerned in the Resolution.

Item No. 6: Appointment of Director

Shri P. Padmanabhan, Executive Director (Refineries Co-ordination), BPCL was appointed as Additional Director on the Board of the Company w.e.f. 1st April, 2014 pursuant to Article 85 of the Articles of Association of the Company read with Section 161 of the Companies Act, 2013. In accordance with the approval of the Government as conveyed vide MOP & NG letter No.C-31020/3/2012-CA/FTS:18398 dated 31st January, 2014, Shri Padmanabhan had assumed the charge of the post of Managing Director, NRL with effect from 1.4.2014 in the scale of pay ₹75,000.00 – ₹90,000.00 for a period of five years from the date of his assuming of charge of the post or till the date of his superannuation or until further orders, whichever is earliest.

Shri P. Padmanabhan, being appointed as Additional Director, will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri P. Padmanabhan as a Director of the Company. A brief resume of Shri P. Padmanabhan is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Board recommends the appointment of Shri P. Padmanabhan as Director of the Company.

Except Shri P. Padmanabhan, no other Director, key managerial personnel or their relatives are interested or concerned in the Resolution.

Item No. 7: Remuneration of Cost Auditor

M/s Subhadra Dutta & Associates was appointed by the Board as the Cost Auditor of the Company for the year 2014-15 in terms of section 148(3) of the Companies Act, 2013 at a remuneration of ₹ 75,000/-plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of service tax at applicable rates.

Pursuant to Rule 14 of the Companies (Audit & Auditors) Rules, 2014, remuneration of Cost Auditor approved by the Board under section 148(3) of the Companies Act, 2013 is required to be ratified by the shareholders.

Accordingly, approval is sought from the shareholders for ratification of remuneration payable to M/s Subhadra Dutta & Associates, Cost Auditor of the Company for the year 2014-15.

By Order of the Board of Directors

Registered Office:

122 A, G. S. Raod

Christianbasti, Guwahati-781005

Date : 12th August, 2014

Sd/-

H. K. Sarmah

Company Secretary

Performance Profile



Performance Profile

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
1 Crude Oil Processed (TMT) :	2613	2478	2825	2250	2619	2251	2568	2504	2133	2042
2 Capacity Utilisation (%) : [Installed capacity 3000 TMT]	87%	83%	94%	75%	87%	75%	86%	83%	71%	68%
3 Production Quantity (TMT) :	2558	2379	2755	2012	2366	2016	2302	2268	1958	1873
Light Distillates %	20.5%	19.1%	19.0%	13.8%	15.7%	15.5%	15.2%	14.7%	14.1%	14.8%
Middle Distillates %	76.7%	78.0%	77.3%	82.2%	80.0%	80.3%	80.4%	80.7%	80.6%	80.4%
Heavy Ends %	2.8%	2.9%	3.7%	4.0%	4.4%	4.2%	4.4%	4.6%	5.3%	4.8%
4 Refinery Fuel and Loss as % of Crude Processed :	10.44%	9.33%	9.72%	10.98%	9.85%	10.72%	10.24%	10.53%	10.30%	9.72%
5 Market Sales (TMT) :	2,550	2,410	2,728	2,137	2,355	2,023	2,391	2,333	1,961	1,927
6 Manpower (Nos.):	864	861	851	820	820	789	788	718	705	683
7 Sales and Earnings (₹ in Crore) :										
i) Sales Turnover	9,872.15	8,752.88	14,067.86	8,972.19	7,874.09	8,853.35	8,764.16	7,930.32	5,820.37	4,298.99
ii) Profit Before Depreciation/ Amortisation, Interest & Tax	783.42	520.90	518.15	618.30	512.27	484.02	586.00	840.55	648.14	747.97
iii) Depreciation/Amortisation	179.01	180.13	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75
iv) Interest	41.91	59.40	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50
v) Extraordinary Items	8.98	12.89	-	-	-	-	-	-	-	-
vi) Adjustment for prior period	(9.13)	5.62	18.14	4.84	(8.22)	(4.96)	(7.96)	77.14	(2.81)	(2.41)
vii) Profit before tax	562.65	262.86	287.46	414.13	361.71	319.59	413.10	583.11	475.64	557.13
viii) Tax #	191.56	118.60	103.76	134.87	129.63	83.95	40.29	14.31	26.70	147.98
ix) Profit After Tax.	371.09	144.26	183.70	279.26	232.08	235.64	372.81	568.80	448.94	409.15
# Includes Deferred Tax provision - ₹ (21.64) crores (Current year) & - ₹ 9.69 crores (Previous year)										
8 What the Company Owned (₹ in Crore):										
i) Gross Fixed Assets (including Capital Work-in-Progress)	4,302.37	3,855.66	3,757.24	3,681.56	3,582.39	3,347.22	3,219.57	3,083.36	2,964.06	2,776.61
ii) Net Fixed Assets (including Capital Work-in-Progress)	2,224.79	1,952.22	2,010.45	2,111.92	2,155.43	2,071.31	2,086.28	2,105.35	2,226.71	2,176.09
iii) Non current assets	70.04	75.98	67.62	74.69	-	-	-	-	-	-
iv) Net Current Assets (including investments)	1,815.52	1,502.60	1,270.61	870.24	739.87	571.78	520.15	491.03	449.12	265.19
v) Intangible Assets to the extent not written off	5.71	5.66	8.94	7.86	1.76	3.94	4.92	6.89	7.22	-
Total Assets Net (ii+iii+iv+v)	4,116.06	3,536.46	3,357.62	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28
9 What the Company Owed (₹ in Crore):										
i) Share Capital	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63
ii) Reserve & Surplus	2,255.20	2,021.81	1,963.62	1,865.42	1,714.41	1,615.02	1,508.47	1,309.34	955.70	666.14
iii) Miscellaneous Expenditure to the extent not written off	-	-	-	-	-	-	-	-	-	0.31
iv) Net worth (i)+(ii)-(iii)	2,990.83	2,757.44	2,699.25	2,601.05	2,450.04	2,350.65	2,244.10	2,044.97	1,691.33	1,401.46
v) Borrowings	768.30	392.97	283.39	211.92	207.65	50.39	77.62	214.85	596.19	629.17
vi) Deferred Tax Liability	191.91	213.56	203.86	238.47	239.37	245.99	289.63	343.45	395.53	410.65
vii) Long term liabilities & provisions	165.02	172.49	171.12	13.27	-	-	-	-	-	-
Total Funds Employed (iv+v+vi+vii)	4,116.06	3,536.46	3,357.62	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28
10 Internal Generation (₹ in Crore)	532.50	396.72	334.79	467.26	393.27	340.02	476.67	692.92	580.12	655.45

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
11 Ratios:										
i) Profit before Depreciation/Amortisation, Interest & Tax as % age of Net Revenue from operations & Other income	8.42%	6.30%	3.85%	7.80%	7.70%	6.25%	7.90%	12.44%	13.07%	20.10%
ii) Profit after Tax as % age of Average Net Worth.	12.91%	5.29%	6.93%	11.06%	9.67%	10.26%	17.38%	30.45%	29.03%	32.26%
iii) Profit after Tax as % age of Share Capital	50.45%	19.61%	24.97%	37.96%	31.55%	32.03%	50.68%	77.32%	61.03%	55.62%
iv) Average Net worth as % age of Share Capital	391%	371%	360%	343%	326%	312%	292%	254%	210%	172%
v) Profit before Depreciation/Amortisation, Interest & Tax as % age of Average Capital Employed.	25.07%	17.38%	17.96%	23.93%	21.50%	21.11%	24.61%	35.28%	28.07%	31.29%
vi) Profit Before Tax as % age of Average Capital Employed	18.01%	8.77%	9.96%	16.03%	15.18%	13.94%	17.35%	24.47%	20.60%	23.31%
vii) Profit After Tax as % age of Average Capital Employed (ROCE)	11.88%	4.81%	6.37%	10.81%	9.74%	10.28%	15.66%	23.87%	19.44%	17.12%
viii) Long Term Debt Equity Ratio	0.18	0.02	0.03	0.04	0.02	0.02	0.03	0.09	0.26	0.32
12 Earning Per Share (₹)	5.04	1.96	2.50	3.80	3.15	3.20	5.07	7.73	6.10	5.56
13 Book Value Per Share (₹)	40.66	37.48	36.69	35.36	33.31	31.96	30.51	27.80	22.99	19.05
14 SOURCES AND APPLICATION OF FUNDS (₹ in Crore)										
SOURCES OF FUNDS										
OWN :										
Profit after Tax	371.09	144.26	183.70	279.26	232.08	235.64	372.81	568.80	448.93	409.15
Depreciation/Amortisation	177.24	159.97	179.57	144.76	153.23	144.61	157.26	242.79	137.97	137.81
Deferred Tax provision	(21.64)	9.69	(34.59)	(0.92)	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01
Investments	-	10.73	-	-	-	0.46	-	2.51	-	-
BORROWINGS :										
Loans (Net)	375.33	109.58	71.47	12.25	157.26	-	-	-	-	-
Decrease in Working Capital	-	-	-	-	-	-	33.88	-	-	165.61
Changes in long term liabilities & provisions	-	1.37	157.85	-	-	-	-	-	-	-
Changes in Non-Current assets & Provisions	5.94	-	7.07	-	-	-	-	-	-	-
Adjustment on account of retirement / reclassification of assets	3.93	99.27	65.43	45.31	1.30	-	22.95	14.42	1.47	(0.18)
	911.89	534.87	630.50	480.66	537.27	337.07	533.08	776.44	573.25	816.40
APPLICATION OF FUNDS :										
Capital Expenditure	450.64	197.69	141.11	148.39	236.49	127.65	159.16	133.72	188.91	134.85
Adjustment for Misc.Expenditure / Intangible Assets	3.14	0.04	3.53	8.18	-	1.03	-	1.79	8.05	0.34
Dividend	117.70	73.56	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06
Tax on distributed profits	20.00	12.50	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71
Repayment of Loans (Net)	-	-	-	-	-	27.23	137.24	381.34	32.99	538.44
Investments(Net)	35.48	-	61.22	29.92	-	-	63.00	-	64.31	-
Changes in long term liabilities & provisions	7.47	-	-	-	-	-	-	-	-	-
Increase in Working Capital	277.46	242.72	339.15	165.93	168.09	52.07	-	44.42	119.62	-
Changes in Non-Current assets & Provisions	-	8.36	-	-	-	-	-	-	-	-
Transitional Provision for Employee Benefit	-	-	-	-	3.60	-	1.55	-	-	-
	911.89	534.87	630.50	480.66	537.27	337.07	533.08	776.44	573.25	816.40

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
15 Changes in Working Capital (₹ in Crore) :										
A) Current Assets :										
Inventories	142.28	(807.97)	383.33	82.03	571.63	57.15	100.34	22.95	80.65	122.22
Trade Receivables	(428.34)	(93.72)	44.82	643.19	(24.58)	(337.68)	269.18	(57.62)	92.22	(53.96)
Cash & Bank Balances	962.52	2.51	(201.55)	79.00	(169.35)	(220.01)	121.72	359.41	29.56	(25.09)
Other Current Assets	(108.60)	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)
Total Current Assets	567.86	(688.70)	235.87	799.59	419.06	(518.99)	483.60	259.15	137.31	(3.65)
Less:										
B) Current Liabilities & Provisions										
Current Liabilities	290.40	(931.42)	(103.28)	579.74	197.87	(558.03)	557.53	272.73	(43.66)	276.07
Provisions	-	-	-	53.92	53.10	(13.03)	(40.05)	(58.00)	61.35	(114.11)
Total Current Liabilities & Prov.	290.40	(931.42)	(103.28)	633.66	250.97	(571.06)	517.48	214.73	17.69	161.96
C) Working Capital (A - B)	277.46	242.72	339.15	165.93	168.09	52.07	(33.88)	44.42	119.62	(165.61)

Value Added

HOW VALUE IS GENERATED (₹ in Crore) :

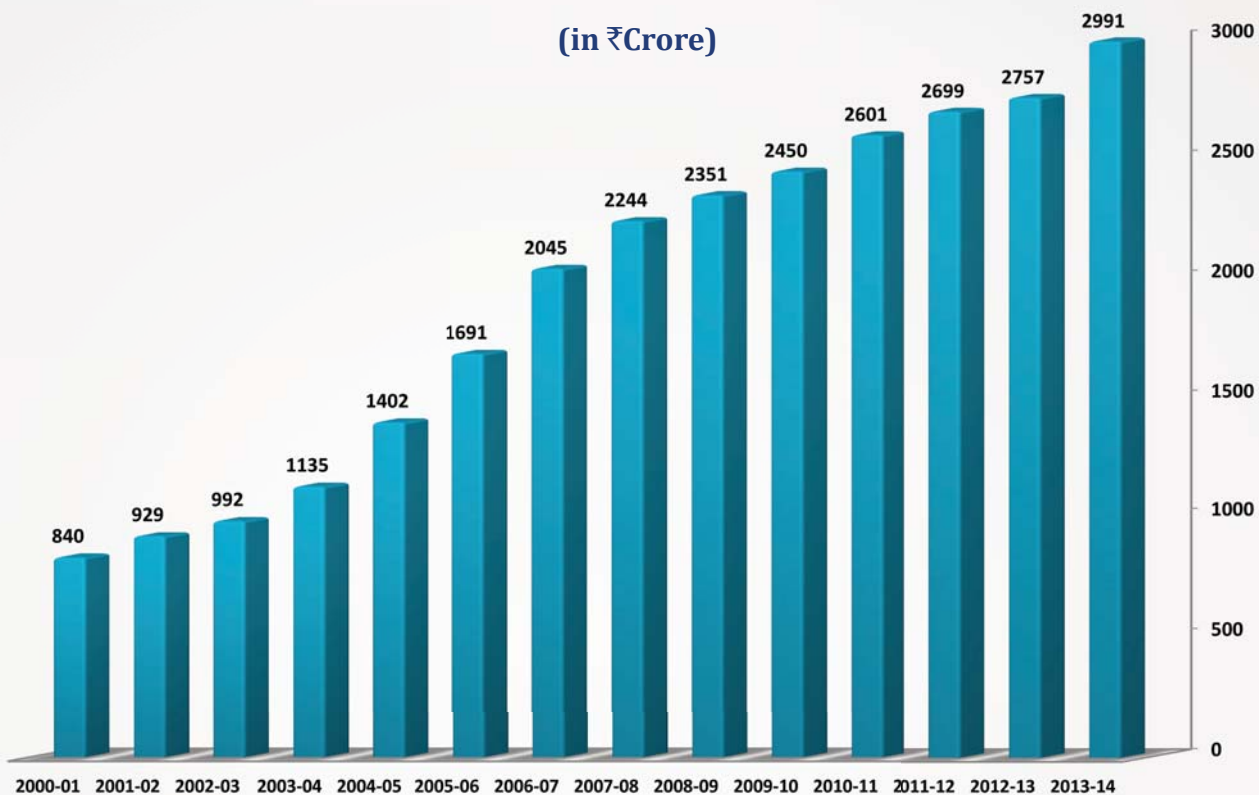
Value of Production :	9,268.47	7,601.63	13,659.35	7,847.50	7,218.61	7,708.80	7,496.73	6,675.80	5,032.41	3,829.97
Less : Direct Materials Consumed :	7,933.91	6,622.87	12,503.09	7,011.66	6,532.67	7,073.07	6,832.68	5,724.20	4,287.92	3,001.36
Value Added	1,334.56	978.76	1,156.26	835.84	685.94	635.73	664.05	951.60	744.49	828.61
Add : Other Incomes (including P.Y.A)	48.87	64.83	16.55	61.00	55.33	54.58	64.52	(48.62)	21.58	14.29
Total Value Generated	1,383.43	1,043.59	1,172.81	896.84	741.27	690.31	728.57	902.98	766.07	842.90

HOW VALUE IS DISTRIBUTED (₹ in Crore) :

A) Operation :										
Employees' Benefits	144.53	129.92	143.28	138.01	104.89	87.42	54.08	48.51	38.43	34.63
Other Costs	455.33	411.28	529.53	144.89	115.89	117.77	79.18	88.55	76.70	57.88
	599.86	541.20	672.81	282.90	220.78	205.19	133.26	137.06	115.13	92.51
B) Providers of Capital										
Interest on Borrowings	41.91	59.40	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50
Dividend	117.70	73.56	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06
	159.61	132.96	112.14	139.50	115.48	131.77	170.37	204.47	174.48	180.56
C) Taxation:										
Corporate Tax	213.20	108.91	138.35	135.79	136.23	127.59	94.11	66.38	41.82	43.97
Tax on distributed profits	20.00	12.50	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71
	233.20	121.41	150.28	153.69	154.98	146.34	119.11	97.64	61.42	61.68
D) Re-investment in Business										
Depreciation/ Amortisation	179.01	180.13	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75
Provision on Investment	-	-	(0.01)	0.48	-	(3.86)	1.35	2.51	-	-
Deferred Tax	(21.64)	9.69	(34.59)	(0.92)	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01
Retained Profit	233.39	58.20	98.21	151.02	102.99	106.55	200.68	353.64	289.56	266.39
	390.76	248.02	237.58	320.75	250.03	207.01	305.83	463.81	415.04	508.15
Total Value Distributed	1,383.43	1,043.59	1,172.81	896.84	741.27	690.31	728.57	902.98	766.07	842.90

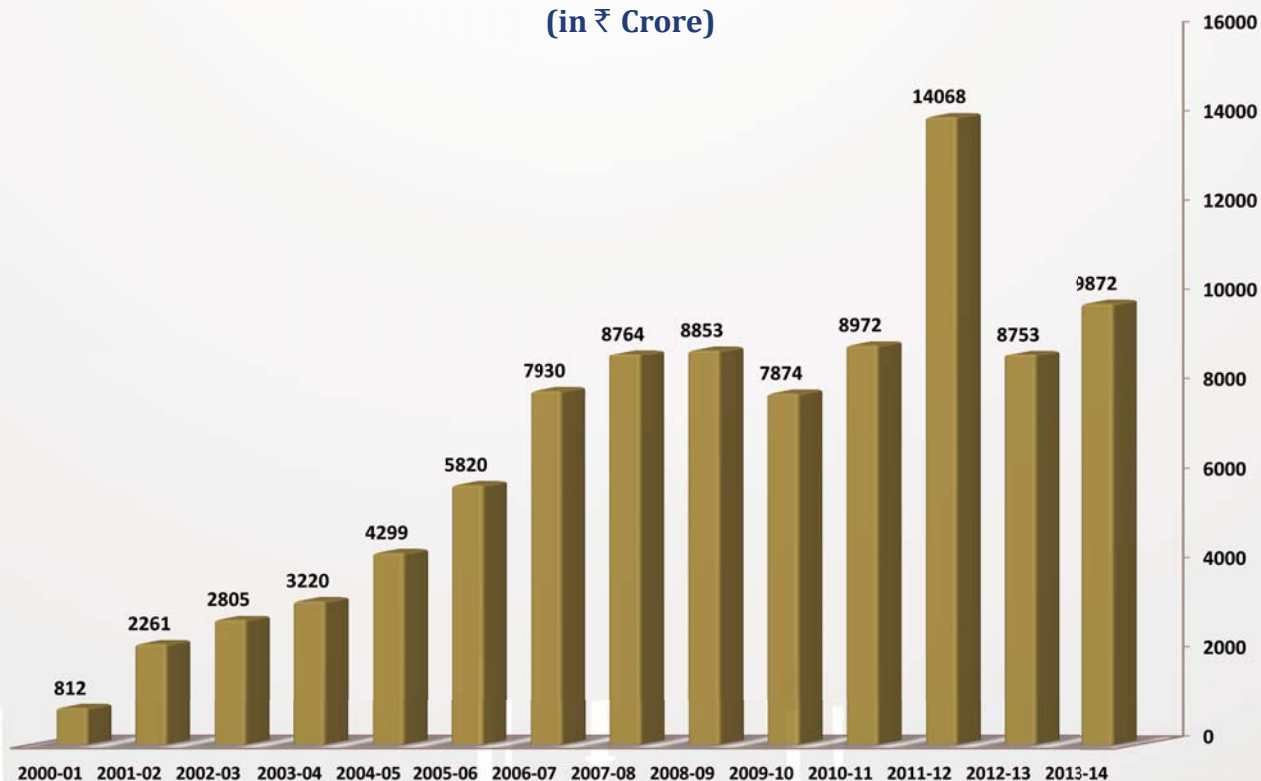
Net Worth CAGR 10.26%

(in ₹Crore)

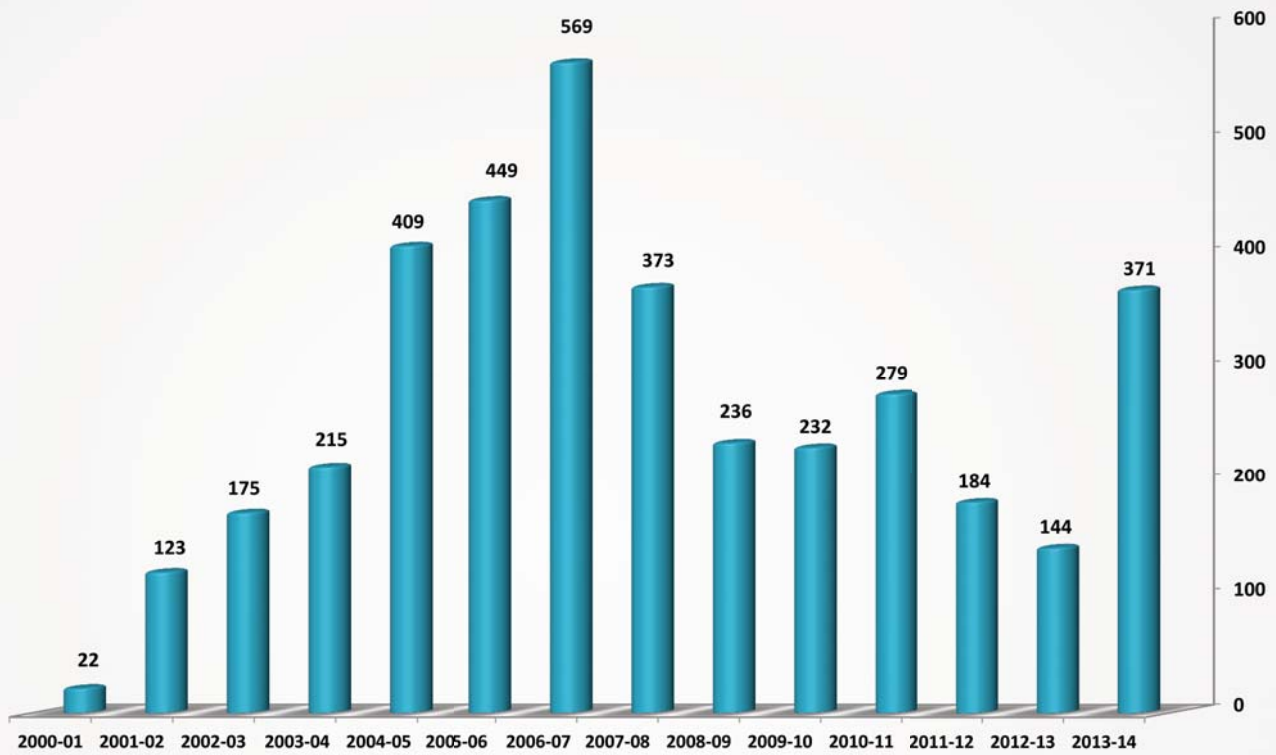


Turnover CAGR 21.19%

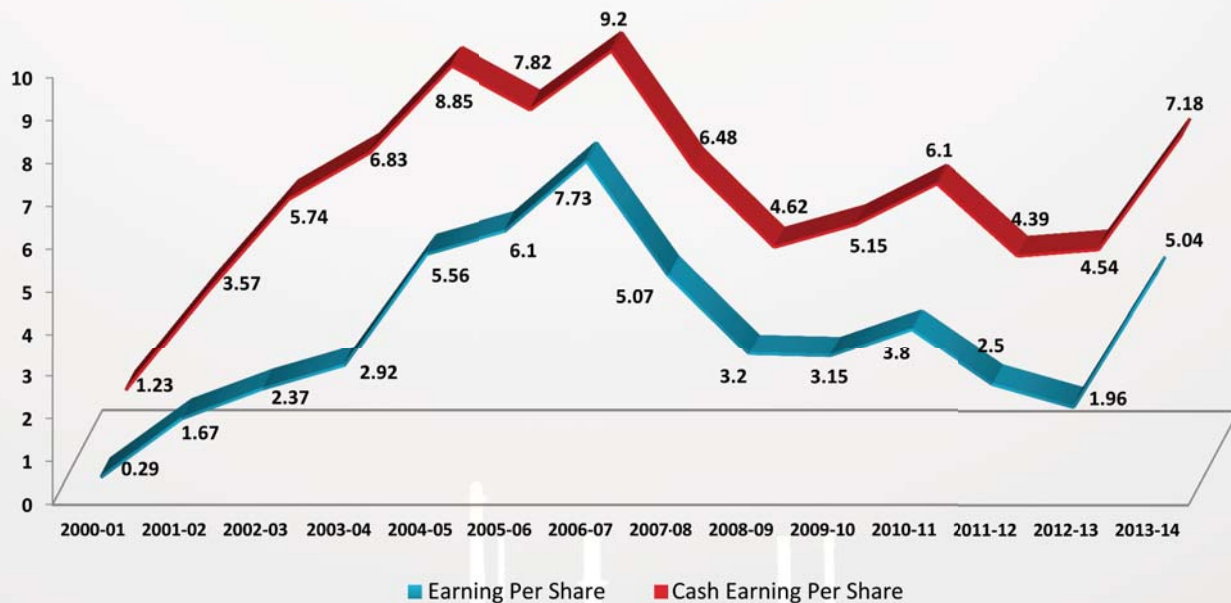
(in ₹ Crore)



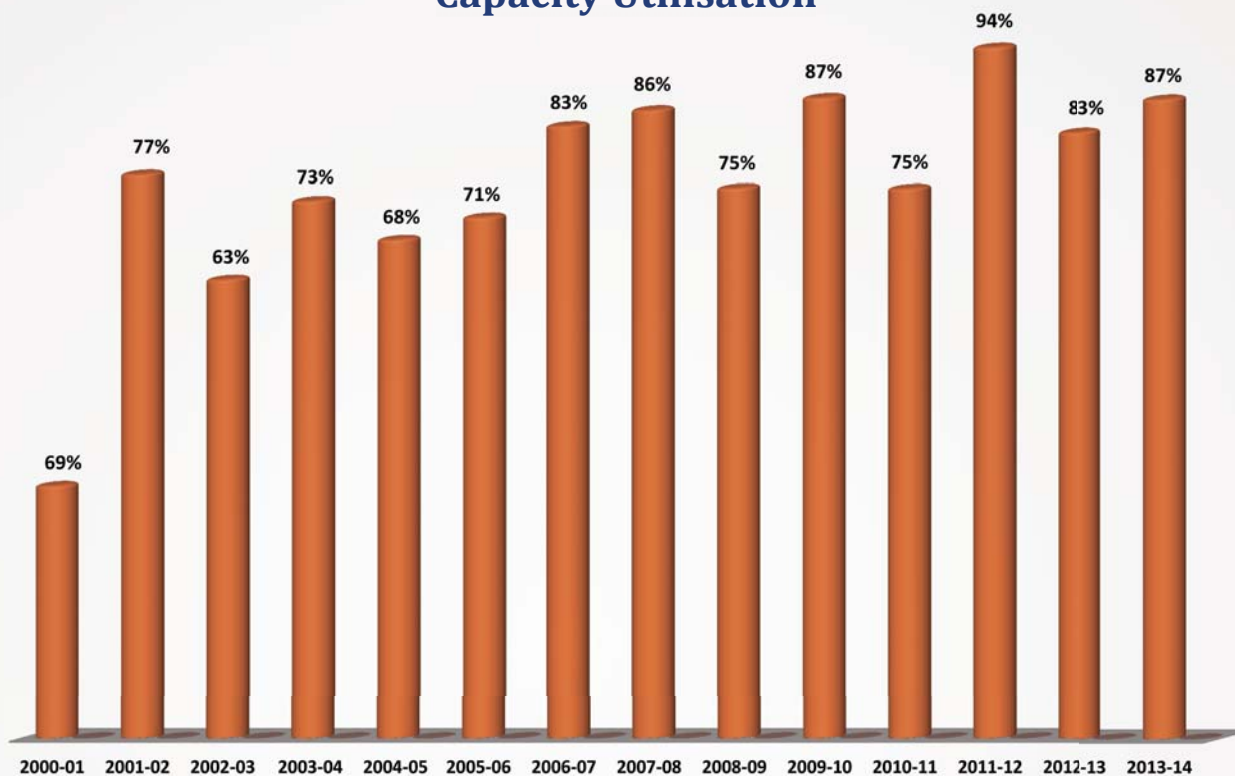
Profit After Tax CAGR 24.27%
(in ₹ Crore)



EPS & CEPS (₹ per share of ₹ 10)



Capacity Utilisation



PBDIT as % of Sales



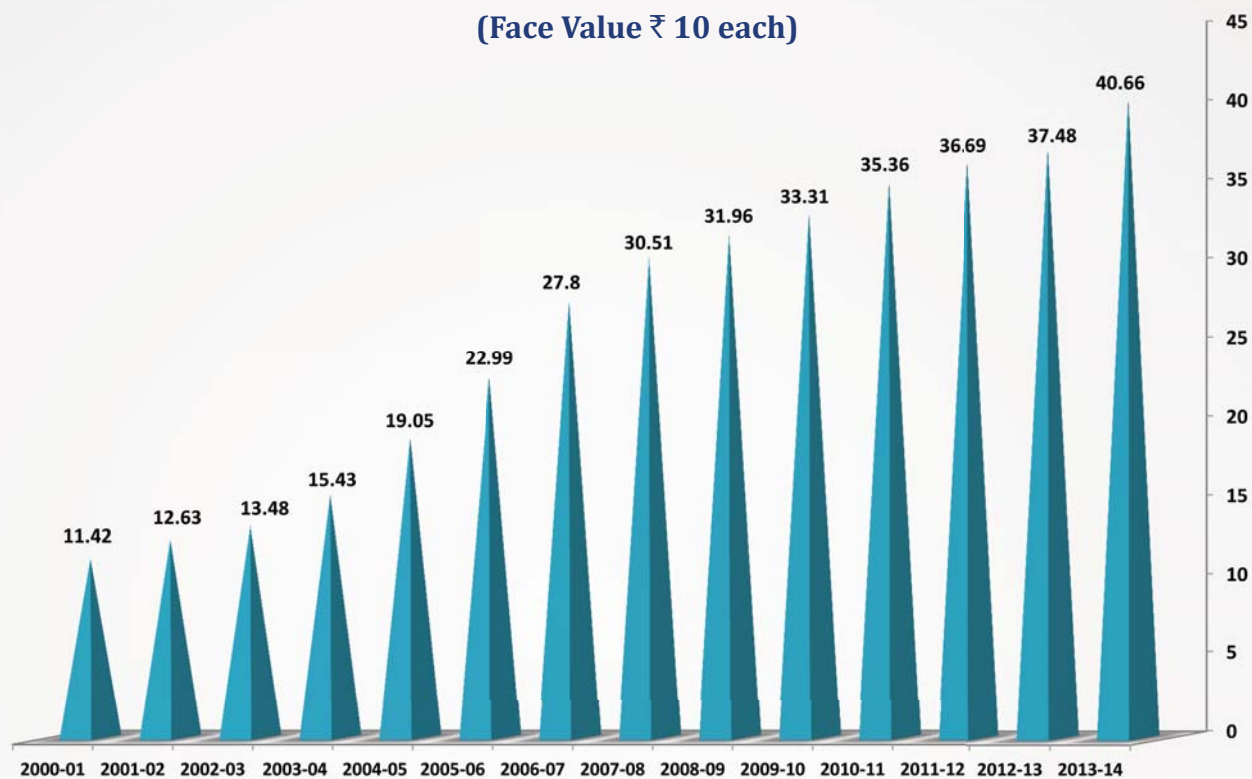
Turnover & PAT



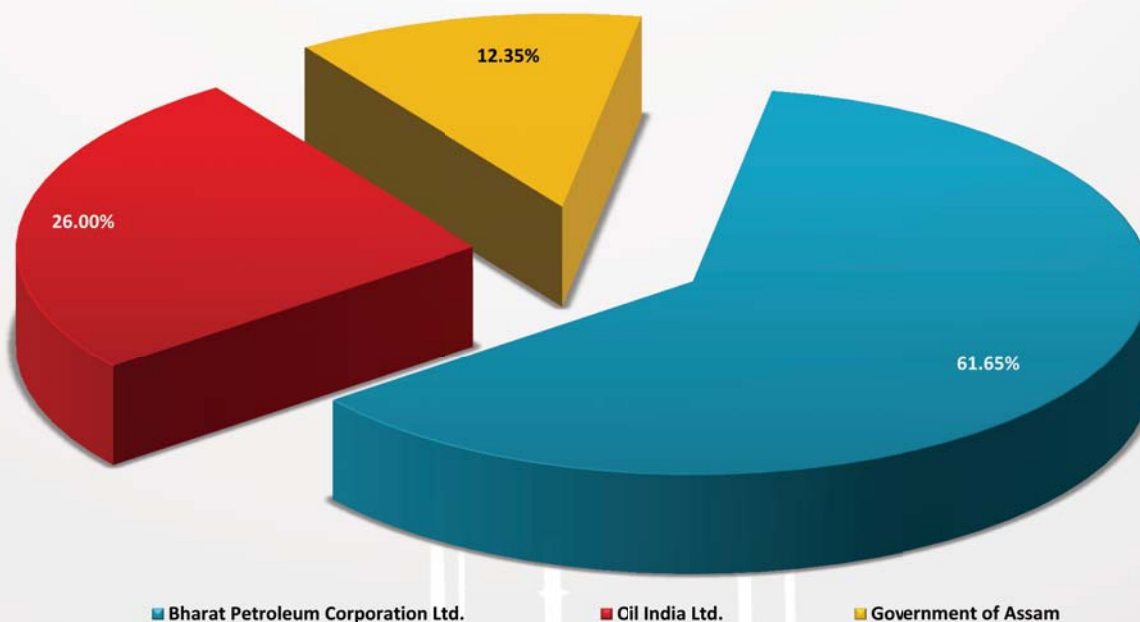
PAT & EPS



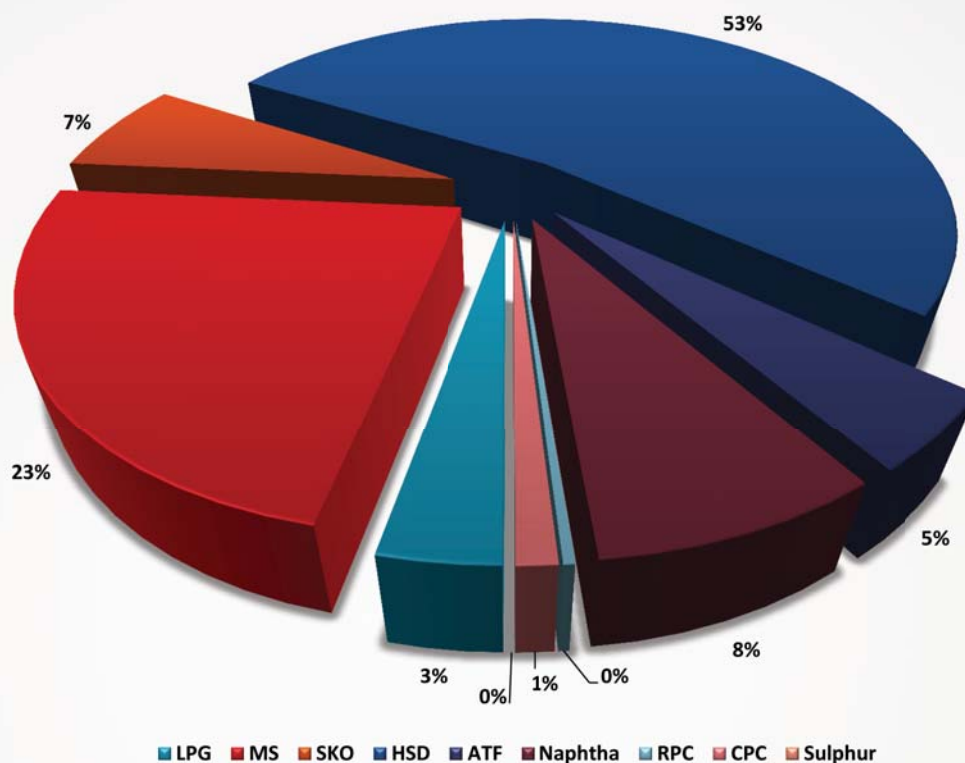
Book Value per share (Face Value ₹ 10 each)



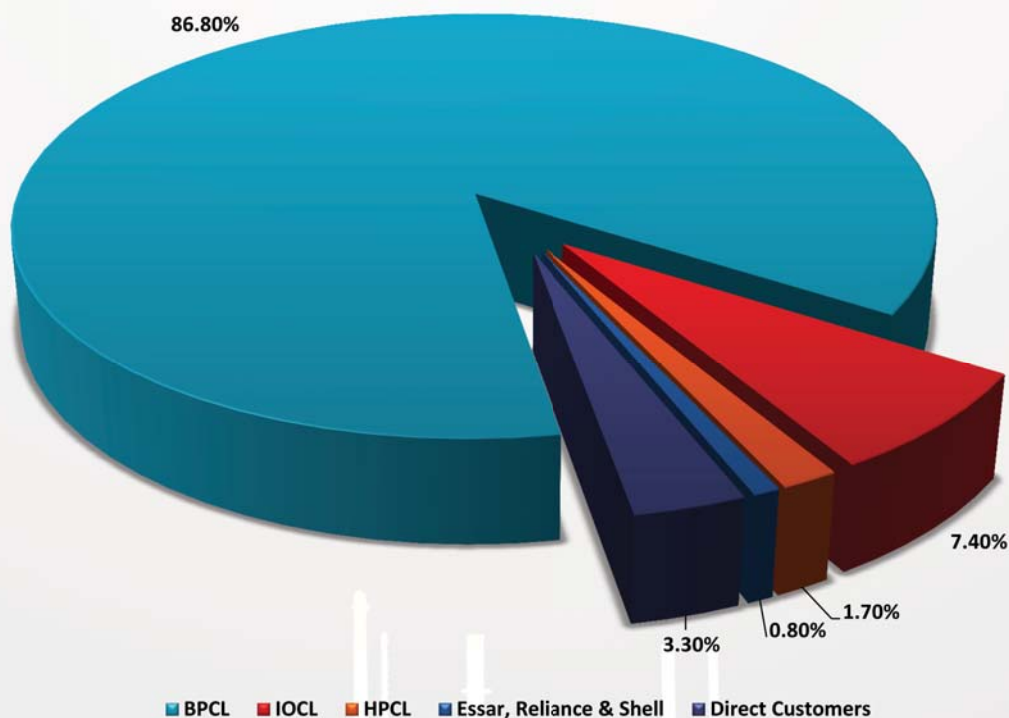
Shareholding Pattern



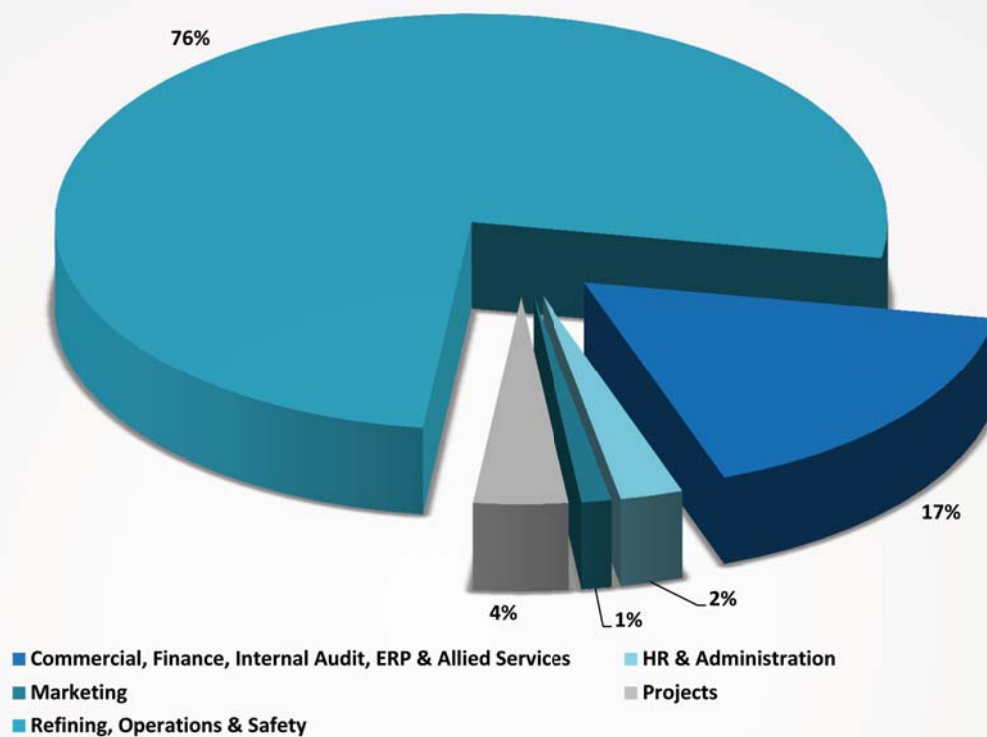
Productwise Sales Pattern



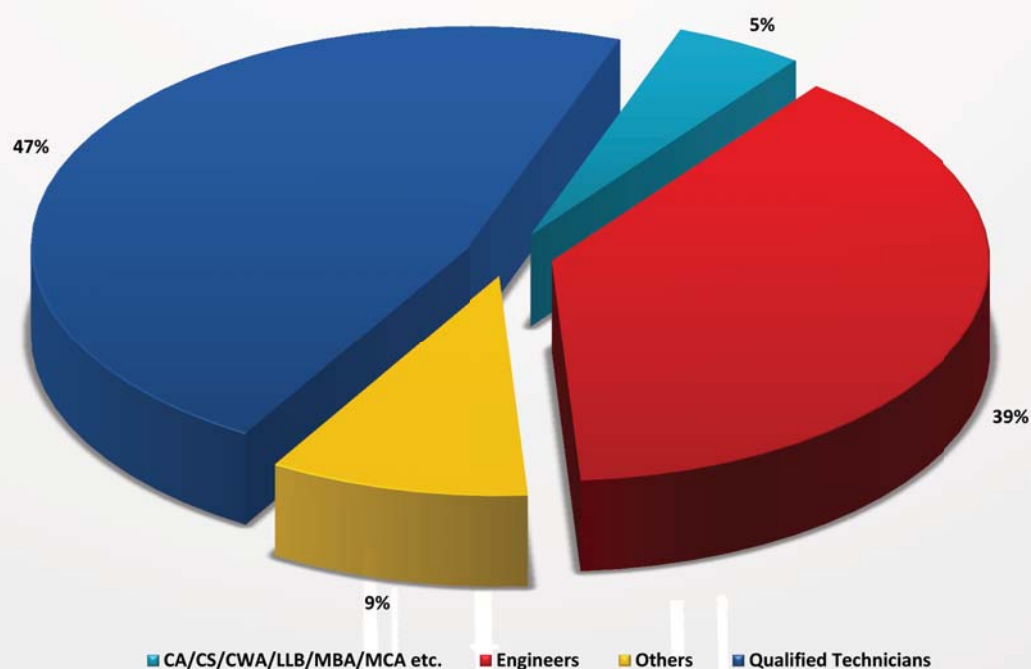
Party-wise Sales



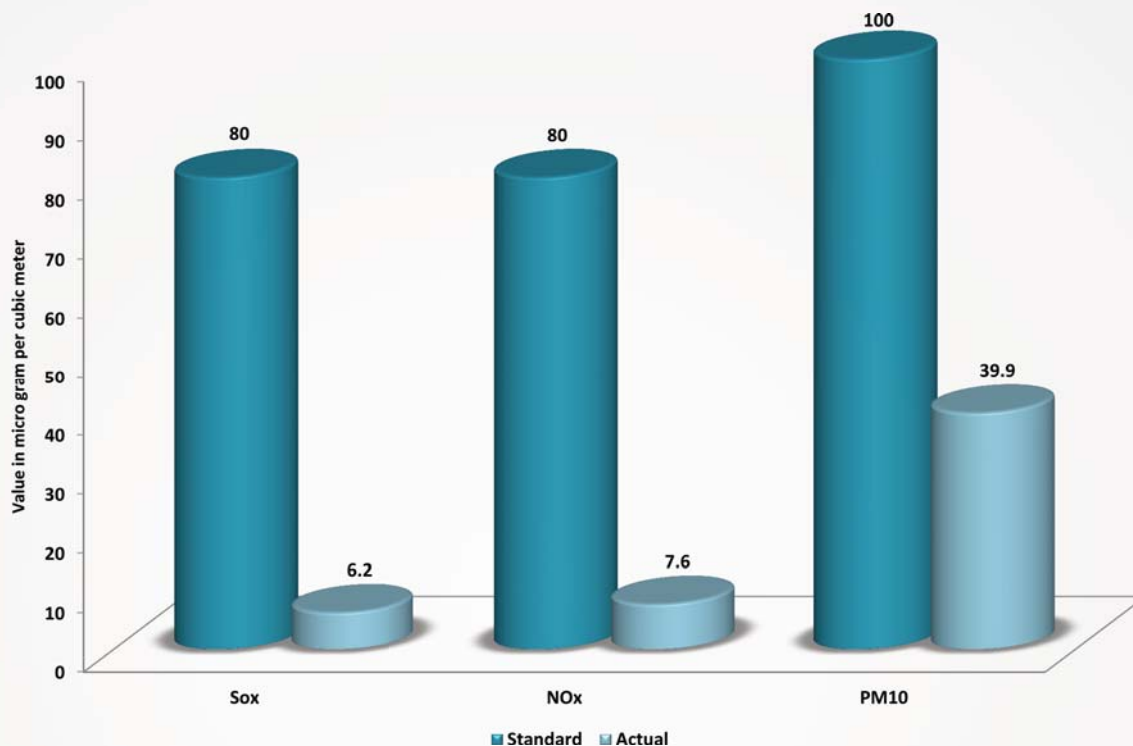
Manpower Function-wise



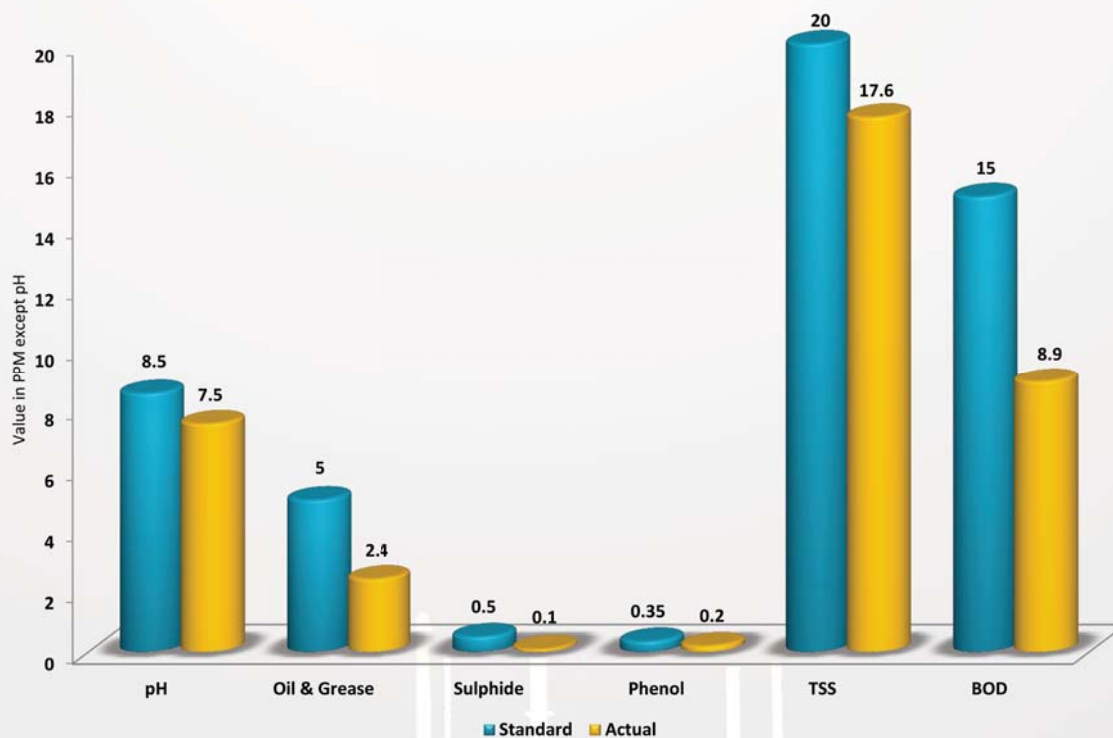
Manpower Qualification-wise



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



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



Directors' Report



Directors' Report to Shareholders

Your Directors take pleasure in presenting their 21st Annual Report on performance of your Company together with audited statement of accounts for the financial year ended 31st March, 2014.

2013-14 has been a milestone year marked by increased profitability through achievement of Excellent MoU performance against refining parameters comprising crude throughput, distillate yield, specific energy consumption and production of Motor Spirit. There was a pertinent challenge arising out of a major fire incident on 31.05.2013 in the primary processing unit from equipment failure. Following the incident, a 30 days shutdown that was planned for the third quarter, was pre-poned to first quarter in order to minimize production loss arising out of refinery shutdown, an initiative that ensured achievement of MoU targets and improved profitability for the year.

Your Companies also embarked production of petrochemical grade Naphtha during the year on successful commissioning of the Naphtha Splitter Unit. The Company received the ISO 50001 certification on Energy Management. Other highlights during the year relates to commencement of DFR preparation for the refinery expansion and crude oil pipeline projects, progress on initiatives on export of products to Nepal and Bangladesh

besides receipt of numerous awards related to energy conservation.

1. Financial Performance

1.1 Financial Results

During 2013-14, the Company posted a sales turnover of ₹ 9,872.15 crores registering a growth of 12.79% as compared to ₹ 8,752.88 crores in the previous year on account of higher production and sale quantities. Profit before tax (PBT) sharply increased by 114.05% to ₹ 562.65 crores from ₹ 262.86 crores in 2012-13 mainly on account of higher throughput and higher refining margin. Profit after tax (PAT) during 2013-14 increased by 157.24% to ₹ 371.09 crores from ₹ 144.26 crores in the previous year. The Compound Annual Growth Rate (CAGR) for PAT thus stood at 24.27% as on 31st March, 2014.

Gross Refinery Margin (GRM) during the year was US \$12.09 per barrel against previous year's GRM of US \$10.52 per barrel.

Earning Per Share (EPS) stood at ₹ 5.04 compared to ₹ 1.96 during the previous year.

Financial results for 2013-14 compared to those of the previous year are summarized below:

	(₹ in crore)	
	2013-14	2012-13
Sales Turnover – Gross	9,872.15	8,752.88
Profit before Depreciation & Amortization, Interest and Tax	783.42	520.90
Interest	41.91	59.40
Depreciation & Amortization	179.01	180.13
Profit before extraordinary items and tax	562.50	281.37
Extraordinary Items	8.98	12.89
Prior period items (net)	(9.13)	5.62
Profit before Tax	562.65	262.86
Provision for Taxation – Current	213.20	108.91
Provision for Taxation – Deferred	(21.64)	9.69
Profit after Tax	371.09	144.26
Balance brought forward from the previous year	0.01	0.01
Amount available for Disposal	371.10	144.27

(₹ in crore)

Directors propose to appropriate this amount as under :	2013-14	2012-13
Appropriations:		
Towards Dividend	117.70	73.56
Corporate Dividend tax	20.00	12.50
For Transfer to General Reserve	233.39	58.20
Balance carried forward to Balance Sheet	0.01	0.01

Summarised Cash Flow Statement :

(₹ in crore)

Cash Flows :	2013-14	2012-13
Inflow/(Outflow) from operations	1,103.35	153.84
Inflow/(Outflow) from investing activities	(466.66)	(123.59)
Inflow/(Outflow) from financing activities	325.83	(27.74)
Net Increase/(decrease) in cash & cash equivalent	962.52	2.51

(Previous year's figures have been reclassified / regrouped for conforming to classifications for 2013-14)



Panoramic view of Refinery

1.2 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 secure future, are pleased to recommend for

your approval, a dividend of 16% (₹ 1.60 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 ₹ 137.70 crores out of the profit after tax.



Solvent De-oiling Unit of WAX Project under execution

NRL's net worth as on 31st March, 2014 will stand to increase to ₹ 2,990.83 crores from ₹ 2,757.44 crores at the end of the previous year.

1.3 Treasury Operations

The Company continued its focused attention towards effective management of working capital and utilization of funds enabling it to earn an income of ₹ 28.32 crores during the year on treasury operations.

The Company availed External Commercial Borrowing (ECB) of US \$75 million for an average tenor of five years from the State Bank of India, London branch and additional ₹ 42 crores as term loan from the Oil Industry Development Board to part finance the ongoing Wax project. During the year, term loans amounting to ₹ 24.23 crores was repaid. Debt equity ratio at the close of the financial year stood at 0.18.

The Company continued to avail dollar denominated "Buyers Credit" for working capital financing. In terms of Financial Risk Management Policy, the foreign currency exposures were hedged through derivative instruments.

CRISIL Ltd. has rated the Company at 'A1+' for Short Term Loan facilities and 'AAA/Negative' for Long-Term Loans, which has helped the Company to reduce its overall interest costs besides facilitating optimization of treasury activities. Average interest rate on borrowings during the year was 8.35%.

1.4 Contribution to Exchequer

During 2013-14, your Company had contributed ₹ 890.35 crores to the Central Exchequer and ₹ 243.88 crores to the State Exchequers in the form of taxes, duties and dividends compared to ₹ 748.34 crores and ₹ 279.82 crores respectively in the previous year.



NRL Board members, representatives of stake holder and senior officials pose for a photograph after 20th AGM

1.5 Cost Control Initiatives

Your Company follows the 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 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.

1.6 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 31st March, 2014 is placed next to the Statutory Auditors Report in the printed Annual Accounts of the Company. We are pleased to inform that the C&AG has no comments and issued no supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

2. Physical Performance of the Refinery

During 2013-14, NRL's performance against all refining parameters were better compared to respective 'Excellent' MOU targets. During the year,

NRL's crude throughput was 2,613 TMT against MOU 'Excellent' target of 2,600 TMT and previous year's figure of 2,478 TMT. Crude receipt during the year increased to 2,675 TMT from 2,448 TMT in the previous year.

During 2013-14, NRL's distillate yield at 92.16% was the highest ever achieved so far and exceeded the MOU 'Excellent' target of 90.00%. The refinery's distillate yield continues to be the highest amongst PSU oil refineries in the country. Specific Energy Consumption at 53.6 MBN too, was better compared to the MOU 'Excellent' target of 63.0 MBN. Production of Motor Spirit during the year at 309 TMT was also higher than the MOU 'Excellent' target of 250 TMT.

The total POL production during 2013-14 was 2,558 TMT. Production of auto-fuels comprised of 1,719 TMT of HSD (1,450 BS-III and 269 BS-IV grades) and 309 TMT of MS (272 TMT BS-III and 37 TMT BS-IV grades). MS production was maximized through the process of blending Naphtha with suitable components. Naphtha production amounted to 161 TMT that included maiden production of 20 TMT of petrochemical grade. Production of other products included 53 TMT LPG, 73 TMT ATF, 172 TMT SKO, 11 TMT RPC, 57 TMT CPC and 4 TMT Sulphur.

During the year, 165 TMT of natural gas was received from Oil India Ltd. as against 126 TMT in the previous year, out of which, 144 TMT was utilized as fuel.

Total evacuation from the refinery was 2,559 TMT comprising 1,642 TMT pipeline transfer, 337 TMT rail despatch and 580 TMT by road. The Numaligarh-Siliguri Product Pipeline (NSPL) transfer during 2013-14 amounted to 1,642 TMT - the highest ever achieved so far.

3. Safety

During the year, there was no loss time accident (LTA). As on 31st March, 2014, the refinery achieved 22.45 million LTA free man-hours (12 years, 1 month). During 2013-14, safety training was imparted for a total of 1,003 mandays comprising 396 employees, 224 CISF and security personnel and 383 POL drivers. Besides, 100% of the workers engaged by contractors, totaling 5,168, were imparted safety training. Eight safety awareness camps were organized during the year in neighbourhood of the refinery for educating people on various fire and safety aspects. This was in addition to 12 safety awareness programmes which were organized in the process units of the refinery and marketing terminals.

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 defence 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. During the year 20 mock drills were carried out comprising one offsite emergency, two onsite emergency, four 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 organization.

Internal Safety Audit, 2013 was conducted with auditors from the BPCL group companies.

4. Occupational Health

The medical centre inside the refinery serves as NRL's Occupational Health department. The Department is well equipped with diagnostic and treatment facilities. During 2013-14, periodic health checkups were conducted on 628 employees and 272 contract workers against corresponding figures of 471 and 158 during the previous year. 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 operations using eco-friendly chemicals inside the township, CISF barrack, railway quarters at Numaligarh as a preventive measure against malaria, encephalitis and other insect born diseases.

5. Environment and Ecology

NRL has adopted advanced and comprehensive methods toward pollution control and



Fire and Safety Awareness Camps



Jawaharlal Nehru Centenary Award

environmental protection. The environmental parameters including quality and quantity of treated effluent, stack emission, ambient air quality and noise level were regularly monitored to ensure that the same are within permissible limits of latest applicable standards.

Hazardous oily wastes were disposed off as per Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008. Installation of an additional Secured Landfill Facility (SLF) as per Central Pollution Control Board (CPCB) guidelines is in progress. Further, Bioremediation of around 1,000 MT tank bottom sludge has been completed by applying "Oilzapper" developed by ONGC-TERI Biotech Limited (OTBL).

Upgradation plans related to implementation of a Volatile Organic Compound (VOC) recovery project including modernization of the Effluent Treatment Plant (ETP) is being pursued. In an effort towards controlling fugitive emission and vapour loss, phase-wise installation of double seals in 19 floating roof tanks is in progress.

With a view to spread environmental awareness amongst employees and people in neighbourhood of the refinery, a number of awareness programmes were taken up during the year, especially for children in schools adjacent to the refinery. 'World Environment Day' was celebrated in a befitting manner with active participation of employees, public and students.

During 2013-14, the Company complied with requirements under ISO 14001 on environmental management system. The Company received the Greentech Environment Excellence Awards 2012-13 in Gold Category.

GreenHouse Gas (GHG) estimation and GHG footprint of the refinery for 2010-11 and 2011-12 have been certified by M/s Bureau Veritas Certification India as per guidelines under ISO 14064. GHG footprints for the two years are 0.310 and 0.241 MT CO₂e / MT crude processed respectively.

NRL continued to sustain 100% reuse of treated effluents at the refinery and township since 2006-07. Effluent and air quality parameters were maintained within stipulated and applicable norms.

The quality control laboratory in the refinery received approval for renewal of accreditation by the National Accreditation Board for Testing and Calibration (NABL) besides renewal of approvals from the Directorate General of Civil Aviation (DGCA), Directorate General of Aeronautical Quality Assurance (DGAQA) and Center for Military Airworthiness and Certification (CEMILAC). The refinery laboratory continues to be involved in Inter-laboratory Comparison Program since 2004 besides being associated with Proficiency Testing Program with American Society for Testing and Materials (ASTM), USA and Bharat Petroleum Corporation Limited (BPCL). These initiatives have enhanced competency besides facilitating retrospection of merits and demerits in the field of measurement accuracy and precision. Modernization and expansion initiatives of the refinery laboratory are continuing.

6. Marketing Performance

During 2013-14, the Company recorded total sales volume of 2,550 TMT of which 24% was sold within the North East while 76% was marketed outside the region. The percentage sales under different heads, in order of sales volume, were- Bharat Petroleum Corporation Limited: 86.8%, Indian

Oil Corporation Limited 7.4%, Direct Sales 3.3%, Hindustan Petroleum Corporation Limited 1.7% and private oil companies 0.8%.

With regard to sale of CPC, against production of 57 TMT, 50 TMT was sold during the year. RPC/CPC combined production was 68 TMT against which sales volume was 71 TMT.

The Siliguri Marketing Terminal (SMT) recorded total product despatch of 1.64 MMT during the year vis-à-vis 1.51 MMT in the previous year.

An agreement has been signed with an oil company in Nepal for export of MS and HSD from the Siliguri terminal from 2014-15.

7. Projects

7.1 Plan Projects

NRL's prestigious Wax project is (under the government's 12th Five Year Plan) is currently under active implementation. The project is being



Naphtha Splitter Unit inaugurated by MD, Mr. Dipak Chakravarty

implemented at an estimated cost of ₹ 676 crores and is nearing completion. Commissioning of the project is expected during second quarter of the current financial year. This project would enable production of Paraffin and Microcrystalline Wax to the extent of 48 TMT per annum. Numaligarh Refinery is thus expected to emerge as the largest producing unit of Wax in the country

Towards achieving economic scale of operations and for long term sustenance and growth, NRL is pursuing a proposal for expansion of its refinery along with a proposal for laying a crude oil pipeline for transporting imported crude from an Eastern port to Numaligarh. Detailed feasibility studies for the refinery expansion project involving capacity augmentation upto 9.0 MMTPA is under progress and is expected to be completed by December 2014. Detailed feasibility report (DFR) for laying a crude oil pipeline has been completed by M/s Engineers India Limited (EIL) and the same is being reviewed.

With a view to penetrate the Bangladesh market a cross country product pipeline from NRL's Siliguri Terminal to Parbatipur in Bangladesh of around 170 km long is being pursued with support from governments of both countries. Orders have been placed for carrying out detailed route survey and preparation of DFR for the project.

7.2 Non-Plan Projects

Under the Company's Non-Plan (Additional Facilities) budget, a Naphtha Splitter Project was successfully commissioned in November 2013. Implementation of this project has enabled production upto 160 TMT per annum petrochemical grade Naphtha, primarily intended to be supplied as feed-stock to the Assam Gas Cracker.

A project for limited debottlenecking of the Motor Spirit plant for maximizing MS production

with Euro-IV specification has been identified for implementation and the process of licensor selection is in progress.

The Company is implementing a Sulphur Dioxide (SO₂) recycle project with technology developed jointly by M/s Indian Institute of Petroleum (IIP) and M/s EIL. Objective of the project is to improve Sulphur recovery from the Sulphur Recovery Block (SRB) from existing 97% to 99.9%. Engineering, Procurement and Construction Management (EPCM) consultancy for the project has been awarded to M/s EIL. The process has been developed in bench scale and is being implemented at NRL as a commercial demonstration unit. After implementation, NRL is expected to be a technology partner for the process along with M/s IIP and M/s EIL.

The Company is also implementing a project on Flare Gas Recovery for recovering and reusing waste gas discharged to flare.

The possibility of generating power utilizing high Sulphur petroleum coke, envisaged to be generated post refinery expansion, is being explored. The project is expected to be implemented within the premises of M/s Cement Corporation of India Limited at Bokajan, involving installation of Circulating Fluidised Bed (CFB) boilers. M/s EIL is preparing the DFR for the project.



MoU with Dhamra Port Company Limited



MoU with Cement Corporation of India

8. Investment In Joint Ventures

M/s Brahmaputra Cracker and Polymer Limited

NRL has 10% equity participation in the joint venture company M/s Brahmaputra Cracker and Polymer Limited which is implementing the Assam Gas Cracker Project in Dibrugarh district of Assam at a project cost of ₹ 8,920 crores. Upto 31st March, 2014, NRL had contributed ₹ 126.90 crores towards equity in this joint venture.

M/s DNP Limited

NRL has 26% equity participation in the joint venture company M/s 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.

9. Annual Plan 2013-14

Budget Estimates (BE) 2013-14 toward Plan projects of NRL was provided at ₹ 368.88 crores which was revised to ₹ 293.00 crores in revised estimate (RE) based on mid-year assessment. Actual expenditure during the year on Plan projects was ₹ 372.14 crores (101% of BE).

10. Procurement From MSE

Public Procurement Policy for Micro and Small Enterprises (MSEs) is being implemented for non-hydrocarbon goods and services. During 2013-14, procurement of non-hydrocarbon goods and services amounted to ₹ 358.85 crores out of which total procurement from MSEs was ₹ 22.42 crores. The target set for the year towards procurement of goods and services from MSEs as percentage of total procurement of non hydrocarbon goods and services was 2.0% against which the actual performance was 6.25%.

11. Implementation of Official Language

Implementation of the official language, Hindi, was pursued actively at NRL under provisions of the Official Language Act, 1963 and the Official Language Rules, 1976. Hindi training and workshop were periodically organized for the employees. Incentive schemes for encouraging employees to use Hindi in official correspondences continued to be implemented. Events like 'Hindi Divas' and 'Hindi Week' were celebrated with active participation from employees and their families. The Company's in-house journal 'Rodali' continued to incorporate a Hindi section.



Hindi Week Celebration

12. Right to Information Act

Effective mechanisms have been developed and implemented for dealing with applications received from citizens of India under the Right to Information Act, 2005. Each RTI application is handled with

prudence so that information held in the Company's domain can be shared with applicants in true letter and spirit of the RTI Act. Monthly progress reports on status of implementation of the RTI Act are furnished to the Ministry of Petroleum and Natural Gas. Quarterly online returns are uploaded in the 'RTI Annual Return Information System' at the website of the Central Information Commission.

Awareness on various provisions of the RTI Act are regularly discussed in meetings so that flow of information to the Central Public Information Officer (CPIO) from concerned functions is smooth and prompt and RTI applications can be disposed off appropriately within the stipulated period of 30 days.

13. Vigilance

During the year, the Vigilance department, continued its focused attention towards preventive vigilance by suggesting ways and means for improving and streamlining rules and procedures besides conducting routine and surprise inspections.

The department undertook investigations of complaints received from various stakeholders and recommended suitable actions to the management. The Vigilance department organized Orientation Programmes from time to time so that employees of the Company understand the perspective of transparency and fairness in business transactions appropriately. One such programme was conducted with faculties from the Central Bureau of Investigation (CBI) and Central Vigilance Commission (CVC). Regular communiqués were issued concerning circulars received from the CVC for ensuring that employees remain abreast of the latest guidelines and unintended mistakes are avoided.

Structured meetings were held with the management and vigilance issues were reviewed on quarterly basis in addition to half-yearly reporting to the Board. Agenda for e-tendering and e-payment/e-



Vigilance Awareness Week observation at Regd. Office, Guwahati

receipt was set in line with directives of the CVC and the Ministry of Petroleum and Natural Gas and the targets were achieved.

Vigilance Awareness Week was observed at all locations of the Company from 28th October, 2013 to 2nd November, 2013 with active participation from all employees and other stake holders and a special edition of the newsletter titled “Chaitanya” was also published on the occasion.

14. Integrated Information Systems (IIS)

During 2013-14, NRL achieved more than 99% overall uptime of IT Infrastructure, systems and services. The Company achieved a significant milestone in its Information technology initiatives by implementing tripartite B2B (Business to Business) process with upstream Oil Companies, ONGC and OIL. The implementation has automated the complex business process of crude oil supply, invoicing and data reconciliation.

A state-of-the-art, TIA-942 standard Tier-II level Primary Data Centre was commissioned during the year. Apart from ensuring redundancy and scalability of facilities, the new data centre is equipped with higher levels of safety and security features.

15. E-Governance

As part of its constant endeavour towards ensuring transparency and improvement in systems, NRL



has launched an online Bill Tracking System, ‘TRACKONE’. Suppliers, contractors and service providers can now view status of their submitted bills online without the need for visiting offices or meeting officials.

The Company achieved 99.96% conversion in e-payment / e-collection mechanisms for making payment / managing receivables during the year.

The Company has also implemented B2B process for marketing petroleum products with all the three PSU Oil Marketing Companies (OMCs), viz. M/s Bharat Petroleum Corporation Limited, M/s Hindustan Petroleum Corporation Limited and M/s Indian Oil Corporation Limited, during last three years.

With regard to the recruitment process, an application, “eNiyukti” has been implemented through the Company’s website. Implementation of this portal has not only enhanced transparency but also reduced resource requirements for the recruitment process.

16. Certification & Awards

Numaligarh Refinery continues to be certified under ISO 9001 on quality, ISO 14001 on environment management, OHSAS 18001 on occupational health and safety, ISO 27001 on information security management system. In January 2014, NRL achieved ISO 50001 certification on energy management system.

NRL has been conferred the coveted Sreshtha Suraksha Puraskar, 2012 by the National Safety Council in Group-A (Manufacturing coke and refined petroleum products) for outstanding performance on occupational health and safety management during the three year assessment period from 2009 to 2011.

During 2013-14, NRL also received three awards on Energy Conservation from the Centre for High Technology (CHT). These are, (a) OGCF Award, second prize for furnace/boiler efficiency; (b) OGCF Award, third prize for lowest steam leak; (c) Special prize under the category Jawaharlal Nehru Centenary Awards for Energy Performance of Refineries for best improvement in Specific Energy Consumption during 2012-13 among refineries with SEC value better than the industry average in 2011-12.



National Safety Council Award

Greentech Foundation conferred 3 different awards during 2013-14 comprising, Greentech Environment Award, (gold) in the petroleum refinery sector; Greentech Environment Award, (silver) for the Siliguri Marketing Terminal; and Greentech CSR Appreciation Certificate for the Company's CSR initiatives.

17. 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.

18. Foreign Exchange Earnings and Outgo

There was no direct foreign exchange earnings during 2013-14. However, foreign exchange outgo during the year was ₹ 803.50 crores mainly on account of purchase of materials, know-how and professional consultancy fees.

19. Memorandum of Understanding with BPCL

Your Company has been achieving 'Excellent' performance rating consistently since signing of the first Memorandum of Understanding (MoU) with BPCL in 2003-04. Based on self evaluation carried out, performance against MoU 2013-14 is expected to qualify in 'Excellent' category.

20. 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 for the year ended 31st March, 2014 are set out in **Annexure -D** to the Directors' Report.

21. Corporate Governance

In accordance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) in May 2010, a report on Corporate Governance together with a Certificate from a practicing Company Secretary on compliance of conditions of Corporate Governance is annexed as **Annexure-B** to the Directors' Report.

Your Company had engaged M/s Biman Debnath & Associates, Company Secretaries, Guwahati for

conducting Secretarial Audit for the year 2013-14. The report of Secretarial Audit is enclosed as part of **Annexure-B**.

The forward looking statements made in the 'Management Discussion and Analysis' are based on certain assumptions and expectations of future events. The Directors cannot guarantee that these assumptions are accurate or these expectations will materialize.

22. Statutory Auditors

M/s Ghoshal & Ghosal, Chartered Accountants, 4, Commercial Buildings, 23, Netaji Subhas Road, Kolkata-700001 were appointed as Statutory Auditors of the Company for the year 2013-14 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.

23. Cost Auditors

M/s 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. Cost Audit Report for the year 2012-13 was filed with the Ministry of Corporate Affairs on 30th September, 2013 i.e. within the due date.

M/s Musib & Associates were also appointed as Cost Auditors of the Company for the year 2013-14. The due date for filing of cost audit report for

the year 2013-14 is 30th September, 2014 for which necessary action is being taken.

24. Directors' Responsibility Statement

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

1. In the preparation of the Annual Accounts, all the 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 maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors have prepared the annual accounts on a 'going concern' basis.

25. Board of Directors

Shri R. K. Singh, erstwhile Chairman & Managing Director, BPCL and Chairman of the Company



CM's Flood Relief fund being handed to Hon'ble Chief Minister of Assam



DPS Annual Sports Day



Children Festival at Kaliyani Club, NRL



Rangchali Club Meet at NRL

resigned from the office of Director and Chairmanship of the Company with effect from 1st October, 2013 on attaining superannuation from BPCL. 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.

Shri Dipak Chakravarty, on attaining superannuation on 31st March, 2014 completed his tenure as Managing Director of the Company and consequently, resigned from the office of Managing Director and Directorship of the Company with effect from 1st April, 2014. 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.

Shri S. Varadarajan, Chairman & Managing Director, BPCL was appointed by the Board as Additional Director with effect from 12th October, 2013 pursuant to Section 161 of the Companies Act, 2013 read with Article 85 of the Articles of Association of the Company. Shri Varadarajan was also elected as Chairman of the Board with effect from that date. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under section 160 of the Companies Act, 2013 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri P. Padmanabhan, Executive Director (Refineries Coordination), BPCL was appointed by the Board as Additional Director with effect from 1st April, 2014. In pursuance of the letter of appointment issued by the Government of India, Shri Padmanabhan has also assumed the charge of post of Managing Director with effect from 1st April, 2014. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under section 160 of the Companies Act, 2013 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

In accordance with provisions of Section 152 of the Companies Act, 2013 Shri S. K. Srivastava and Shri Alok Tripathi will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Directors at the said meeting.

As required under 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.

26. Acknowledgement

Your Directors take this opportunity to express their gratitude to all the employees for their unstinted co-operation and support without which it would not have been possible to achieve the challenging

targets in all areas of operations and are confident that they will continue to contribute their best towards achieving still better performance in future.

Your Directors are grateful for all the help, guidance and support received from Ministry of Petroleum & Natural Gas and from other Ministries from the Government of India.

Your Directors place on record their appreciation to NRL's valued customers, dealers, contractors and suppliers for their continued support and patronage. Your Directors also express their sincere

thanks to all shareowners of the Company, viz. M/s Bharat Petroleum Corporation Limited, M/s Oil India Limited and Government of Assam for reposing their confidence and continued support to the management.

For and on behalf of Board of Directors

Sd/-

Mumbai

Dated: 12th August, 2014

S. Varadarajan

Chairman



First look of NRL's upcoming Corporate Office Building 'Energy Tower'

Management Discussion and Analysis Report

Industry Structure and Developments

According to World Economic Outlook of the International Monetary Fund, global economic activity has broadly strengthened and is expected to improve further in 2014-15. Recovery in global economy is mainly due to improvement in developed economies. World economic growth which was 3.0% in 2013 is projected at 3.6% for 2014 and then further increase to 3.9% in 2015. Economic growths for China and India during 2014 are projected at 7.5% and 5.6% respectively. Amidst such economic scenario, global oil demand in 2014 is expected to reach 91.15 mb/d from 90.01 mb/d in 2013.

The Indian economy too is on the recovery path following slowdown in the previous year. From an economic growth of 4.7% in 2013-14, growth in current fiscal is projected at 5.6% followed by 6.4% growth next year. Another positive indicator for the Indian economy is that consumer price index growth is projected at 7.9% for 2014-15 against 10.0% in the previous year, which is expected to scale up demand growth.

The Index of Industrial Production for 2013-14 in manufacturing sector registered negative growth of 0.8%, so has been the case with mining and

quarrying sector at minus 1.4%. The silver lining is visible from the agriculture and construction sectors posting positive growth of 4.7% and 1.6%.

The Indian crude basket price that averaged \$107.97/b in 2012-13 declined to \$105.52/b in 2013-14. Outlook for the current fiscal is positive notwithstanding geo-political uncertainties in major oil producers like Iraq. The OPEC reference basket price that averaged \$107.28/b in 2013 is projected at \$104.62/b for 2014.

In context of the Indian refining sector, with total refining capacity of 215 MMT as on 31.03.2014, crude throughput of 22 refineries during 2013-14 was 222 MMT, a marginal increase from 219 MMT in the previous year. Domestic crude oil production during 2013-14 was 38 MMT against import of 190 MMT.

Total production of petroleum products during 2013-14 from refineries and fractionators amounted to 220 MMT against domestic consumption of 158 MMT, registering growth of 0.7% over the previous year. MS consumption grew by 8.8% but HSD and SKO consumption registered negative growth of 1.0% and 4.5% respectively. Demand for LPG grew by 4.7% and ATF by 4.4% but Naphtha demand fell by 6.8%. Petroleum coke registered the highest demand growth of 15% during 2013-14.



Strengths

The Company's Net Worth has persistently increased over the years reaching nearly ₹ 3,000 crores. Reserves and Surplus have scaled to ₹ 2,255 crores. This, together with the dedicated team of human talent provides a decent base for pursuing major projects towards ensuring sustenance and growth. The Company enjoys unstinted support from stakeholders particularly from its holding company, BPCL and the administrative Ministry, MOP&NG, thus providing the needed inspiration to forge ahead towards achieving challenging objectives.

Weaknesses

The primary weakness continues to be sub-economic refinery size at 3.0 MTPA. The other associated weakness is absence of infrastructure for importing limited crude oil for saturating existing refining capacity, leading to relatively higher operating cost per unit of crude processed. There is yet another weakness arising from the refinery's location in a product surplus zone, resulting in freight and CST under-recoveries.

Opportunities

Being a major source of supply of POL products to the eastern part of the country, the company has the opportunity for pursuing expansion of its refinery for which detailed feasibility studies are in progress and is expected to be finalized by third quarter of the current financial year. Feasibility study for laying a crude oil pipeline from an Eastern port of the country to Numaligarh is also under progress. Opportunities toward venturing into a new foreign market opened up following signing of product supply agreement with an oil company in Nepal. Fresh opportunities are expected to open up following commissioning of the Wax project.



MoU for joint ownership of Wax production technology

Threats

Inadequate crude oil and natural gas supplies continue to be primary areas of threat for NRL. There is also the threat from higher crude oil and natural gas prices, which would lead to increase in operating costs.

Product-wise performance

Total production during 2013-14 was 2558 TMT against 2379 TMT in the previous year. NRL's product slate for 2013-14 included 1450 TMT and 269 TMT of HSD in BS III and IV grades respectively besides 272 TMT and 38 TMT of MS in BS III and IV grades respectively. Production also comprised 161 TMT Naphtha which included maiden production of 20 TMT in petrochemical grade, 53 TMT LPG, 73 TMT ATF, 172 TMT SKO, 11 TMT RPC, 57 TMT CPC and 4 TMT Sulphur.

Outlook

The outlook for 2014-15 is positive amidst several new emerging developments. NRL is expected to emerge as a dominant Wax producer in the country following commissioning of the Wax project. DFR for refinery expansion is expected to be finalized during the year. Export of auto fuels to Nepal opens up possibilities for further increasing the Company's market penetration.

Risks and Concerns

Risks and associated concerns for 2014-15 continues to be primarily associated with supplies of crude oil and natural gas. Increase in price of natural gas is an area of concern besides increase in railway freight.

Internal Control Systems and their adequacy

The internal control mechanism of the Company is designed to review business activities in order to identify potential threats to the organization's functioning and profitability, and to make suggestions for mitigating risks associated with those threats. It involves examination, monitoring and analysis of activities related to the Company's operations, including its business structure, employee behavior and information systems.

The Company has an Internal Audit department which provides independent, objective assurance and advisory services designed to add value and improve the Organization's operations. It aids the Organization to accomplish its objectives by providing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.

The Company's management periodically reviews findings and recommendations of the Internal Audit department and action-taken-reports. Significant findings of internal audits and irregularities are reported to the Audit Committee of the Board which reviews and provides necessary guidance for redressal of the same.

Financial Performance with respect to operational performance

During 2013-14, NRL's performance against all refining parameters were better compared to respective 'Excellent' MOU targets. During the year, NRL's crude throughput was 2,613 TMT

compared to previous year's figure of 2,478 TMT. The Refinery thus achieved an improved capacity utilization of 87.1% in 2013-14 compared to 82.6% in the previous year. During 2013-14, NRL achieved the highest ever distillate yield of 92.16%. The refinery's distillate yield continues to be the highest amongst PSU oil refineries in the country. Specific Energy Consumption at 53.6 MBN too, was at par with previous years 53.2 MBN and was amongst the best in industry.

Gross Refinery Margin (GRM) during the year was US \$12.09 per barrel against previous year's GRM of US \$10.52 per barrel. This translates into a gross margin of ₹ 1,400.77 crores in 2013-14 compared to ₹ 1,040.09 crores in the previous year. Higher GRM during 2013-14 compared to that of 2012-13 is mainly due to the positive valuation impact on closing stock held by the company as on 31.03.2014 vis-à-vis the notional lower valuation of stock held by the Company as on 31.03.2013.

During 2013-14, the Company posted a sales turnover of ₹9,872.15 crores registering a growth of 12.79% as compared to ₹8,752.88 crores in the previous year on account of higher production and sale quantities. Profit before tax (PBT) sharply increased by 114.05% to ₹562.65 crores from ₹262.86 crores in 2012-13 mainly on account of higher throughput and higher refining margin. Profit after tax (PAT) during 2013-14 increased by 157.24% to ₹371.09 crores from ₹144.26 crores in



Greentech Environment Award 2013



HELPING HAND - an NRL initiative

the previous year. The Compound Annual Growth Rate (CAGR) for PAT thus stood at 24.27% as on 31st March, 2014.

Human Resources

Your Company lays great emphasis on human resource development and persistent emphasis is laid on skill upgradation. During the year, the Company took several new initiatives for developing and sustaining workforce competencies which is the life line for sustenance of Company's growth and development process. Such initiatives include competency mapping and assessment for senior executives, mentorship development programme as well as ongoing initiatives such as employee satisfaction survey and suggestion scheme.

NRL's employee strength, as on 31st March, 2014 was 864, of which 431 belonged to unionized category and 433 to the executive cadre. Out of total staff strength, 186 belonged to Scheduled Caste (SC) / Scheduled Tribe (ST) categories and 252 to Other Backward Class (OBC) category. The staff strength includes 42 women employees, 46 belonging to minority communities and 13 under differently-abled category.

During 2013-14, Competency Mapping for 40 officers in Job Group-E was carried out through Pricewaterhouse Coopers. In order to bring about

performance improvement in various spheres, 187 suggestions were generated from employees during the year.

Developmental Training

The Company has focused on building a team of professionals by knowledge acquisition. Developmental training during the year comprised 1,603 mandays for management and 442 mandays for non-management, totaling 2,045 mandays. Seven programmes on leadership development with the objective of developing critical mass of leaders were organized. Training on project and risk management extended to 51 mandays and 27 mandays respectively.

SC/ ST Employees

The prescribed information of SC/ST employees of the Company is furnished at Annexure -C.

Reservation and other welfare measures for SC/ST

Your Company observes applicable guidelines/ directives stipulated by the Government of India issued from time to time in respect of providing reservations, concessions, relaxations to candidates belonging to Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and

Persons with Disabilities (PWDs) in the matter of recruitments. Candidates belonging to SC/ST community, who are called for written tests and job interviews, are reimbursed travelling expenses. In addition to providing reservations in employment, NRL also offers relaxed criteria in promotions, as per applicable guidelines.

The Company has a SC/ST Cell to monitor these 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 with various guidelines pertaining to SC/ST employees.

As a part of its CSR initiatives, your Company has been taking up several welfare measures for the backward communities like providing free healthcare, improvement in sanitation facilities, providing drinking water, assistance to self help groups, construction and development of roads and award of scholarships.

Persons with Disabilities

Your Company is providing reservations and concessions to persons with disabilities for appointments in various categories of posts identified and as admissible as per government guidelines.

Gender-friendly work place

Your Company has taken measures for ensuring a gender friendly workplace with equal opportunity for men and women. A committee on prevention, prohibition and redressal of sexual harassment to women employees has been constituted with five members comprising four officers of the Company and one representative from a non-governmental organization. During 2013-14, no complaint on sexual harassment was received by the Committee.

Communication to Employees

Your Company advocates, encourages and practices effective, clear and direct communication across

the organization. Reaching out to employees and keeping them posted on significant developments feature high on the Company's governance agenda. More and more channels of communications are continuously being explored and evolved to make interaction within the organization stronger. Your Company has been able to create an environment of transparency, fairness and trust by adopting proactive communication strategies and initiatives. This has enhanced team spirit, commitment, dedication besides promoting the sense of fraternity among employees.

The Company's quarterly in-house journal 'Rodali' keep employees abreast of the happenings within the Company and its associates while the Annual Report reflects and apprises of major developments, performance highlights of the Company. Other publications such as the Vigilance Newsletter, Safety Newsletters are a way of reaching out to employees across functions. The Intranet portal 'Eureka' facilitates prompt access by employees keeping them informed about Company initiatives and policies. Important developments within the



Mamoni Raisom Goswami award presented to Mahashweta Devi



Winner of NRL Badminton Tournament 2013

Company are also shared with employees from time to time through e-mails. The Company's website www.nrl.co.in is regularly updated with latest news and developments, which caters to both internal and external customers.

Exchange of information and views are also facilitated through inter and intra functional periodic meetings such as the Functional Coordination Meeting, Communication Meeting, Project Review Meeting, Marketing Review and Inter Departmental Meetings.

Industrial Relations

Industrial relations were cordial and harmonious throughout 2013-14. Issues with various groups and agencies were amicably resolved facilitating smooth conduct of business during the year.

Corporate Social Responsibility and Sustainability

NRL's initiatives towards CSR and Sustainability were pursued with increased emphasis during 2013-14. CSR and Sustainability activities of

the Company focused on capability building of beneficiaries in various spheres like self employment, skill development promotion of education, health, infrastructure, sports and culture. A Board level CSR and Sustainability committee headed by an independent director besides a committee of executives headed by General Manager (HR) were constituted for formulating, implementing and monitoring identified CSR activities during the year. A total of six structured coordination meetings were held during the year by the two committee besides regular meetings.

A signature project titled 'NRL Helping Hand' was implemented during the year for the differently abled where rehabilitation aids were provided to 520 persons through a programme graced by the honorable Chief Minister of Assam. In association with the Lions Club of Jorhat and Numaligarh, free eye screening and cataract operation camps were organized in regular intervals in the neighbourhood of the refinery. Under project 'Niramoy', a total of 282 mobile medical camps were organized through Vivekananda Kendra NRL Hospital offering

free medical check-up and medicines to 15,090 beneficiaries.

Your Company's flagship programme "Prerona", which promotes education for girl-child, continues to be pursued and scholarships were offered to 258 students covering 32 schools. Under the scheme 'Gyandeept', scholarships were awarded to 165 students at Class X and XII.

Sanitation facilities designed as per the guidelines of World Health Organisation (WHO) were constructed in 71 locations around the refinery footprint. The scheme 'Surya Jyoti' involving installation of solar PV panels of 2 KW each was implemented at 7 schools covering 1,480 beneficiaries as an effort to reduce carbon footprint.

CSR initiatives of the Company are mostly carried out by Company's own executives. Employees were sensitized on various aspects of CSR and

Sustainability and during the year, five workshops involving presence of senior executives in the rank of Deputy General Manager were held covering 67 employees. People's participation was ensured through five structured meeting between employees of the Company and village development committee. A Corporate communication strategy involving engagement of employees and villagers around the refinery has been formulated. An independent external agency was engaged for establishing feedback channel from beneficiaries.

During 2013-14, NRL's expenditure on CSR and Sustainability activities was ₹5.29 crores against budget allocation of ₹5.51 crores. NRL's CSR and Sustainability initiatives were updated on quarterly basis at the Company's web site and highlights for the year have been published through an annual report.



'Harmony Race' at Numaligarh Township on the occasion of the 22nd Foundation Day of NRL

Annexures to Directors' Report



Annexure –A

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

A. Conservation of Energy

a) Energy conservation measures taken

As a part of NRL's continual efforts towards energy conservation, following ENCON schemes have been taken up during 2013-14:

1. Installation of hollow fiber reinforced plastic (FRP) blades in one of the CDU overhead Air fin coolers replacing metallic blades.
2. Implementation of magnetic resonator in Gas Turbine Generator-I (GTG-I) resulting in reduction of fuel consumption.
3. Steam Trap System Management for the entire refinery steam network has been done that involved repairing of flange/gland/pinhole/weld leakage and replacement of faulty steam traps.
4. Action initiated for implementation of flare gas recovery system to recover waste hydrocarbon gases going to flare for utilization in process heaters.
5. Identification of fouling exchangers as per outcome of the Energy Review Register under ISO 50001 and cleaning of the same during opportunity shut down.
6. Slop reprocessing as chamber quench in the Delayed Coker Unit (DCU). Actions have been initiated for reuse of slops generated in the DCU within the unit itself.
7. Action initiated for cleaning of tank bottom sludge of another crude tank by BLABO process. This is an energy efficient and environment friendly process.
8. Replacement of conventional lamps with energy efficient lamps by installing 28W T-5 lighting fixture replacing 40W tube fittings.
9. Installation of 32 nos. 60W Street light LED at refinery township replacing the existing 150W high pressure Sodium vapour bulbs.
10. Implementation of a project for installation of 100 KW solar PV panel at the refinery is in progress.

Other schemes adding to continual benefit:

1. Steady operation of the 12 MW Steam Turbine Generator (STG), for captive power by utilizing and recovering waste energy (thermal and pressure) of high pressure steam.
2. Maximisation of natural gas utilisation for continual improvement in energy consumption and distillate yield.
3. Increased reliability with installation of Prognost Online Monitoring System for Off-Gas and Make-up Gas Compressor of the Hydrocracker Unit (HCU). There has been increase in productivity, safety and reduction in unplanned outages and maintenance costs.
4. Hydrogen Generation Unit (HGU) steam export to the HCU directly through a shorter length line.

5. Replacement of higher heat duty exchanger EE-01 in the HCU.
6. Installation of improved insulation of calcium silicate over high pressure steam lines to reduce heat loss.
7. CDU stabilizer off-gas diversion to the DCU 2nd stage compressor for recovering LPG.
8. Hydrocarbon Vapour loss reduction and reduction in slop generation by operational procedure changes in the DCU during chamber heating and cooling cycles.
9. Regular LDAR programme being taken up for monitoring valves connected with flare system for any passing by Acoustic Leak Detector. Timely detection and rectification of such passing valves has resulted in reduction of process/fuel gas from flaring.
10. Fugitive emission survey for detecting and rectifying minor leaks from valve glands and flanges is being carried out on regular basis throughout the year by using Gas Measuring Instruments (GMIs).
11. Continuous Advanced Process Control (APC) operation for the DCU, HCU and HGU.

b) Energy conservation measures planned

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

1. Installation of plate type heat exchangers in HGU flue gas duct.
2. Implementation VSD motors in CDU/VDU.
3. Utilization of hot well gas ex-VDU in low pressure burners at CDU/VDU.
4. Installation of solar concentrator in refinery canteen.
5. Implementation of Ranter catalyst in Utility Boiler.
6. Application of heat efficiency painting in DCU Furnace.
7. Dosing of additive in FO to achieve better atomization leading to lower consumption.
8. Hardware modification in CDU/VDU to increase preheat temperature of crude oil feed to furnace.
9. Auto drain valves in crude and slop tanks.
10. Carrying out Express Energy Audit by third party.
11. Installation of additional LED lights in the refinery.

B. Technology Absorption

The Wax project is being implemented for extracting Wax from North East Crude processed by the refinery. In the upcoming Wax Plant, the Solvent Deoiling Unit is licensed by EIL, IIP and NRL jointly. The Wax Hydrofinishing Unit is licensed by M/s Axens, France.

In an effort towards improving efficiency of the Sulphur Recovery Unit by recovering SO₂ from incinerator flue gas, NRL is implementing a Flue Gas Treating Unit. After implementation of the project, NRL is expected to be a technology partner with EIL and IIP.

After commissioning of the Naphtha Splitter Unit (NSU), NRL is focused on value addition of surplus Naphtha generated from the NSU through production of Euro-IV grade MS using suitable technology by debottlenecking of the existing units of the MS Plant.

NRL is pursuing a project for implementation of Flare Gas Recovery System.

FORM A

Form for disclosure of particulars with respect of conservation of energy

A] Refinery Fuel consumption & Power generation	2013-14	2012-13
1 Power		
a Purchased		
Unit, (million KWH)	0	0
Total Amount (₹ crores)	0.39	0.42
Rate / Unit, (₹/KWH)	0.07	0.07
b Own generation		
i) Through Diesel Generator		
Units (million KWH)	0.02	0.03
KWH per Tons of HSD	1654.47	1693.28
Cost / Unit, (₹/KWH)	34.82	32.16
ii) Captive Power Plant		
Total , Unit (million KWH)	218.221	209.72
2 Fuel Consumption for Power generation		
GTG		
Naphtha, (Qty - MT)	0.00	1280.51
HSD, (Qty - MT)	108.18	374.56
NG, (Qty - MT)	55127.48	50602.98
Total Fuel, (Qty - MT)	55235.66	52258.05
HRSG(supplementary firing)		
Naphtha, (Qty - MT)	236.21	4637.02
NG, (Qty - MT)	969.45	2077.62
Total Fuel, (Qty - MT)	1205.66	6714.64
UB		
Naphtha, (Qty - MT)	40.35	195.84
NG, (Qty - MT)	7048.43	3863.57
Fuel Oil, (Qty - MT)	7369.72	5595.73
Total Fuel, (Qty - MT)	14458.50	9655.14
CCU		
FG , (Qty - MT)	2711.85	704.19
3 Cost of Power		
Total Amount due to GTG,HRSG & CCU (₹ crores)	143.29	134.11
Total cost of UB fuel (₹ crores)	42.88	28.36
Less: Steam credit (₹ crores)	95.27	79.58
Net Amount (₹ crores)	90.90	82.89
Cost / Unit, (₹/KWH)	4.17	3.95
4 Refinery Fuel Consumption		
a) Liquid Fuel		
Naphtha Quantity (MT)	0.00	1740.00
Fuel Oil Quantity (MT)	20365.70	21047.00
Total liquid Fuel (MT)	20365.70	22787.00
Total Amount (₹ crores)	82.62	88.70
Avg.Rate (₹/MT)	40566.74	38924.10

b) Fuel Gas				
Refinery Fuel Gas, Quantity (MT)			42771.24	52167.95
PSA O/G, Quantity (MT)			85658.64	79546.43
Total Fuel GAS (MT)			128429.88	131714.38
Total Amount (₹ crores)			265.41	284.92
Avg.Rate (₹/MT)			20665.45	21631.65
c) Natural Gas, Quantity (MT)			32758.86	20013.09
Total Amount (₹ crores)			54.21	30.47
Avg.Rate (₹/MT)			16549.10	15224.00
d) Solid Fuel				
Soild fuel ex CCU,quantity, MT			17755.70	16215.95
Total Amount (₹ crores)			24.22	22.32
Avg.Rate (₹/MT)			13639.44	13762.00
B] Energy Consumption per unit of Crude processed				
	UNIT			
FUEL FOR ELECTRICITY	KG/MT		28.17	27.98
LIQUID FUEL	KG/MT		7.79	9.20
REFINERY GAS	KG/MT		49.15	53.15
NATURAL GAS	KG/MT		12.54	8.08
SOILD FUEL	KG/MT		6.80	6.70
TOTAL	KG/MT		104.45	105.11

FORM B

Form for disclosure of particulars with respect to technology absorption

Research & Development:

During the year, NRL has taken up following R&D projects in line with DPE guidelines on Research & Development:

- Implementation of Flue Gas Treating Unit (FGTU) in Sulphur Recovery Block (SRB) to increase efficiency: M/s Engineers India Limited was appointed as the Project Management Consultant for the project on 29th January, 2014.
- Comprehensive Mathematical modelling of Crude & Vacuum Distillation Units for yield and product quality optimization: Development of the model was completed on 13th December, 2013.
- Reduction in slop generation from DCU upto 50% through field experiments on reprocessing of DCU slop within the unit: This R&D project was completed on 31st January, 2014.

Total expenditure on R&D activities during 2013-14 was ₹74.84 lakhs.

Benefits derived as a result of above R&D:

- Implementation of FGTU will improve recovery of Sulphur from the Sulphur Recovery Unit from 97% to 99.9% and capacity of the unit will be enhanced through recycling of SO₂.
- Mathematical modeling of the CDU/VDU has improved yield and product quality besides reduction in energy consumption.
- Reprocessing of DCU slop within the unit has eliminated such slop from being processed at the CDU resulting in product quality improvement.

Technology Absorption, Adaptation & Innovation

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

NRL has been progressing with implementation of the Wax project, which is expected to be commissioned during the second quarter of 2014-15. In the Motor Spirit Plant, debottlenecking of the NHTU, CRU and ISOM units will permit maximization of MS production conforming to Euro-IV specifications from surplus Naphtha. NRL has taken initiatives for implementation of Flare Gas Recovery System to recover waste hydrocarbon gases going to flare for utilization in the refinery process heaters.

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

Wax being a value added product, the project after commissioning is expected to improve NRL's gross refining margin (GRM). The value addition of the surplus Naphtha of the refinery by producing Euro-IV grade MS will help NRL in improving GRM. Implementation of the Flare Gas Recovery System will help in cost reduction through improvement in Specific Energy Consumption.

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

a) Technology imported	Year of Import
• Wax Hydrofinishing Unit	2011-12
• Flare Gas Recovery System	2014-15 (under procurement)
b) Technology fully absorbed	
• Hydrocracker Revamp (DQUP)	2010
• Hydrogen Unit Revamp (DQUP) along with HTER-p technology	2010
• Wax Hydrofinishing Unit	Under implementation

Annexure –B

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Good Corporate Governance results in corporate excellence by ensuring that the powers vested in the executive management are used with care and responsibility to deliver sustained and long term value to its stakeholders. In NRL, our endeavour is to adopt best governance practices, which in our view are critical to ensure optimization of returns and satisfaction levels accruing to all 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 2013-14 are furnished below:

2. Board of Directors

NRL is a Government Company under Section 2(45) of the Companies Act, 2013 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 31st March, 2014, the Board of NRL comprised of 3 Whole Time Directors including the Managing Director, 3 Independent Directors, 1 Part-time (Ex-Officio) Director from Govt. of India, 1 Part-time (Ex-Officio) Director from Oil India Limited and 2 Part-time (Ex-Officio) Directors from Promoters, namely, BPCL (1) and Govt. of Assam (1).

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 Part-time 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 2013-2014 on following dates :-

23 rd May, 2013	28 th May, 2013	24 th July, 2013	7 th August, 2013
6 th September, 2013	12 th November, 2013	11 th February, 2014	21 st March, 2014

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 2013-14:

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)	Whole Time Directors :			No. of Meetings Attended	%		
1.	Shri Dipak Chakravarty Managing Director (Superannuated on 31.03.2014)	BE (Chemical Engineering) and MS (Chemical Engineering)	04.08.2006	8	100	Attended	--
2.	Shri S. R. Medhi Director (Technical)	B. Tech from ISM University, Dhanbad & MBA from IIM, Ahmedabad	04.11.2011	8	100	Attended	Nil
3.	Shri S. K. Barua Director(Finance)	A.I.C.W.A and LLB from Dibrugarh University	01.05.2013	8	100	Attended	Director: DNPL
(b)	Part-time (Ex-Officio)						
1.	Shri R. K. Singh, C&MD Bharat Petroleum Corpn. Ltd. Mumbai-400001 [Chairman of the Company up to 30.09.2013]	B. Tech (Mech. Engg)	04.04.06	5	100	Attended	----
2.	Shri S. Varadarajan, C& MD Bharat Petroleum Corpn. Ltd. Mumbai-400001 [Chairman of the Company w.e.f. 12.10.2013]	A.C.A & A.I.C.W.A	12.10.2013	3	100	----	C&MD: 1. BPCL Chairman 1.BORL 2.MBPL Director 1.BPRL 2. PLL
3.	Shri R. T. Jindal, IAS Addl. Chief Secretary to the Govt. of Assam, Industries & Commerce Department Dispur, Guwahati-781006	M.Sc (Chemistry) from Punjab Agricultural University	02.7.2012	4	50	Attended	Chairman: 1. AIIDCL 2. DNP Ltd MD: 1. AHECL Director: 1.AGCL 2. AIDC 3. APL 4. BCPL 5. ATPO 6. ATCL 7. IIE

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
4.	Shri H. S. Das, IAS Additional Chief Secretary to the Govt. of Assam, Finance Department Dispur, Guwahati-781006 [upto 24.07.2013]	M.A.(Economics)	29.08.2000	2	67	----	---
5.	Shri Alok Tripathi Director (LPG) Govt. of India, Ministry of Petroleum & Natural Gas New Delhi-110001 (w.e.f. 26.8.2013)	B. Tech and M.Tech from IIT, Kanpur	26.08.2013	3	75	Attended	-----
6.	Shri K. K. Gupta Director (Marketing) Bharat Petroleum Corpn. Ltd. Mumbai-400001 [upto 24.07.2013]	B. Sc., (Engg), Mechanical	13.04.2011	2	67	----	---
7.	Shri B. K. Datta Director (Refineries) Bharat Petroleum Corpn. Ltd. Mumbai-400001 [upto 24.07.2013]	BE (Chemical)	24.10.2011	3	100	----	
8.	Shri S. K. Srivastava, C&MD Oil India Limited Noida, Uttar Pradesh	B.Sc (Hons) and M.Sc (Geology) from Lucknow University	26.7.2012	Nil	Nil	Absent	C&MD 1.OIL Director 1. OIIL 2. OII
C.	Part-Time (Independent)						
1.	Shri L. Rynjah, IAS (Retd) Former Adviser to the Planning Commission, Govt. of India New Delhi	M.Sc. in Mathematics	28.06.2013	5	83	Attended	Nil
2.	Shri B. P. Rao Sr. Partner, M/s. B. P. Rao & Co., Chartered Accountant, Bangalore	FCA	28.06.2013	6	100	Attended	Director 1.RCPL
3.	Dr. A. K. Ghoshal Professor, Department of Chemical Engineering & Dean, Academic Affairs Indian Institute of Technology Guwahati	M.Tech and Ph.D in Chemical Engineering from IIT, Kharagpur	28.06.2013	6	100	Attended	Nil

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, **DNPL**- DNP Limited; **IIE** – Indian Institute of Entrepreneurs; **MBPL**: Matrix Bharat Pte Ltd ; **OIL** : Oil India Limited, **OIIL**: Oil India International Ltd., **OII**: Oil India (USA) Inc.; **PLL**: Petronet LNG Ltd., **RCPL**: Reliance Computers Pvt. 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 1/3rd of the members of the Audit Committee whichever is higher.

The present Audit Committee was reconstituted w.e.f. 24.07.2013 in accordance with the provisions of section 292A of the Companies Act, 1956 read with the guidelines on Corporate Governance for CPSEs issued by DPE. As on 31st March 2014, the Audit Committee comprises of Shri B. P. Rao, Independent Director as Chairman, Dr. A. K. Ghoshal, Independent Director as Member and Shri S. R. Medhi, Director (Technical) as Member. 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, Statutory Auditors and Cost Auditor 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 investigation 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 nonpayment of declared dividends) and creditors.
12. Defining the significant related party transactions.

During the financial year 2013-14, seven meetings of the Audit Committee were held on following dates:

15 th May, 2013	28 th May, 2013	24 th July, 2013	7 th Aug., 2013	12 th Nov., 2013	11 th Feb, 2014	21 st March, 2014
----------------------------	----------------------------	-----------------------------	----------------------------	-----------------------------	----------------------------	------------------------------

Attendance at the Audit Committee Meetings during the financial year 2013-14:

Name of the members	No of Meetings attended	% age thereof [out of 7 nos. meeting held]	Attendance at the last Annual General Meeting
Shri H. S. Das, Chairman (up to 24.07.2013)	2	67	-----
Shri B. P. Rao, Chairman (w.e.f. 24.07.2013)	4	100	Attended
Shri K. K. Gupta (up to 24.07.2013)	3	100	-----
Dr. A. K. Ghoshal (w.e.f. 24.07.2013)	4	100	Attended
Shri S. R. Medhi	7	100	Attended

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

4. Remuneration Committee

NRL has a 'Remuneration 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 Shri L. Rynjah, Independent Director as Chairman, Shri B. P. Rao, Independent Director as Member and Shri S. K. Srivastava, Director as Member.

Director (HR), BPCL and 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 1/3rd of total members or two members whichever is higher.

During the financial year 2013-14, one meeting of the 'Remuneration Committee' was held on 10th January, 2014.

Attendance at the Remuneration Committee Meeting:

Name of the members	No of Meetings attended	% age thereof [out of 1 no. meeting held]	Attendance at the last Annual General Meeting
Shri L. Rynjah, Chairman	Nil	--	Attended
Shri B. P. Rao, Member	1	100	Attended
Shri S. K. Srivastava, Member	1	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) Directors received sitting fees of ₹ 20,000 for each Board/Audit Committee meeting attended by them and ₹ 10,000 for each of the other Committee meetings during the year 2013-14.

Details of remuneration paid/payable to the Whole-time Directors during the financial year 2013-2014 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 [Upto 31-03-2014]	53,64,399.00	Fixed Com: 32,14,149.00 PRP: 11,18,016.00	10,32,234.00	Appointed for five years w.e.f. 01-04-2011 or till the date of his superannuation. Superannuated on 31-03-2014.
Shri Nilmoni Bhakta Director (Finance) [upto 30.04.2013]	26,41,184 .00	Fixed Com: 16,75,877.00 PRP: 8,10,000.00	1,55,307.00	Superannuated on 30-04-2013.
Shri S. R. Medhi Director (Technical)	41,11,776.00	Fixed Com: 27,78,754.00 PRP: 8,17,965.00	5,15,057.00	Appointed for five years w.e.f. 04-11-2011. Present contract shall expire on 03-11-2016. Notice period: Three months
Shri S. K. Barua Director (Finance) [w.e.f. 01.05.2013]	33,09,014.00	Fixed Com: 23,32,380.00 PRP: 3,36,390.00	6,40,244.00	Appointed for five years w.e.f. 01-05-2013. Present contract shall expire on 30-04-2018. Notice period: Three months

During the year, the part-time (Independent) Directors received sitting fees for attending the meetings of the Board/Committees as follows :

Name of Director	Sitting Fees(₹)
Shri L.Rynjah	1,10,000
Shri B.P.Rao	2,30,000
Dr.A.K.Ghoshal	2,00,000

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
18 th Annual General Meeting	9 th September,2011 at 3.00 P.M	Registered Office, 122A, G. S. Road, Christianbasti, Guwahati-781005
19 th Annual General Meeting	7 th September,2012 at 3.00 PM	Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
20 th Annual General Meeting	6 th September,2013 at 3.00 PM	Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001

b) Special Resolution passed during the last three years : **Nil**

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 India Limited (OIL) is an upstream petroleum professional with an excellent blend of experience and expertise in Exploration, Drilling and Production in oil and gas sector with national and international exploration project management and upstream oil and gas industry regulation.

Shri Srivastava did his B.Sc (Hons) and M.Sc.,(Geology) from Lucknow University. He had presented several papers and published articles in various symposia, conferences and refereed journals. He is the member of the prestigious American Association of Petroleum Geologists. He worked for over 37 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 onland 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 Director General of Hydrocarbons (DGH), Government of India. He had received the Global Excellence Award 2013 in the petroleum Sector for his contribution to the industry at the 3rd World Petrocoal Congress held at New Delhi. Besides holding directorship in NRL, he is also a Director of Oil India International Limited and Oil India (USA) Inc.

Shri S.K.Srivastava was last re-appointed as Director by the shareholders in the 20th Annual General Meeting held on 6th September, 2013. He is liable to retire by rotation and being eligible, offers himself for re-appointment.

ii) Shri Alok Tripathi

Shri Alok Tripathi did his B. Tech and M.Tech in Mechanical Engineering from IIT, Kanpur. He joined Civil Services on IRTS cadre on 20th September, 1999 and posted in various capacities at Ahmedabad, Gandhidham, Ratlam, Rajkot and Vadodara. Shri Tripathi joined the Ministry of Petroleum & Natural Gas in the year 2012 as Deputy Secretary (Marketing) and thereafter he was promoted as Director (Marketing), MOP & NG. Presently, he is holding the charge as Director (LPG), Ministry of Petroleum & Natural Gas.

Shri Alok Tripathi, was appointed by the Board as Director w.e.f. 26th August, 2013 and thereafter by the shareholders in the 20th AGM held on 6th September, 2013. He is liable to retire by rotation and being eligible, offers himself for re-appointment.

iii) Shri S. Varadarajan

Shri S. Varadarajan, Chairman & Managing Director, Bharat Petroleum Corporation Limited is a member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. Before he was appointed as C& MD, BPCL, he was Director (Finance) of BPCL with the overall responsibility of Treasury Management, Risk Management, Corporate Accounts, Taxation and Budgeting. He had introduced several initiatives such as electronic payment and collection systems, corporate risk charter and risk governance structure, key finance process automation in SAP etc. He had participated in several international conferences and road shows and constantly interacts with the investor and the analysts community. Besides holding directorship in BPCL and NRL, he is also a Director of Bharat Oman Refineries Ltd, Matrix Bharat Pte Ltd, Bharat PetroResources Ltd and Petronet LNG Ltd.

Shri S. Varadarajan was appointed as Additional Director w.e.f. 12.10.2013. Shri Varadarajan was also elected as Chairman of the Board w.e.f. that date. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 160 of the Companies Act, 2013 from a member proposing his name as a Director of the Company.

iv) Shri P. Padmanabhan

Shri P. Padmanabhan is a Chemical Engineer from NIT, Trichy with over 33 years of experience. Prior to his assuming the office of post of Managing Director, NRL w.e.f. 1.4.2014, he was working as Executive Director (Refineries Co-ordination) in Bharat Petroleum Corporation Limited (BPCL). He was in charge of co-ordination among group refineries of BPCL viz. BPCL's Mumbai and Kochi Refinery, joint venture Bharat Oman Refineries Limited (BORL) and NRL. He was also the task force leader for finalizing BPCL's future strategy till 2020 which involved achieving crude processing capacity of 50 MMTPA through grass route/creep expansion of existing refineries and contributed in finalizing BPCL's entry into Petrochemicals through Propylene derivative products.

Working with BPCL since 1980, Mr. Padmanabhan has garnered experience and in-depth knowledge in major functions of Refinery such as Production, Process, Technical Services, Quality Control, International Trade and was a member of the task force for Corporate Restructuring. Involved in various capacities in evolving strategies and implementing projects to meet Auto Fuel specifications at BPCL's Mumbai Refinery, he was responsible for successful supply of Euro III auto fuel in the first phase and the Euro IV equivalent auto fuels in the second phase and in conceptualization and commissioning of the first hydrocracker integrated Lube Oil base stock production plant.

Shri P. Padmanabhan was appointed as Additional Director on the Board of the Company w.e.f. 1st April, 2014. In accordance with the approval of the Government, Shri Padmanabhan assumed the charge of the post of Managing Director, NRL with effect from 1st April, 2014. Being an Additional Director, he will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 160 of the Companies Act, 2013 from a member proposing his name as a Director of the Company.

9. Disclosures and compliance

- There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.
- An expenditure amounting to ₹ 5.29 crores was incurred for various social welfare activities under CSR.
- During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- Administrative and office expenses as a percentage of total expenses was 2.31% during the year.
- The Company has a Whistle Blower Mechanism as per which the Public Interest Disclosure and protection of informer (PIDPI) Resolution No.89 of Government of India is being followed.
- A mechanism for Risk Management is in place to identify and mitigate construction phase, financial, operational and other risks.
- 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), 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	21 st Annual General Meeting
Date and Time	12 th September, 2014 at 3.00 P.M.
Venue	Hotel Brahmaputra Ashok, M. G. Road, Guwahati- 781001
Dividend payment	The Board has recommended Dividend @ ₹.1.60 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.

- Financial year – NRL follows the financial year from April to March.
- Since the Company's shares are not listed, market price of share is not available.

- d. Registrars & Share Transfer Agents:
M/s. Data Software Research Co. Pvt. Limited
'Kasturi Towers'
No.6, Smith Road, Chennai-600 002, India
Ph: +91-44-24833738/24834487
Fax: +91-44-24834646
Email: dsr cmd@vsnl.com

- e. Share Transfer System:

A Committee comprising of all the three Functional Directors, namely, Managing Director, Director (Technical) and Director (Finance) 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 31-03-2014.

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
Pankagrath,
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

To
The Members' of
Numaligarh Refinery Limited

Compliance of Corporate Governance Conditions

We have examined the compliance of conditions of Corporate Governance by **Numaligarh Refinery Limited** (a Non-Listed PSU) for the year ended **31st March, 2014** 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 partial compliance of Clause 3.1.4, relating to the number of Independent Director on the Board of the Company.

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: 8th July, 2014

Secretarial Audit Report

The Member's of
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 period 1st April, 2013 to 31st March, 2014 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 20th Annual General Meeting of the Company on 6th September, 2013;
 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/duplicate 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 loans taken by Associate Companies;
 14. Borrowings 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 Statement of Profit and Loss 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 Independent 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 2013-14;
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 agreement are not applicable to the Company except and to the extent that it is a subsidiary of M/s. Bharat Petroleum Corporation Limited (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 partial compliance of Clause 3.1.4 relating to the number of Independent Directors on the Board of the Company.

For Biman Debnath & Associates
Company Secretaries

Sd/-

Biman Debnath
(Proprietor)

C.P. No. 5857
FCS No. 6717

Date: 8th July, 2014
Place: Guwahati

Annexure-C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 01.01.2014

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	389	47	12.1	29	7.46	-
Lowest rung of Group-A (02)	Permanent	24	Nil	-	1	4.2	-
Total		413	47	11.38	30	7.26	-
Group - B	Permanent	-	-	-	-	-	-
Group - C	Permanent	433	37	8.54	63	14.55	-
Group - D (Excluding Sweepers)	Permanent	4	2	50.00	1	25.00	-
Group - D (Sweepers)	Nil	-	-	-	-	-	-
Total		850	86	10.12	94	11.06	

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

(a) Position as on 1.1.2014

Grades of the Service including Scale of Pay		Groups	Total no. of Posts	Total No. of Employees	Employees belong to		
Grades	Scale of Pay (Under revision)				Other Community	SC	ST
1	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NON-SUPERVISORY EMPLOYEES							
I	₹ 9000-15300	D	4	4	1	2	1
II	₹ 9700-16800	C	14	14	8	-	6
III	₹ 10350-31200	C	10	10	8	-	2
IV	₹ 10900-31500	C	2	2	2	-	-
V	₹ 11400-32500	C	46	46	38	2	6
VI	₹ 12200-33500	C	73	73	50	12	11
VII	₹ 1 2450-35500	C	96	96	71	6	19
VIII	₹ 13150-45000	C	192	192	156	17	19
SUPERVISORY EMPLOYEES							
02	₹ 20600-46500	A	24	24	23	-	1
A	₹ 24900-50500	A	66	66	56	6	4
B	₹ 29100-54500	A	109	109	81	17	11
C	₹ 32900-58000	A	64	64	47	11	6
D	₹ 36600-62000	A	69	69	60	6	3
E	₹ 43200-66000	A	47	47	38	5	4
F	₹ 51300-73000	A	18	18	16	1	1
G	₹ 51300-73000	A	9	9	8	1	-
H	₹ 51300-73000	A	6	6	6	-	-

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

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	No.of reservations lapsed	
			Out of Col.2	Out of Col. 3	Candidates appointed	Vacancies carried forward	Appointed against vacancies reserved for Cs in the 3 rd 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 rd year of carry forward	After carrying forward for three years.	
1	2	3	4	5					6	7					8
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	23	23	1	1	2	NIL	NIL	NIL	2	2	2	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'); the promotion policy is under review and no promotion have taken place during the year 2013.

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 2014

A. Employed through 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	Pabitra Kumar Duara	BE	60	Dy. General Manager (T & D)	09.08.1995	36	41,31,215.38	Assam State Electricity Board
2	Brajendra Nath Das	BE	60	Sr. Manager (Admin)	30.03.1994	35	26,39,451.61	Hindustan Fertiliser Corporation Ltd.
3	Gautam Chandra Borah	BE	43	Manager (Elect. Maintenance)	20.01.1998	16	24,21,951.71	--
4	Iftikher Zahan	BE	41	Dy Manager (Maintenance)	07.01.2000	17	12,87,163.63	Pal-Peugeot 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.

Independent Auditors' Report



Independent Auditors' Report

To
The Members of
Numaligarh Refinery Limited

Report on the Financial Statements

We have audited the accompanying financial statements of NUMALIGARH REFINERY LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended 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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financials are free of material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 risks 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. 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 explanation 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) In the case of the statement of Profit and Loss, of the Profit of the Company for the year ended on that date;
and
- (iii) In the case of the Cash Flow Statement, of the Cash Flows of the Company 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 Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 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 it appears from our examination of those books.
 - c. the Balance sheet, the statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act., 2013 ; 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 **GHOSHAL & GHOSAL**
Chartered Accountants

Firm registration No. 304013E

Sd/-

CA. D.K. Dutta Gupta

Partner

Membership No. 014855

Date: 24th May 2014

Place: Mumbai

Annexures to Independent Auditors' Report



Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of NUMALIGARH REFINERY LIMITED ('the Company') for the year ended 31st March 2014. We report that:

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 programme of verification the *Furniture and Fixtures* of the company 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 accounts.
- 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 Lakhs 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 regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid statutory dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- c) According to the records of the company and the information and explanations given to us the following are the details of disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2014 are given below:

Name of the Statute	Nature of Dues	Since when Pending	Amount (₹ in Crore)	Where Dispute is Pending
The C. Excise Act, 1944 (Excise Duty including Penalty and Interest)	Interest on erroneous refund of additional excise duty on HSD	25-02-2011	95.22	Deptt.'s appeal against favorable order to NRL is pending before CESTAT, Kolkata
	Penalty & Interest on wrongful admissibility of CENVAT credit	25-03-2005	60.13	CESTAT Kolkata
	Adoption of lower transaction value on sales to Oil Marketing Companies (other than BPCL)	06-01-2011	0.58	Commissioner of Central Excise (Appeal) Guwahati
	Interest on Erroneous AED Refund	24-10-2007	73.16	Commissioner of Central Excise (Appeal) Guwahati
	Availing of CENVAT Credit on GTA services on outward transportation up to Place of removal up to Mar 08	05-01-2007	1.14	CESTAT Kolkata
	Duty on Intermingling Loss of SKO in Pipeline Transportation	28-03-2013	33.90	CESTAT Kolkata
The Finance Act relating to Service Tax	Service Tax on Services received from foreign entities that do not have office in India.	26-10-2007	1.68	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	01-06-2006	0.33	Commissioner of Central Excise (Appeal) Guwahati
Bihar Value Added Tax Act	Interest due to late deposit of tax and surcharge	12-07-2012	0.34	Joint Commissioner Appeal Patna Sales Tax
Chandigarh Taxation Tribunal	Revision of Assessment Order on Input Tax Credit	20-03-2014	5.08	Commissioner Appeal Chandigarh Tribunal
West Bengal Value Added Tax Act'2003	Penalty for non submission of way bills for import of Naphtha	28-03-2013	17.76	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act'2003	Demand for Understatement of Sales	22-08-2013	38.06	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act'2003	Demand for non-submission of 'C' Forms	22-08-2013	0.26	West Bengal Taxation Tribunal
The Assam Entry Tax Act	Demand for non-submission of 'C' Forms	31-03-2014	0.05	Asst. Commissioner of Sales Tax Assam
The Assam Entry Tax Act	Entry Tax	Nov-06	194.53*	Supreme Court

* A sum of ₹ 50 Crores has 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 31st March, 2014 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 Guarantee for ₹ 32.40 Crores and ₹ 27.77 Crores for loans taken by Brahmaputra Cracker and Polymer Ltd. from Oil Industry Development Board (OIDB) and GAIL(INDIA) Limited respectively, 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. According to the information and explanations given to us, there was an instance of alleged theft of cables, estimated value ₹ 0.16 Crores during the year.

For **GHOSHAL & GHOSAL**

Chartered Accountants

Firm registration No. 304013E

Sd/-

CA. D.K. Dutta Gupta

Partner

Membership No. 014855

Date: 24th May 2014

Place: Mumbai

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 31ST MARCH, 2014

The preparation of financial statements of Numaligarh Refinery Limited for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing 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 24-05-2014.

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 for the year ended 31st March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Sd/-

Pramod Kumar

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board - I,
Kolkata

Place : Kolkata
Dated: 4th July, 2014

Balance Sheet as at 31st March, 2014

₹ in Crores

	Notes	31-03-2014	31-03-2013
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	735.63	735.63
Reserves and Surplus	4	2,255.20	2,021.81
Total Shareholders' funds		2,990.83	2,757.44
Non Current Liabilities			
Long-Term Borrowings	5	509.00	40.48
Deferred tax liabilities (net)	6	191.91	213.56
Other Long-Term Liabilities	7	2.46	3.81
Long-Term Provisions	8	162.56	168.68
Total Non-current liabilities		865.93	426.53
Current Liabilities			
Short-Term Borrowings	9	259.30	352.49
Trade Payables	10	791.40	516.04
Other Current Liabilities	11	223.32	220.75
Short-Term Provisions	12	177.74	166.65
Total current liabilities		1,451.76	1,255.93
Total Equity and Liabilities		5,308.52	4,439.90
Assets			
Non Current Assets			
Fixed Assets			
Tangible Assets	13	1,618.44	1,684.96
Intangible Assets	14	5.71	5.66
Capital work-in-progress	15	606.35	267.26
Non Current Investment	16	156.78	149.29
Long-Term Loans and Advances	17	70.04	75.98
Other Non-Current Assets	18	-	-
Total Non-Current Assets		2,457.32	2,183.15
Current Assets			
Current Investments	19	53.05	25.06
Inventories	20	1,349.83	1,207.55
Trade Receivables	21	278.36	706.70
Cash & Bank Balances	22	965.15	2.63
Short-Term Loans and Advances	23	144.14	267.98
Other Current Assets	24	60.67	46.83
Total Current Assets		2,851.20	2,256.75
Total Assets		5,308.52	4,439.90
Significant accounting policies	2		
Notes to Financial Statement	3-53		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date

For Ghoshal & Ghosal

Chartered Accountants

Firm Registration No.304013E

Sd/-

CA. D. K. Duttagupta

Partner

Membership No. 014855

Place: Mumbai

Date : 24th May 2014

For and on behalf of the Board of Directors

Sd/-

P. Padmanabhan

Managing Director

Sd/-

S.K. Barua

Director (Finance)

Sd/-

H. K. Sarmah
Company Secretary

Place: Mumbai

Date : 24th May 2014

Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Crores

	Notes	31-03-2014	31-03-2013
Revenue			
Revenue from operations (Gross)	25	9,876.76	8,757.01
Less : Excise duty		(621.67)	(571.08)
Revenue from operations (Net)		9,255.09	8,185.93
Other income	26	48.72	83.34
Total revenue		9,303.81	8,269.27
Expenses			
Cost of material consumed	27	7,761.09	6,476.71
Purchases of traded goods		–	23.68
Changes in inventories of finished goods and work in progress	28	(13.38)	560.62
Employee benefits expenses	29	144.53	129.92
Finance costs	30	41.91	59.40
Depreciation and amortisation expense	13 & 14	179.01	180.13
Other expenses	31	628.15	557.44
Total Expenses		8,741.31	7,987.90
Profit before exceptional and extraordinary items and tax		562.50	281.37
Exceptional items		–	–
Profit before extraordinary items and tax		562.50	281.37
Extraordinary Items	32	8.98	12.89
Prior period items (net)	33	(9.13)	5.62
Profit Before Tax		562.65	262.86
Tax Expense			
Current tax	34	205.84	115.08
Deferred Tax	6	(21.64)	9.69
Short/(excess) provision for Taxation in earlier years provided for		7.36	(6.17)
Profit /(Loss) for the year		371.09	144.26
Earnings per equity share (in ₹):			
Basic	35	5.04	1.96
Diluted	35	5.04	1.96
Significant accounting policies	2		
Notes to Financial Statement	3-53		
The accompanying notes are an integral part of these financial statements.			

As per our report of even date
For Ghoshal & Ghosal
Chartered Accountants
Firm Registration No.304013E
Sd/-
CA. D. K. Duttagupta
Partner
Membership No. 014855

For and on behalf of the Board of Directors

Sd/-
P. Padmanabhan
Managing Director

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

Sd/-
H. K. Sarmah
Company Secretary

Place: Mumbai
Date : 24th May 2014

Place: Mumbai
Date : 24th May 2014

Cash Flow Statement for the year ended 31st March, 2014

₹ in Crores

	31-03-14	31-03-13
A Cash Flow from Operating Activities		
Profit before taxation, prior period and extraordinary item	562.50	281.37
<i>Adjustments for :</i>		
Depreciation and amortisation expense	179.01	180.13
Interest expenditure	44.12	55.24
(Profit) / Loss on Sale/Write Off of tangible assets (net)	1.38	12.20
Foreign Exchange Fluctuations	14.13	(3.41)
Income from Investments	–	(1.96)
Dividend Income	(9.93)	(1.74)
Interest Income	(15.86)	(6.89)
Other Non-Cash items (refer explanatory Note no. 4)	16.68	7.59
Operating Profit before Working Capital Changes	792.04	522.53
<i>(Invested in) / Generated from:</i>		
Trade receivables	430.48	92.55
Other receivables	110.00	(187.25)
Inventories	(145.14)	770.76
Current Liabilities & Provisions	176.87	(875.50)
Cash generated from Operations	1,364.25	323.09
Income Tax and Interest thereon (net of refund)	(261.05)	(157.01)
Cash generated from Operations before extraordinary items	1,103.20	166.08
Prior period items (net)	9.13	(5.62)
Extraordinary Items	(8.98)	(12.89)
Non-Cash items	–	6.27
Net Cash from Operating Activities	1,103.35	153.84

Annual Report

2013-14

₹ in Crores

	31-03-14	31-03-13
B Cash Flows from Investing Activities		
Purchase of tangible assets/Capital WIP	(451.58)	(195.66)
Purchase of intangible assets	(3.14)	(0.04)
Sale of tangible assets	0.20	60.07
Investment in associate companies	(7.49)	(31.20)
Purchase of / Accretion to Investments	(27.99)	(25.06)
Sale of Investments	-	64.31
Income from Investment	-	2.25
Dividend Received	9.93	1.74
Long Term Loans and Advances	5.03	
Other Long Term Liabilities	(1.35)	
Other Long Term Provisions	(6.12)	
Interest Received	15.86	
Net Cash from Investing Activities	(466.66)	(123.59)
C Cash Flows from Financing Activities		
Long term Borrowings	492.75	-
Repayment of Long-term loans/borrowings	(24.23)	(24.23)
Net Increase/Decrease(-) in other borrowings	-	133.81
Interest paid	(42.50)	(55.24)
Dividend Paid	(73.56)	(73.56)
Corporate Dividend Tax	(12.50)	(11.93)
Realised (loss) / gains of foreign exchange differences	(14.13)	3.41
Net Cash used in Financing Activities	325.83	(27.74)
D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	962.52	2.51
E Cash & Cash Equivalents at beginning of Period	2.63	0.12
Cash/cheques in Hand	0.01	0.01
Cash at Bank	2.62	0.11
Remittance in transit	-	-
Fixed Deposits with Banks	-	-

₹ in Crores

	31-03-14	31-03-13
F Cash & Cash Equivalents at end of Period	965.15	2.63
Cash/cheques in Hand	0.01	0.01
Cash at Bank	0.14	2.62
Remittance in transit	–	–
Fixed Deposits with Banks	965.00	–

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 doubtful debts / claims and write back of Provisions.

As per our report of even date

For Ghoshal & Ghosal

Chartered Accountants

Firm Registration No.304013E

Sd/-

CA. D. K. Duttagupta

Partner

Membership No. 014855

Place: Mumbai

Date : 24th May 2014

For and on behalf of the Board of Directors

Sd/-

P. Padmanabhan

Managing Director

Sd/-

S.K. Barua

Director (Finance)

Place : Mumbai

Date : 24th May 2014

Notes to Financial Statements

1. Corporate Information

Numaligarh Refinery Limited referred to as "NRL" or "the company" was incorporated on 22nd 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.

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

Notes to Financial Statements

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.

2.6.4 Depreciation on fixed bed catalyst including content of precious metals are amortized over the useful life its assets in its initial period of use and are charged off to revenue on subsequent years of replacement.

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. Regular stores are provided for at a rate of 2%.

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 realization where sufficient risk and rewards are transferred to customers, which is generally on dispatch of goods.
- 2.9.4** Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- 2.9.5** Dividend income is recognized when right to receive is established.

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 & Derivative 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** Foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset.

Notes to Financial Statements

2.13.5 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.

2.13.6 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.

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

	31-03-14	31-03-13
Equity Shares		
Authorised		
100,00,00,000 Equity Shares of ₹10 each	1,000.00	1,000.00
	1,000.00	1,000.00
Issued, subscribed and paid-up		
73,56,31,544 fully paid Equity Shares of ₹ 10 each	735.63	735.63
	735.63	735.63

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

	31-03-14		31-03-13	
Equity Shares	Number	₹ crores	Number	₹ crores
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 31st March'2014, the amount of dividend per share recognised as distributions to equity shareholders is ₹ 1.60 (31st March 2013: ₹ 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

	31-03-14	31-03-13
Bharat Petroleum Corporation Limited (with nominees)		
45,35,45,998 (previous year 45,35,45,998) equity shares of ₹ 10 each fully paid	453.55	453.55

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

	31-03-14		31-03-13	
Name of Shareholder	Number	% of Holding	Number	% of Holding
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-Mar-14	31-Mar-13
Capital Reserve		
As per last Account	100.00	100.00
	100.00	100.00
General Reserve		
As per last Account	1,921.80	1,863.60
Add: Transfer from Statement of Profit & Loss	233.39	58.20
	2,155.19	1,921.80
Surplus/ (deficit) in the statement of profit and loss		
As per last Account	0.01	0.01
Add: profit/(loss) for the year	371.09	144.26
Less: Proposed Dividend	(117.70)	(73.56)
Less: Corporate Dividend Tax	(20.00)	(12.50)
Less: Transfer to General Reserve	(233.39)	(58.20)
	0.01	0.01
	2,255.20	2,021.81

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

	31-03-14	31-03-13
Term Loans		
From Banks		
Secured (External Commercial Borrowings)	450.75	-
Unsecured	-	-
From Oil Industry Development Board		
Secured	42.00	-
Unsecured	16.25	40.48
	509.00	40.48

External Commercial Borrowing carries interest at 3 months LIBOR plus 1.85% Margin. The loan is repayable in 3 equal yearly instalments at the end of 4th, 5th and 6th year from the date of the loan taken on various dates and keeping the average age of the maturity of repayments as 5 years. The loan is secured in favour of participating banks ranking pari-passu inter-alia by hypothecation of Plant & Equipments both present and future.

Secured Loans from Oil Industry Development Board consist of 3 loans as on 31.03.2014:

- ₹28.35 crores drawn at 8.56% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual installments of ₹ 7.09 crores.
- ₹3.95 crores drawn at 8.65% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual installments of ₹ 0.99 crores.
- ₹9.70 crores drawn at 8.77% p.a. and repayable in 5 years (incl. 1 year moratorium) in annual installments of ₹ 2.42 crores.

The loan is secured by way of mortgage/hypothecation of assets/projects financed out of loan proceeds from OIIB for which the charge is under creation.

Unsecured Loans from Oil Industry Development Board consist of 1 loan as on 31.03.2014:

- ₹16.25 crores drawn at 7.48% p.a. and repayable in next 1 year in annual installment of ₹ 16.25 crores.

6 Deferred Tax Liabilities (Net)

As per requirement of the Accounting Standard 22 - "Accounting of Taxes on Income" the net deferred tax liability recognised to the Statement of Profit and Loss during the year is ₹ (21.64) crores [previous year ₹9.69 crores]. The year end position of Deferred Tax Liability and Asset is as under:

In ₹ crores

	31-Mar-14	31-Mar-13
Deferred Tax Liability		
Difference of Book Depreciation & Tax Depreciation	284.63	305.59
Deferred Tax Assets		
Disallowance u/s 43B of Income Tax Act, 1961	66.67	65.27
Others including retirement benefits	26.05	26.76
Total	92.72	92.03
Net Deferred Tax Liability	191.91	213.56

Notes to Financial Statements

7 Other Long-Term Liabilities

In ₹ crores

	31-03-14	31-03-13
Trade Payables	-	-
Security and Earnest Money Deposits	2.46	3.81
	2.46	3.81

8 Long-Term Provisions

In ₹ crores

	31-03-14	31-03-13
Provision for employee benefits:		
Gratuity	-	-
Long Service Award	6.34	7.12
Resettlement Allowance	1.69	2.10
Post Retirement medical Benefit	-	14.93
Contingencies for probable obligations (refer note 45)	154.53	144.53
	162.56	168.68

9 Short-term Borrowings

In ₹ crores

	31-03-14	31-03-13
Loans repayable on demand		
From banks		
Secured (Working Capital Demand Loan)	-	137.00
Secured (Cash Credit)	33.08	-
Un-Secured (Overdraft)	0.70	-
Un-Secured (Foreign Currency Loans)	225.52	215.49
Un-Secured (Rupee Loans)	-	-
	259.30	352.49

Cash Credit from State Bank India carries interest @ 10.25% 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 and second charge on Plant & Machinery and other Fixed Assets of the company.

Un-secured loan in the form of over draft from HDFC Bank with a limit of ₹ 3 crores which carries interest @ 12% p.a. These loans are repayable on demand.

Foreign Currency Loans are in the form of Buyer's Credit USD 36.61 million (previous year USD 39.46 million).

Notes to Financial Statements

10 Trade Payables

	<i>In ₹ crores</i>	
	31-03-14	31-03-13
Due to micro and small enterprises	1.55	0.22
Due to others	789.85	515.82
	791.40	516.04

Details of amounts due to Micro & Small Enterprises to the extent of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under:

	<i>In ₹ crores</i>	
	31-03-14	31-03-13
Amount due and Payable at the Year End		
-Principal	1.55	0.22
-Interest on above Principal	-	-
Payment made during the year after the due date		
-Principle	-	-
-Interest	-	-
Interest due and payable for Principals already paid	-	-
Total Interest accrued and remained unpaid at year end	-	-

11 Other Current Liabilities

	<i>In ₹ crores</i>	
	31-03-14	31-03-13
Current maturities of long term debt	24.23	24.23
Advances from Customers	2.33	1.10
Interest Accrued but not due on borrowings	0.54	1.13
Sales Tax, Entry Tax, Excise, Customs etc.	125.58	112.57
Employee related liabilities	15.31	12.26
Deposits from customers	2.76	2.01
Other deposits and retentions	51.06	36.84
Other Payables	1.51	30.61
	223.32	220.75

Current maturities of long term debt consist of two loans from Oil Industry Development Board as on 31.03.2014:

- ₹7.98 crores drawn at 5.00% p.a. and repayable within 1 year in annual installment of ₹ 7.98 crores.
- ₹16.25 crores drawn at 7.48% p.a. and repayable in next 1 year in annual installment of ₹ 16.25 crores.

Notes to Financial Statements

12 Short-Term Provisions

		₹ in Crores	
		31-03-14	31-03-13
a	Provision for employee benefits		
	Leave Encashment	30.80	29.86
	Pension	2.96	2.96
	Other defined benefits		-
	Long Service Award	0.29	0.24
	Resettlement Allowance	0.04	0.06
	Post Retirement Medical Benefit	-	1.07
	Other Short-term Employee Benefits	0.35	0.71
		34.44	34.90
b	Other Provisions		
	Provision for Taxation (net of Tax paid)	5.60	45.69
	Proposed Dividend	117.70	73.56
	Corporate Dividend Tax on Proposed Dividend	20.00	12.50
		143.30	131.75
		177.74	166.65

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 Benefit 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	
		Deductions on account of Retirement/Reclassification				Deductions on account of Retirement/Reclassification				
As at	Addition			As at	As at	Addition		As at	As at	
01-04-13				31-03-14	01-04-13			31-03-14	31-03-13	
(1)	(2)	(3)	(4)=(1+2+3)	(5)	(6)	(7)	(8)=(5+6+7)	(9)=(4+8)	(10)=(1-5)	
Land Freehold	29.38	-	-	29.38	-	-	-	29.38	29.38	
Land Leasehold	0.16	-	-	0.16	0.09	-	0.09	0.07	0.07	
Buildings	387.76	12.76	(0.12)	400.40	73.52	8.89	(0.21)	82.20	314.24	
Plant and Equipment	2,749.16	63.67	(1.88)	2,810.95	1,541.46	150.38	(1.11)	1,690.73	1,207.70	
Furniture and Fixtures	9.60	1.63	(0.58)	10.65	5.25	0.32	(0.02)	5.55	4.35	
Vehicles	21.79	0.30	(0.10)	21.99	17.18	0.89	(0.24)	17.83	4.61	
Office equipments	38.52	1.89	(0.75)	39.66	21.50	3.20	(0.06)	24.64	17.02	
Other equipments	69.84	16.02	(0.50)	85.36	26.80	5.35	-	32.15	43.04	
Tanks and Pipelines	233.70	15.28	-	248.98	196.16	5.13	(0.70)	200.59	37.54	
Dispensing Tanks and Pipelines	0.41	-	-	0.41	0.17	0.02	-	0.19	0.24	
Railway Sidings	48.08	-	-	48.08	21.31	2.30	-	23.61	26.77	
Total	3,588.40	111.55	(3.93)	3,696.02	1,903.44	176.48	(2.34)	2,077.58	1,684.96	
<i>Previous Year Figures</i>	3,628.35	59.32	(99.27)	3,588.40	1,746.80	183.64	(27.00)	1,903.44	1,881.56	

a) Freehold Land includes ₹ 10.98 Crore (₹ 11.00 Crore) in respect of 349.57 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) Additions to Gross Block includes capitalisation of borrowing costs of ₹ 0.05 crores (₹ Nil crores).

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

- (i) ₹ 0.47 crores (₹ 10.66 crores) on account of Write off of Physical Verification discrepancies.
- (ii) ₹ 3.46 crore (₹ 88.61 Crore) on account sale retirement, deletions and reclassifications.

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

- (i) Charged to Profit & Loss Account ₹ 175.91 Crore(₹ 177.61 Crore)
- (ii) Charged to previous year expenses ₹ Nil (₹ 5.48 Crore)
- (iii) Charged to project expenses ₹ 0.57 crore (₹ 0.56 Crore)

e) Deduction from Depreciation(Column 7) includes :

- (i) ₹ 0.41 Crore (₹ 9.37 Crore) on account of Write off of Physical Verification discrepancies.
- (ii) Withdrawal of depreciation of ₹ 1.36 Crore (₹ 17.03 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
	01-04-13			31-03-14	01-04-13			31-03-14	31-03-14	31-03-13
Computer Software (SAP Implementation cost)	8.34	-	-	8.34	8.34	-	-	8.34	-	-
Computer Software (Aspen PIMS)	3.04	0.45		3.49	0.96	0.84	-	1.80	1.69	2.08
Licenses - SAP Upgradation (For SAP upgradation, Process plants, etc)	11.25	2.69	-	13.94	7.67	2.26	-	9.93	4.02	3.58
Total	22.63	3.14	-	25.77	16.97	3.10	-	20.07	5.71	5.66
Previous Year Figures	22.59	0.04	-	22.63	13.65	3.32	-	16.97	5.66	8.94

Amortisation for the year includes:

(i) Charged to the Statement of Profit & Loss ₹ 3.10 Crores (₹ 2.52 Crores)

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

15 Capital work-in-progress

In ₹ crores

	31-03-14	31-03-13
Work-in-progress	564.70	236.04
Assets held for sale	3.14	3.14
Less : Provision for Capital Losses	(2.15)	(2.27)
	565.69	236.91
Capital Stores	8.49	11.36
Capital goods in transit	8.48	6.81
	582.66	255.08
Construction period expenses pending allocation		
Opening balance	12.19	6.46
Add: Expenditure during the year		
Establishment charges	3.35	5.16
Depreciation	0.57	0.56
Finance Cost	9.30	-
	25.41	12.18
Less : Allocated to assets during the year	1.72	-
Closing balance	23.69	12.18
Total	606.35	267.26

Notes to Financial Statements

16 Non Current Investment

			In ₹ crores	
	Number of Shares	Face Value ₹	31-03-14	31-03-13
Trade Investment (valued at cost unless stated otherwise)				
Investments in Equity Instruments (Unquoted)				
Brahmaputra Cracker and Polymer Ltd.	11,32,87,159	10	113.29	105.80
Investments in associates				
DNP Limited	4,34,90,000	10	43.49	43.49
Other Investments			-	-
			156.78	149.29

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	
	31-03-14	31-03-13
Capital Advances	11.41	14.00
Security Deposits	4.25	4.77
Loans and advances to employees (secured)	40.74	36.09
Advance for investment	13.61	21.10
Other Loans and advances	-	-
Considered good	0.03	0.02
	70.04	75.98

Advance for investment is made towards equity shares of:

Brahmaputra Cracker and Polymer Limited (Pending Allotment)	13.61	21.10
---	-------	-------

Loans and advances include dues from Directors ₹ 0.11 crore (previous year ₹ 0.07 crore) and dues from officers ₹ 21.43 crore (previous year ₹ 20.19 crore)

18 Other Non-Current Assets

(Unsecured, considered good unless otherwise stated)

	In ₹ crores	
	31-03-14	31-03-13
Non Current Bank Balances	-	-
Long Term Trade Receivables	-	-

Notes to Financial Statements

19 Current Investments

In ₹ crores

	31-03-14	31-03-13
Valued at cost or fair value unless stated otherwise		
Investments in Mutual Funds (Non-Trade, Quoted)	53.05	25.06
	53.05	25.06

20 Inventories

(refer note 2.8 for valuation policy)

In ₹ crores

	31-03-14	31-03-13
Raw materials	257.71	133.39
Stock in process	65.60	81.56
Finished products	960.25	930.91
Stores and spares	147.40	139.80
Less: Provision for losses	(81.45)	(78.59)
Stores and spares in Transit	0.32	0.48
	1,349.83	1,207.55
Details of Inventory of Finished products		
<i>Manufactured goods</i>		
LPG	5.35	3.41
Naphtha	228.21	155.92
MS	154.10	149.30
ATF	16.93	21.98
SKO	63.68	86.83
HSD	469.84	483.44
RPC	4.08	21.06
Sulphur	0.26	0.30
CPC	17.80	8.67
	960.25	930.91

Notes to Financial Statements

21 Trade Receivables

In ₹ crores

	31-03-14	31-03-13
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	13.35	15.63
Considered doubtful	0.11	2.26
Provision for doubtful receivables	(0.11)	(2.26)
	13.35	15.63
Other receivables		
Considered good	265.01	691.07
Considered doubtful	-	-
	265.01	691.07
	278.36	706.70

22 Cash & Bank Balances

In ₹ crores

	31-03-14	31-03-13
Cash & Cash Equivalents		
Balances with bank		
On current accounts	0.05	2.53
Deposits with original maturity of less than three months	965.00	-
Other earmarked balances with bank	0.09	0.09
Cash on hand	0.01	0.01
	965.15	2.63

Notes to Financial Statements

23 Short-Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

In ₹ crores

	31-03-14	31-03-13
Security Deposits	1.34	0.60
Loans and advances to employees (secured)	3.82	3.76
Other loans and advances		
Considered good	1.03	123.10
Considered doubtful	1.20	1.04
Less: Provision for doubtful advances	(1.20)	(1.04)
Prepaid expenses	0.54	0.38
Claims Receivable		
Considered good	39.55	39.39
Considered doubtful	2.23	2.04
Less: Provision for doubtful claims	(2.23)	(2.04)
Deposits with Customs, Excise, etc.(net)	27.78	37.92
Advance Income Tax (net of provision for taxation)	70.08	62.83
	144.14	267.98

Deposits with Customs, Excise etc. includes CENVAT credit on capital goods of ₹ 13.63 crores (previous year ₹ 13.63 crores) 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.

Loans and advances due from Directors ₹0.01 crore (previous year ₹ 0.03 crore) and due from officers ₹2.16 crore (previous year ₹ 2.01 crore)

24 Other Current Assets

In ₹ crores

	31-03-14	31-03-13
Interest accrued but not due on Bank Deposits	9.20	-
Unamortised premium on forward contract	0.97	0.54
Other Receivables	50.50	46.29
	60.67	46.83

Other Receivable includes amounts of ₹3.77 crores from Gratuity Fund and ₹ 1.15 crores from Post Retirement Medical Benefit Fund.

Notes to Financial Statements

25 Revenue from operations (Gross)

	<i>In ₹ crores</i>	
	<i>31-03-14</i>	<i>31-03-13</i>
Sale of Products (Gross)	9,848.55	8,731.07
Other Operating Revenue		
Terminal Charges from Oil Marketing Companies	23.60	21.81
Other	4.61	4.13
	9,876.76	8,757.01
Details of Product Sold		
<i>Manufactured goods</i>		
LPG	316.94	256.28
Naphtha	763.27	600.10
MS	2,274.55	2,223.51
ATF	463.58	365.27
SKO	676.27	488.37
HSD	5,210.67	4,628.15
RPC	31.21	14.60
Sulphur	2.03	2.22
CPC	110.03	133.22
	9,848.55	8,711.72
<i>Traded goods</i>		
MS	-	5.03
HSD	-	14.32
	-	19.35
	9,848.55	8,731.07

Notes to Financial Statements

26 Other Income

In ₹ crores

	31-03-14	31-03-13
Interest Income		
On Bank Deposits	18.88	-
On Current Investments	-	1.96
Others	2.75	2.11
Dividend Income		
On Current Investments	9.44	1.74
On Long term Investments	0.49	-
Other non-operating income	11.56	31.18
Write back of liabilities/provisions no longer required	5.60	42.94
Foreign Exchange Fluctuations (net)	-	3.41
	48.72	83.34

27 Cost of material consumed

In ₹ crores

	31-03-14	31-03-13
Opening Stock	133.39	360.26
Add : Purchases	7,885.40	6,249.84
	8,018.79	6,610.10
Less : Closing Stock	257.70	133.39
Cost of material consumed	7,761.09	6,476.71
Details of raw material consumed		
Crude Oil	7,177.10	6,018.25
MTBE, Reformate and Py-Gas	457.91	377.98
Natural Gas	126.08	80.48
	7,761.09	6,476.71

Notes to Financial Statements

28 Changes in inventories of finished goods and work in progress

In ₹ crores

	31-03-14	31-03-13
Value of closing stock of		
Finished goods	960.25	930.91
Stock in process	65.60	81.56
	1,025.85	1,012.47
Less:		
Value of opening stock of		
Finished goods	930.91	1,486.67
Stock in process	81.56	86.42
	1,012.47	1,573.09
	13.38	(560.62)

29 Employee benefits expenses

In ₹ crores

	31-03-14	31-03-13
Salaries and wages	88.51	78.65
Contribution to provident fund and other funds	18.31	15.31
Contribution to gratuity fund	-	1.99
Bonus	14.13	9.98
Leave Encashment	4.33	1.84
Welfare expenses	19.25	22.15
	144.53	129.92

30 Finance costs

In ₹ crores

	31-03-14	31-03-13
Interest expense on loans	30.20	55.03
Interest expense others	-	2.85
Interest expense on delayed payments	0.19	1.15
Other borrowing costs	0.20	0.16
Applicable net loss on foreign currency transactions and translations	11.32	0.21
	41.91	59.40

Notes to Financial Statements

31 Other expenses

In ₹ crores

	31-03-14	31-03-13
Power and Fuel	147.06	128.87
Less:Consumption of fuel out of own production	(0.43)	(5.68)
Power and Fuel (net)	146.63	123.19
Consumption of stores, spares and materials	26.19	22.97
Rent	3.28	3.67
Other Duties and taxes	84.05	84.06
Transportation	194.29	112.78
Repairs to buildings	0.56	0.32
Repairs to machinery	17.72	23.08
Repairs others	45.23	48.60
Insurance	6.88	5.80
Rates and taxes, excluding taxes on income	0.83	1.01
Payment to Auditor as Auditor	0.07	0.05
Payment to Auditor for other services	0.01	0.01
Payment to Auditor for reimbursement of expenses	0.01	-
Utilities	4.37	4.49
Facility hire charges	5.28	5.66
Travelling and conveyance	13.15	14.41
Communication expenses	0.53	0.50
Others	40.15	35.96
Increase/(Decrease) in Excise Duty on inventory differential	2.61	2.25
Loss on sale/write off of Fixed Assets (net)	-	13.03
Foreign Exchange Fluctuations (net)	14.13	-
Amortisation of premium on forward contracts	2.76	0.19
Provision for Stores	2.86	37.20
Provision for Doubtful Debts, Advances and Claims	1.18	12.41
Provision for Legal cases	10.00	-
Expenses on CSR activities	5.18	5.36
Charity and donation	0.20	0.44
	628.15	557.44

Notes to Financial Statements

32 Extraordinary Items

In ₹ crores

	31-03-14	31-03-13
Loss on account of fire	8.98	12.89
	8.98	12.89

Loss on account of fire on 31st May 2013 in the Crude Distillation Unit/Vacuum Distillation Unit of the Refinery resulted in partial damage to the unit. Against the said loss the company has provisionally recognised an amount of ₹9.38 crores as claim receivable against which an amount of ₹4.25 crores was received during the year.

33 Prior period items (net)

In ₹ crores

	31-03-14	31-03-13
Consumption of Stores	-	(0.65)
Other operating and administration expenses	(9.13)	-
Depreciation and amortisation expense	-	6.27
	(9.13)	5.62

Other operating and administration expenses includes an amount of ₹9.13 crores provisionally accounted for as claim receivable from our Insurance Company against our insurance claim for a fire in Hydro Cracker Unit of the Refinery on 07th April, 2012.

- 34** Provision for taxation for the financial year 2013-14 amounting to ₹ 205.84 crores (previous year ₹ 115.08 crores) has been made as per normal provisions of the Income Tax Act.

35 Earnings per equity share

In ₹ crores

	31-03-14	31-03-13
Face value ₹ 10/- each		
Net Profit as per Profit and Loss account available to Equity Shareholders	371.09	144.26
Weighted average number of Equity Shares outstanding during the year	73,56,31,544	73,56,31,544
Basic earnings per share (₹)	5.04	1.96
Diluted earnings per share (₹)	5.04	1.96

- 36 Segment Reporting:** The company operates in a single segment-Refining and Marketing activities i.e., downstream petroleum sector. Considering the nature of business and operation, there is no reportable segment (business and/or geographical) in accordance with the requirements of 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 2014.

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. S. R. Medhi	Director (Technical)
	Mr. S. K. Barua	Director (Finance)

Remuneration to Key Managerial Personnel:	31-Mar-14	31-Mar-13
Salary and Allowances	0.69	0.92
Contribution to Provident Fund & other funds	0.14	0.16
Other benefits	0.45	0.51
Total	1.28	1.59

- 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 ₹ 7.98 crore (previous years ₹ 6.71 crore) which has been debited to the Statement of Profit and Loss. The future minimum lease payment is as under:

	31-Mar-14	31-Mar-13
Not later than one year	8.49	2.79
Later than one year and not later than five years	16.12	-
Later than five years	-	-

- 40** An amount of ₹ 84.05 crores (Previous year ₹ 84.06 crores) has been charged to the Statement of Profit and Loss towards under recovery of Central Sales Tax (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 rate for the year 2013-14 to be passed on by Oil India Ltd. (OIL) and Oil and Natural Gas Corporation Ltd. (ONGC) to NRL. Accordingly NRL has received upstream crude oil discount amounting to ₹ 5738.13 crores (Previous year ₹4948.97 crores) from OIL / ONGC which has been subsequently passed on by NRL to BPCL through sale of products.

- 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 2013-14 in line with financial year 2012-13. To augment crude availability of north-east refineries, imported crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is being shared by all four North-East (NE) refineries as per mutual agreement. 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.

- 44** As on 31st March 2014, the Company has a stock of approximately 800 kgs of spent catalyst (scrap), which contains approximately 2.632 kgs of platinum.

Notes to Financial Statements

45 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
Legal Cases		10.00	-	-	10.00
Total	144.53	10.00	-	-	154.53
<i>Previous year</i>	<i>144.53</i>	<i>-</i>	<i>-</i>	<i>-</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 a Writ Petition (Civil) has been filed 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 was assessed at ₹ 194.53 crores. The Court vide interim Order dated 04.02.2010 has directed the Company to pay, under protest, to the State a sum of ₹ 50 crores which the Company has deposited under protest to the tax authority.

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

46 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.

Leave Encashment: The Employees are entitled to accumulate Earned Leave and Half Pay 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 Half Pay Leave can be encashed by the employees on superannuation, resignation and termination or by nominee on death.

Other defined benefits: These are :

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

Notes to Financial Statements

₹ in Crore

Reconciliation of balances of Defined Benefit Obligations	Gratuity Funded		Post Retirement Medical Benefit Funded		Long Service Award Non Funded		Leave Encashment Non Funded		Resettlement Allowance Non Funded	
	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13
Defined Obligations at the beginning of the year	22.46	18.93	16.00	13.71	7.36	4.62	29.86	30.86	2.16	1.69
Interest Cost	1.79	1.61	1.28	1.16	0.59	0.38	2.39	2.61	0.17	0.15
Current Service Cost	0.37	0.36	1.22	1.05	0.47	0.30	0.74	1.23	0.20	0.16
Benefits paid	(0.36)	(0.32)	(0.11)	(0.11)	(0.03)	(0.02)	(3.38)	(2.83)	(0.30)	(0.30)
Actuarial (Gains)/ Losses on obligations	(2.44)	1.88	(2.18)	0.19	(1.76)	2.08	1.20	(2.01)	(0.50)	0.46
Defined Obligations at the end of the year	21.82	22.46	16.21	16.00	6.63	7.36	30.81	29.86	1.73	2.16

Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity/ Post Retirement Medical Benefit Fund

	31-03-14	31-03-13	31-03-14	31-03-13
Fair Value at the beginning of the year	23.80	19.64	-	-
Expected Return	1.90	1.67	-	-
Actuarial Gain/(Losses)	0.25	0.19	0.87	-
Actual return on Plan assets	2.15	1.86	0.87	-
Contribution by employer	-	2.62	16.60	-
Benefits paid	(0.36)	(0.32)	(0.11)	-
Fair Value of Plan Assets at the end of the year	25.59	23.80	17.36	-

Amount recognised in Balance Sheet

	(3.77)	(1.34)	(1.15)	16.00	6.63	7.36	30.81	29.86	1.73	2.16
--	--------	--------	--------	-------	------	------	-------	-------	------	------

Amount recognised in the Statement of Profit and Loss

Current Service Cost	0.37	0.36	1.22	1.05	0.47	0.30	0.74	1.23	0.20	0.16
Interest Cost	1.79	1.61	1.28	1.17	0.59	0.39	2.39	2.62	0.17	0.14
Expected Return on Plan Assets	(1.90)	(1.67)	(0.87)	-	-	-	-	-	-	-
Actuarial (Gains)/ Losses	(2.69)	1.69	(2.18)	0.19	(1.76)	2.08	1.20	(2.01)	(0.50)	0.46
Expenses for the period	(2.43)	1.99	(0.55)	2.41	(0.70)	2.77	4.33	1.84	(0.13)	0.76

Major Actuarial Assumptions

Discount Rate	9.31%	8.00%	9.31%	8.00%	9.31%	8.00%	9.31%	8.00%	9.31%	8.00%
Salary Escalation / Inflation	8.00%	8.00%	8.00%	8.00%	7.00%	7.00%	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	9.31%	8.00%	9.31%	-	-	-	-	-	-	-

Notes to Financial Statements

Investment pattern for Gratuity Fund/PRMB	31-03-14	31-03-13	31-03-14	31-03-13
Category of Asset	%	%	%	%
Government of India Asset	-	-	-	-
Corporate Bonds	-	-	-	-
Special Deposit Scheme	-	-	-	-
State Government	-	-	-	-
Others	100	100	100	-
Total	100	100	100	-

As per our best estimate, ₹ Nil crores is expected to be paid to the Gratuity Fund as contribution in the year 2014-15.

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

	31-03-14	31-03-13
Change in Liability for : 1% increase in Discount Rate	0.91	2.45
Change in Liability for : 1% decrease in Discount Rate	(1.33)	(1.30)

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.

47 Commitments and Contingent Liabilities:

	In ₹ crores	
	31-03-14	31-03-13
Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	168.03	217.56
Commitments relating to lease arrangements	24.61	2.79
Contingent Liabilities :		
<u>Claims against the Company not acknowledged as debts :</u>		
Claim by contractors Arbitration cases/other extra claims on capital account	149.08	146.07
Land matters	-	-
<u>In respect of taxation matters:</u>		
Excise Duty Matters	264.14	225.32
Service Tax Matters	2.01	1.93
Sales Tax Matters	61.55	9.48

Notes to Financial Statements

Commitments and Contingent Liabilities (contd.):

	31-03-14	31-03-13
Income Tax Matters	-	0.11
Entry Tax Matters	165.41	139.40
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 BCP Ltd., an associate company.	60.17	74.85

48 Derivative Instruments and unhedged foreign currency exposure:

a. Derivatives outstanding as at the reporting date					
Particulars	Purpose	31-03-14		31-03-13	
		USD million	₹ crores	USD million	₹ crores
Forward contracts to buy USD	Hedge of Buyers Credit Loan (Short Term)	16.13	96.95	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)		21.55	129.54	32.92	179.06
c. Mark-to-Market losses					
Mark-to-Market losses provided for			2.45		Nil

49 Value of imports calculated on C.I.F. basis :

	31-03-14	31-03-13
Raw Materials	522.95	350.66
Components and spare parts	28.36	7.54
Capital goods	282.44	3.98

50 Expenditure in foreign currency :

	31-03-14	31-03-13
Royalty	-	2.10
Know-how	0.40	0.45
Professional Consultancy Fees	3.34	1.14
Purchase of products	799.76	347.42
Other matters		
i) Travelling	-	0.08
ii) Others	-	-

Notes to Financial Statements

51 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	-	-	7,177.10	100.00	7,177.10
	-	-	(6,018.25)	100.00	(6,018.25)
MTBE, Reformate and Py-Gas	457.91	100.00	-	-	457.91
	(349.89)	92.57	(28.09)	7.43	(377.98)
Natural Gas	-	-	126.08	100.00	126.08
	-	-	(80.48)	100.00	(80.48)
Stores/Spare parts and Components (including chemicals & catalysts)	4.35	16.61	21.84	83.39	26.19
	(5.99)	26.08	(16.98)	73.92	(22.97)

52 Earnings in foreign currency (accrual basis)

	31-3-14	31-3-13
Exports at F.O.B. Value	Nil	Nil

53 Previous year figures

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

Signature to Notes '1' to '53'

As per our report of even date
For Ghoshal & Ghosal
Chartered Accountants
Firm Registration No.304013E
Sd/-
CA. D. K. Duttagupta
Partner
Membership No. 014855

Place: Mumbai
Date : 24th May 2014

For and on behalf of the Board of Directors

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

Sd/-
H. K. Sarmah
Company Secretary

Place: Mumbai
Date : 24th May 2014

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	
Technical					
Executives	50	109	105	40	304
Workmen	18	108	253	14	393
Sub Total	68	217	358	54	697
Others					
Executives	8	38	52	23	121
Workmen	0	10	29	3	42
Sub Total	8	48	81	26	163
Grand Total	76	265	439	80	860
Average age 40 Years					

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

- (I) Continuity of present pattern of employee compensation, both direct and indirect.
- (ii) Continuity in career growth as per present policy of the company.
- (iii) The future earnings have been discounted at the cost of capital of 7.36% (previous year 2.14%)

Value of Human Resources

in ₹ Crore

	2013-14	2012-13	2011-12	2010-11	2009-10
Executives	1,788.66	1,731.22	1,659.65	1,305.62	923.62
Workmen	977.95	999.98	1,037.57	1,051.41	461.62
	2,766.61	2,731.20	2,697.22	2,357.03	1,385.25
Human Assets vis-à-vis Total Assets					
Value of Human Assets	2,766.61	2,731.20	2,697.22	2,357.03	1,385.25
Net Fixed Assets	2,224.79	1,952.22	2,010.45	2,111.92	2,155.43
Net Current Assets	1,605.69	1,328.25	1,085.53	746.38	615.52
	6,597.09	6,011.67	5,793.20	5,215.33	4,156.20
Profit before tax	562.65	262.86	287.46	414.13	361.71
Value Added	1,383.43	1,043.59	1,172.81	896.84	741.27
Ratio of :					
Profit(before tax) to Human Resources	20%	10%	11%	18%	26%
Value Added to Human Resources	50%	38%	43%	38%	54%
Human Resources to Total Resources	42%	45%	47%	45%	33%

Social Accounts

in ₹ Crore

	2013-14	2012-13	2011-12	2010-11	2009-10
I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES					
a) Social Benefits to Employees					
1 Welfare facilities	7.58	7.35	7.92	6.34	6.20
2 Ex-gratia/Awards	14.13	9.98	10.49	10.16	15.93
3 Medical facilities	12.39	11.89	10.78	8.16	7.83
4 Retirement Benefits	6.32	12.00	25.33	5.99	0.91
5 Interest Concessions	-	-	0.87	2.20	0.74
6 Training and career development	0.89	0.70	0.62	0.78	0.59
7 Clothing and Uniform	0.03	0.31	-	0.26	0.71
8 Holiday Facilities	3.00	3.06	4.90	3.23	3.31
9 Transport Facilities	3.59	3.82	3.48	2.84	2.49
10 Insurance	1.04	0.88	0.65	0.28	0.34
11 Educational Facilities	0.75	1.42	1.74	1.39	1.60
12 Township Costs	4.42	4.61	5.10	4.36	4.18
13 Power Service at Township	0.93	0.93	0.94	1.23	1.10
14 Others	24.66	20.86	19.79	11.59	9.60
Total (a)	79.73	77.81	92.61	58.81	55.53
b) Social Cost to Employees :					
1 Out of pocket expenses surrendered	1.49	1.67	0.99	1.34	0.30
Total (b)	1.49	1.67	0.99	1.34	0.30
Net Social Income to Employees (a-b)	78.24	76.14	91.62	57.47	55.23
II SOCIAL BENEFITS TO COMMUNITY					
1 Local Taxes	0.33	0.60	0.66	0.59	0.49
2 Environment Improvements	0.69	1.24	1.10	0.47	0.43
3 Expenditure on Project-Education	1.11	1.18	1.69	1.90	1.34
4 Expenditure on -Agriculture & allied	0.74	0.61	0.72	0.54	0.64
5 Expenditure on -Infrastructure	0.78	1.89	2.00	1.46	1.71
6 Expenditure on -Medical	0.96	0.55	0.53	0.35	0.50
7 Expenditure on -Sports & Culture	1.70	1.28	0.93	0.72	0.51
8 Generation of job potential to local people	12.95	12.53	7.58	7.48	6.88
9 Generation of business	565.27	512.64	498.62	288.53	264.62
Total Social income to community	584.53	532.52	513.83	302.04	277.12

In ₹ Crores

	2013-14	2012-13	2011-12	2010-11	2009-10
III SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC					
a) Benefits to the General Public					
1 Taxes paid to State Government	234.79	270.74	542.49	340.61	364.45
2 Dividend paid to State Government	9.08	9.08	13.62	13.62	13.62
3 Taxes and Duties paid to Central Government	890.35	748.34	859.60	791.98	803.12
Total (a)	1,134.22	1,028.16	1,415.71	1,146.21	1,181.19
b) Costs to the General Public :					
1 Purchase of Power	4.38	4.49	3.37	3.36	2.38
Total (b)	4.38	4.49	3.37	3.36	2.38
Net Social Income to the General Public (a-b)	1,129.84	1,023.67	1,412.34	1,142.85	1,178.81
Net Social Income to Employees, Community and General Public (I+II+III)	1,792.61	1,632.33	2,017.79	1,502.36	1,511.16

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

	2013-14	2012-13
Cost of Capital		
Cost of Equity	7.84%	2.14%
Cost of Debt (net of tax)	5.15%	4.54%
Weighted Average Cost of Capital	7.36%	2.14%
Average Capital Employed	3,124.36	2,997.45
Economic Value Added		
Operating Profits	604.56	322.26
Less: Tax	191.56	118.60
Cost of Capital	229.95	64.15
Economic Value Added	183.05	139.51
Return Ratios		
PAT/Average Capital Employed	11.88%	4.81%
EVA/Average Capital Employed	5.86%	4.65%



