# Annual Report 2017-18

Treading a path of holistic and sustainable growth

NUMALIGARH REFINERY LIMITED
A GOVERNMENT OF INDIA ENTERPRISE
NRL

# 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.

# ANNUAL REPORT 2017-18

# ANNUAL REPORT 2017-18

# Contents

# CHAIRMAN'S MESSAGE

**Dear Stakeholder,**

I am pleased to share with you the Annual Report and Financial Statement of your Company for the year ended 31st March 2018. Continuing the trend of robust performances of previous years, your Company once again delivered an excellent performance in the financial year 2017-18. With strong commitment and unwavering support of all stakeholders, I am sure NRL will continue its journey with record breaking performance in coming years.

During the financial year 2017-18, NRL made a Profit after Tax of ₹2042 crore at consolidated level and for the first time your Company paid an Interim Dividend of 160% to the Shareholders. During the year, the Refinery processed 2,809 TMT (Thousand Million Ton) of Crude Oil compared to 2,683 TMT in the previous year with capacity utilization of 93.65%. NRL's distillate yield was higher at 86.7% compared to previous year's 86.5% and Specific Energy Consumption (SEC) also improved to 64.87 MBN from 72.3 in 2016-17. Owing to good physical performance, NRL recorded a Gross Refining Margin (GRM) of $11.43 per bbl compared $8.50 per bbl in previous year. NRL's distillate yield, SEC and GRM continued to be among the best in the country.

Your Company, in its quest for excellence, achieved highest ever production of Motor Spirit (615 TMT), High Speed Diesel (1867 TMT), Paraffin Wax (46 TMT) and LPG bottling (39 TMT). Capacity utilization of the Hydrocracker Unit (HCU) was consistently achieved at 122% in order to meet BS-IV HSD production towards compliance of auto fuel norms. The Diesel Hydro Treater Unit (DHDT) was commissioned in January 2018 as scheduled and modernization and capacity augmentation of the LPG bottling plant was completed during the year. Your Company maintained its position as the leading marketer of Paraffin Wax in the country with above 45% market share of indigenous wax. Besides, NRL's wax has reached the markets of more than 24 countries. Gas oil was also exported to Bangladesh on a regular basis. Total export value in 2017-18 reached US$ 17.5 million compared to US$ 4.1 million in the previous year.

The joint venture company "Assam Bio Refinery Pvt. Ltd" has been incorporated to set up the bio-refinery plant at Numaligarh. Implementation of the India-Bangladesh Friendship Pipeline (IBFPL) is expected to commence shortly. Government of India has approved a grant-in-aid support for Bangladesh portion of the pipeline. NRL's dream proposal for expansion of the refinery is also under active consideration by the Government of India. NRL is participating in the North East Gas Grid project as a joint venture partner together with GAIL, IOCL, ONGC and OIL. The Gas Grid will connect all state capitals and major industrial consumers in the North East region. In addition, NRL is bidding to develop CGD / PNG network in potential cities and towns in North East.

Your Company continued to emphasize on development of people, ensuring a conducive environment to enhance productivity. During the year, your Company has taken several initiatives for developing and sustaining workforce competencies which is the lifeline for sustenance of company's growth and development process.

On Corporate Social Responsibility front, NRL continues to drive its CSR programs to bring a positive change in the lives of people in the neighborhood. NRL doubled its CSR expenditure in 2017-18 at ₹45.96 crore against the previous year's ₹20.70 crore. Efforts were made to ensure that benefits of CSR activities reach to the less privileged and marginalized section of the society. Concerted efforts were made to promote education, women empowerment, skill development, health care and Swachh Bharat Abhiyan. NRL had spent 33% of its CSR budget on Swachata Action Plan. More than 75 villages of nearby area and around 100 educational institutes were direct beneficiaries of NRL's CSR program.

The growth of any company is accelerated by the continued efforts and commitment of its employees and the unwavering support of all stakeholders. I take this opportunity to place on record our appreciation towards the employees and stakeholders of NRL. I would also like to thank MOP&NG, the Assam Government and the Board of Directors for their guidance and support. I assure you that NRL will continue to perform par excellence and deliver results beyond expectation.

Warm regards,

**D. Rajkumar**
Chairman

# BOARD OF DIRECTORS

**D. Rajkumar**
Chairman

**Bankers**

State Bank of India
HDFC Bank Ltd
IndusInd Bank
Axis Bank
Canara Bank
Allahabad Bank
Union Bank
Yes Bank

**Auditors**

M. C. Bhandari & Co.
Chartered Accountants
4, Synagogue Street
(Behind Central Bank, Braboume Road)
Kolkata – 700001 (India)

**Refinery Unit**

Pankagrant
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 Office**

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

NUMALIGARH REFINERY LIMITED
A GOVERNMENT OF INDIA ENTERPRISE
NRL

# BOARD OF DIRECTORS

**S. K. Barua**
Managing Director &
Director (Finance) In-charge

**B. J. Phukan**
Director (Technical)

**Ravi Capoor**
Director

**P. Padmanabhan**
Managing Director
*[up to 31-10-2017]*

**Rajkumar Sharma**
Independent Director

**Mrs. Sneh Lata Kumar**
Independent Director
*[w.e.f. 08-09-2017]*

**Utpal Bora**
Director

**Dr. Praphullachandra Sharma**
Director
*[w.e.f. 24-11-2017]*

**Alok Tripathi**
Director
*[up to 04-10-2017]*

(L to R) Mr. B. J. Phukan, Director (Technical); Mr. S. K. Barua, Managing Director and Director (Finance), In-charge

## Management Team

| | | | |
|---|---|---|---|
| Mr. A. K. Bhattacharya | Sr. CGM (CA) | Mr. Sanjay Khanna | GM (Technical) I/c |
| Mr. B. Ekka | Sr. CGM (Mktg. & BD) | Mr. Nalini Kanta Buragohain | GM (Commercial) |
| Mr. P. K. Barua | CGM (Cord & Finance) | Mr. Aseem Kr. Choudhury | GM (T&E) |
| Mr. Debashish Choudhury | CGM (HR) I/c | Mr. Prabir Kr. Talukdar | GM (HR) |
| Mr. N. Borthakur | CGM(Technical) | Mr. Anup Kr. Baruah | GM (T&D) |
| Mr. A. P. Chakravortty | CGM(Project) | Mr. Pallav Kumar Das | GM (Operations) |
| Mr. Gopal Sarma | CGM (Operations) | Mr. Subrata Das | GM (Marketing) |
| Mr. Indranil Mittra | CGM (Finance) | Mr. Bimlesh Gupta | GM (TS) |
| Mr. Pankaj Kr. Baruah | CGM (CSR) | Mr. Ghana Shyam Gogoi | GM (Commercial) |
| Mr. G. N. Sarma | CGM(Internal Audit) | Mr. Naba Kumar Sarma | GM ( HR) |
| Mr. H. K. Nath | CGM (Maintenance) | Mr. Dhiren Handique | GM (IHP) |
| Mr. H. K. Sarmah | Company Secretary | Mr. Pratul Saikia | GM (Finance) |
| Mr. G. K. Borah | GM(Project) | Mr. Kajal Saikia | GM (HRD) |
| Mr. M. K. Pegu | GM(NRMT) | Mr. Samir Kundu | GM (Electrical) |

# Notice to the Members

Notice is hereby given that the 25th Annual General Meeting of the Members of Numaligarh Refinery Limited will be held at the Registered Office of the Company, 122A, G. S. Road, Christianbasti, Guwahati-781005 on Friday, the 24th August, 2018 at 3.00 P.M. to transact the following Ordinary and Special Business:

## A. Ordinary Business:

1. To receive, consider and adopt (a) the Audited Financial Statement of the Company for the financial year ended on 31st March,2018 (b) the Audited Consolidated Financial Statement of the Company for the financial year ended 31st March,2018 and the Reports of the Board of Directors and the Statutory Auditors and the Comments of the Comptroller & Auditor General of India thereon.

2. To declare dividend.

3. To appoint a Director in place of Shri Utpal Bora, Director (DIN: 07567357) who retires by rotation and being eligible, offers himself for appointment.

## B. Special Business:

**4. Appointment of Smt. Sneh Lata Kumar as an Independent Director**

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV of the Companies Act, 2013 as amended from time to time, Smt. Sneh Lata Kumar (DIN:01499020), who was appointed by the Govt. of India as an Independent Director on the Board of the Company w.e.f. 8th September, 2017 and thereafter appointed by the Board as an Additional Director w.e.f. that date and who holds office up to the date of this Annual General Meeting and in respect of whom, the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation."

**5. Appointment of Dr. Praphullachandra Sharma as Director**

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act,2013 and the Rules framed thereunder as amended from time to time, Dr. Praphullachandra Sharma (DIN:07468198), who was appointed by the Board as an Additional Director w.e.f. 24th November,2017 and who holds office up to the date of this Annual General Meeting and in respect of whom, the Company has received a Notice in writing from a Member under Section 160 of the Companies Act,2013, be and is hereby appointed as a Director, liable to retire by rotation."

6. **Approval of Remuneration of the Cost Auditor for the financial year 2018-19**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act,2013 read with Companies (Audit & Auditors) Rules, 2014 including any statutory modifications or re-enactment thereof, for the time being in force, the appointment of M/s. A. C. Dutta & Co., Cost Accountants, by the Board as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2018-19 at a remuneration of ₹75,000/- plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of applicable taxes etc., be and is hereby ratified and approved."

By Order of the Board of Directors

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

**Registered Office:**

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

Date: 26th July 2018

## Note:

1. Explanatory statements under Section 102 of the Companies Act, 2013, in respect of the items of Special business under item No. 4 to 6 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.
3. A person shall act as proxy for only 50 members and holding in the aggregate of not more than 10 percent of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

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

Following are the explanatory statements in respect of item No. 4, 5 and 6 of the Special Business in the Notice dated 26th July,2018

**Item No. 4: Appointment of Smt. Sneh Lata Kumar as Director**

Smt. Sneh Lata Kumar, IAS (Retd.), former Secretary to the Govt. of India, Border Management who was appointed by the Govt. of India vide Ministry of Petroleum & Natural Gas letter No. C-31034/1/2017-CA/ FTS:49128 as an Independent Director w.e.f. 8th September, 2017 for a period of three years was appointed by the Board as an Additional Director with effect from that date pursuant to Section 161 of the Companies Act, 2013 read with earlier Article 85 of the Articles of the Association of the Company.

Being appointed as an Additional Director, she will hold office up to the date of the ensuing Annual General Meeting. The Company has received a Notice along with deposit of requisite amount under Section 160 of the Companies Act, 2013 from a Member proposing her name as a Director of the Company. A brief resume of Smt. Sneh Lata Kumar is provided separately in the Corporate Governance Report.

Smt. Sneh Lata Kumar has given declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act. In the opinion of the Board, Smt. Kumar fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Director.

In compliance with the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, the appointment Smt. Sneh Lata Kumar as an Independent Directors is placed before the Members at the AGM for approval.

The Board recommends appointment of Smt. Sneh Lata Kumar as Independent Director of the Company. Smt. Sneh Lata Kumar is interested in the Resolution to the extent as it concerns her appointment. No other Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Ordinary Resolution.

**Item No. 5: Appointment of Dr. Praphullachandra Sharma as Director**

Dr. Praphullachandra Sharma, Dy. Secretary, MOP & NG was appointed as Additional Director on the Board of the Company w.e.f. 24th November,2017 pursuant to Article 85 of the Articles of the Association of the Company read with Section 161 of the Companies Act, 2013 in accordance with the direction of the Govt. of India.

Being appointed as an Additional Director, he will hold office up to the date of the ensuing Annual General Meeting. The Company has received a Notice along with deposit of requisite amount under Section 160 of the Companies Act, 2013 from a Member proposing his name as a Director of the Company. A brief resume of Dr. Praphullachandra Sharma is provided separately in the Corporate Governance Report. The Board recommends appointment of Dr. Praphullachandra Sharma as Director of the Company.

Dr. Praphullachandra Sharma is interested in the Resolution to the extent as it concerns his appointment. No other Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Ordinary Resolution.

**Item No.6: Approval of Remuneration of Cost Auditor for the financial year 2018**

M/s. A. C. Dutta & Co, Cost Accountants, Kolkata was appointed by the Board as the Cost Auditor of the Company for the year 2018-19 on recommendation of the Audit Committee to conduct the audit of Cost Records at a remuneration of ₹75,000/- plus out of pocket expenses, reimbursement of travel and boarding expenses and payment of applicable taxes etc.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, remuneration of Cost Auditor approved by the Board is required to be ratified by the Members by way of an Ordinary Resolution.

The Board accordingly recommends the passing of the proposed Ordinary Resolution for approval of the Members. None of the Directors or Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in passing of the said Ordinary Resolution.

By Order of the Board of Directors

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

**Registered Office:**

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

Date: 26th July 2018

# Performance Profile

# Performance Profile

| | | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Crude Oil Processed ( TMT) :** | **2809** | **2683** | **2520** | **2777** | **2613** | **2478** | **2825** | **2250** | **2619** | **2251** |
| 2 | **Capacity Utilisation ( % ) :** | **94%** | **89%** | **84%** | **93%** | **87%** | **83%** | **94%** | **75%** | **87%** | **75%** |
| | ***[Installed capacity 3000 TMT]*** | | | | | | | | | | |
| 3 | **Production Quantity ( TMT ) :** | **2824** | **2652** | **2521** | **2754** | **2558** | **2379** | **2755** | **2012** | **2366** | **2016** |
| | Light Distillates % | 23.5% | 23.0% | 21.7% | 20.3% | 20.5% | 19.1% | 19.0% | 13.8% | 15.6% | 15.5% |
| | Middle Distillates % | 73.3% | 74.0% | 74.5% | 76.2% | 76.7% | 78.0% | 77.3% | 82.2% | 80.0% | 80.3% |
| | Heavy Ends % | 3.2% | 3.0% | 3.9% | 3.5% | 2.8% | 2.9% | 3.7% | 4.0% | 4.4% | 4.2% |
| 4 | **Refinery Fuel and Loss as % of Crude Processed :** | **10.54%** | **10.81%** | **9.64%** | **9.74%** | **10.26%** | **9.33%** | **9.72%** | **10.98%** | **9.85%** | **10.72%** |
| 5 | **Market Sales ( TMT ) :** | **2,912** | **2,679** | **2,619** | **2,695** | **2,550** | **2,410** | **2,728** | **2,137** | **2,355** | **2,023** |
| 6 | **Manpower ( Nos.):** | **864** | **871** | **880** | **878** | **864** | **861** | **851** | **820** | **820** | **789** |
| 7 | **Sales and Earnings ( ₹ in Crore) :** | | | | | | | | | | |
| i) | Gross Revenue from Operations | 15,923.19 | 13,946.91 | 11,925.44 | 10,827.05 | 9,876.76 | 8,757.01 | 14,075.58 | 8,972.19 | 7,874.09 | 8,853.35 |
| ii) | Profit Before Depreciation/ Amortisation, Interest & Tax | 3,341.74 | 3,333.62 | 2,109.06 | 1,342.37 | 783.42 | 520.90 | 518.15 | 618.30 | 512.27 | 484.02 |
| iii) | Depreciation and amortisation expense | 183.60 | 163.63 | 220.03 | 172.90 | 179.01 | 180.13 | 173.97 | 170.17 | 153.64 | 147.96 |
| iv) | Interest | 15.80 | 22.42 | 23.32 | 36.34 | 41.91 | 59.40 | 38.58 | 29.16 | 5.14 | 21.43 |
| v) | Profit/ (Loss) before exceptional items and tax | 3,142.34 | 3,147.57 | 1,865.71 | 1,133.13 | 562.50 | 281.37 | 305.60 | 418.97 | 353.49 | 314.63 |
| vi) | Exceptional Items | - | - | 1.86 | (1.12) | (0.15) | 18.51 | 18.14 | 4.84 | (8.22) | (4.96) |
| vii) | Profit/(Loss) before tax | 3,142.34 | 3,147.57 | 1,863.85 | 1,134.25 | 562.65 | 262.86 | 287.46 | 414.13 | 361.71 | 319.59 |
| viii) | Tax Expense # | 1,097.69 | 1,047.00 | 654.03 | 415.94 | 191.56 | 118.60 | 103.76 | 134.87 | 129.63 | 83.95 |
| ix) | Profit/(Loss) for the period | 2,044.65 | 2,100.57 | 1,209.82 | 718.31 | 371.09 | 144.26 | 183.70 | 279.26 | 232.08 | 235.64 |
| x) | Other Comprehensive Income net of tax | (2.88) | (3.85) | 0.96 | - | - | - | - | - | - | - |
| xi) | Total Comprehensive Income for the period (comprising profit / (loss) and Other Comprehensive income for the period.) ** | 2,041.77 | 2,096.72 | 1,210.78 | 718.31 | 371.09 | 144.26 | 183.70 | 279.26 | 232.08 | 235.64 |
| | # Includes Deferred Tax provision - ₹ 43.41 Crore (Current year) & - ₹ 120.79 Crore (Previous year) | | | | | | | | | | |
| 8 | **What the Company Owned ( ₹ in Crore):** | | | | | | | | | | |
| i) | Gross Property Plant and Equipment (including Capital Work-in-Progress) | 3,448.79 | 3,043.42 | 2,603.05 | 4,590.33 | 4,302.37 | 3,855.66 | 3,757.24 | 3,681.56 | 3,582.39 | 3,347.22 |
| ii) | Net Property Plant and Equipment (including Capital Work-in-Progress) | 2,891.20 | 2,664.60 | 2,386.24 | 2,347.12 | 2,224.79 | 1,952.22 | 2,010.45 | 2,111.92 | 2,155.43 | 2,071.31 |
| iii) | Non current assets | 60.35 | 62.44 | 54.30 | 51.48 | 70.04 | 75.98 | 67.62 | 74.69 | - | - |
| iv) | Net Current Assets (including investments) | 2,706.09 | 3,162.08 | 2,928.17 | 2,048.22 | 1,815.52 | 1,502.60 | 1,270.61 | 870.24 | 739.87 | 571.78 |
| v) | Intangible Assets to the extent not written off | 1.64 | 0.60 | 1.48 | 2.85 | 5.71 | 5.66 | 8.94 | 7.86 | 1.76 | 3.94 |
| | **Total Assets Net (ii+iii+iv+v)** | **5,659.28** | **5,889.72** | **5,370.19** | **4,449.67** | **4,116.06** | **3,536.46** | **3,357.62** | **3,064.71** | **2,897.06** | **2,647.03** |
| 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 | 4,308.72 | 4,445.01 | 3,543.56 | 2,619.35 | 2,255.20 | 2,021.81 | 1,963.62 | 1,865.42 | 1,714.41 | 1,615.02 |
| iii) | Miscellaneous Expenditure to the extent not written off | - | - | - | - | - | - | - | - | - | - |
| iv) | Net worth (i)+(ii)-(iii) | 5,044.35 | 5,180.64 | 4,279.19 | 3,354.98 | 2,990.83 | 2,757.44 | 2,699.25 | 2,601.05 | 2,450.04 | 2,350.65 |
| v) | Borrowings | 162.63 | 353.10 | 497.94 | 668.64 | 768.30 | 392.97 | 283.39 | 211.92 | 207.65 | 50.39 |
| vi) | Deferred Tax Liability | 271.31 | 229.44 | 110.69 | 144.23 | 191.91 | 213.56 | 203.86 | 238.47 | 239.37 | 245.99 |
| vii) | Long term liabilities & provisions | 180.99 | 126.54 | 482.37 | 281.82 | 165.02 | 172.49 | 171.12 | 13.27 | - | - |
| | **Total Funds Employed (iv+v+vi+vii)** | **5,659.28** | **5,889.72** | **5,370.19** | **4,449.67** | **4,116.06** | **3,536.46** | **3,357.62** | **3,064.71** | **2,897.06** | **2,647.03** |

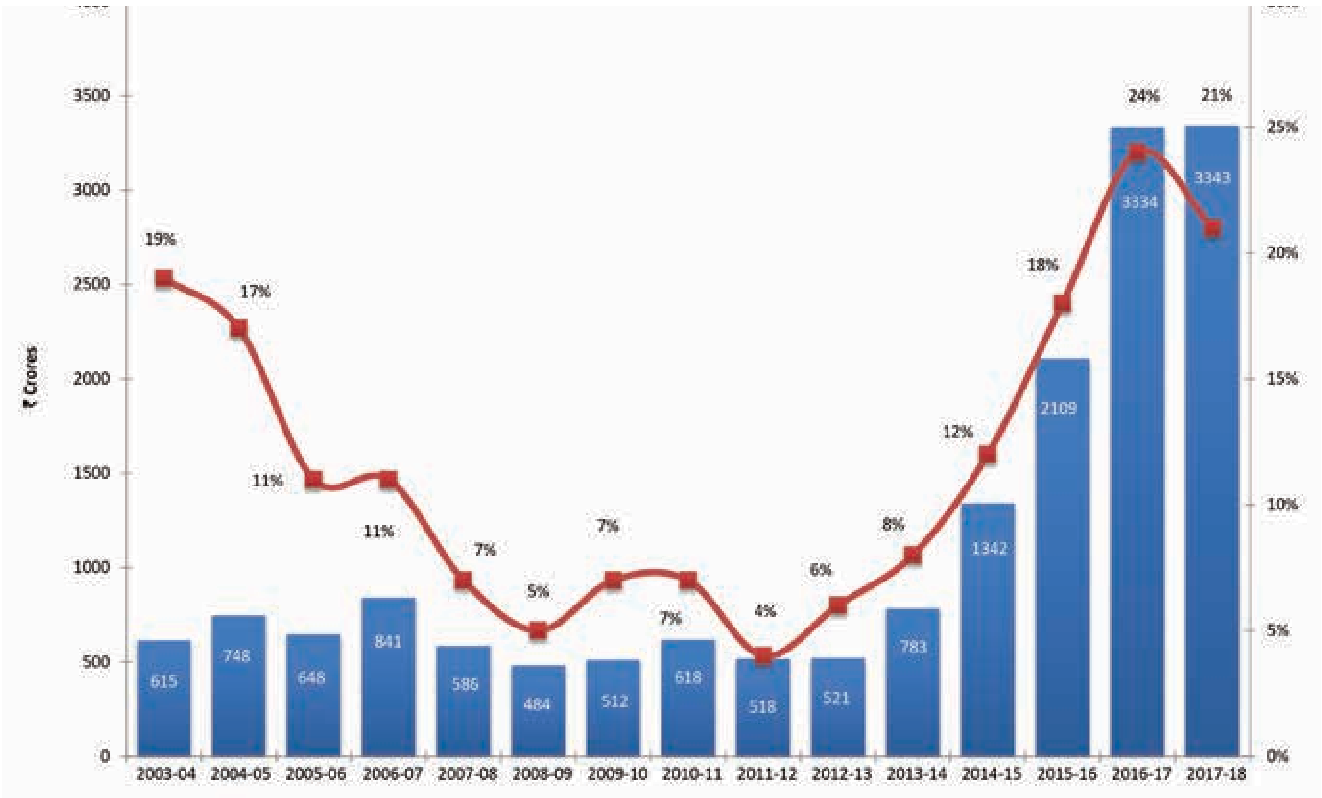
| | | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **10** | **Internal Generation (₹ in Crore)** | **2,331.87** | **2,439.03** | **1,594.93** | **979.81** | **542.50** | **396.72** | **334.79** | **467.26** | **393.27** | **340.02** |
| **11** | **Ratios:** | | | | | | | | | | |
| i) | Profit before Depreciation/ Amortisation, Interest & Tax as % of Net Revenue from operations & Other income | 25.01% | 28.70% | 20.73% | 13.51% | 8.42% | 6.30% | 3.85% | 7.80% | 7.70% | 6.25% |
| ii) | Profit after Tax as % of Average Net Worth. | 39.99% | 44.41% | 31.69% | 22.64% | 12.91% | 5.29% | 6.93% | 11.06% | 9.67% | 10.26% |
| iii) | Profit after Tax as % of Share Capital | 277.95% | 285.55% | 164.46% | 97.65% | 50.45% | 19.61% | 24.97% | 37.96% | 31.55% | 32.03% |
| iv) | Average Net worth as % of Share Capital | 695% | 643% | 519% | 431% | 391% | 371% | 360% | 343% | 326% | 312% |
| v) | Gross Profit before Depreciation/ Amortisation, Interest & Tax as % of Average Capital Employed. | 71.89% | 70.29% | 51.01% | 39.50% | 25.07% | 17.38% | 17.96% | 23.93% | 21.50% | 21.11% |
| vi) | Profit Before Tax as % of Average Capital Employed | 67.60% | 66.37% | 45.08% | 33.38% | 18.01% | 8.77% | 9.96% | 16.03% | 15.18% | 13.94% |
| vii) | Profit After Tax as % of Average Capital Employed (ROCE) | 43.98% | 44.29% | 29.26% | 21.14% | 11.88% | 4.81% | 6.37% | 10.81% | 9.74% | 10.28% |
| viii) | Long Term Debt Equity Ratio | 0.03 | 0.06 | 0.12 | 0.16 | 0.18 | 0.02 | 0.03 | 0.04 | 0.02 | 0.02 |
| **12** | **Earning Per Share ( ₹ )** | **27.80** | **28.56** | **16.45** | **9.76** | **5.04** | **1.96** | **2.50** | **3.80** | **3.15** | **3.20** |
| **13** | **Book Value Per Share ( ₹ )** | **68.57** | **70.43** | **58.17** | **45.61** | **40.66** | **37.48** | **36.69** | **35.36** | **33.31** | **31.96** |
| **14** | **SOURCES AND APPLICATION OF FUNDS ( ₹ In Crore)** | | | | | | | | | | |
| | **SOURCES OF FUNDS** | | | | | | | | | | |
| | **OWN :** | | | | | | | | | | |
| | Profit after Tax | 2,041.77 | 2,096.73 | 1,210.78 | 718.31 | 371.09 | 144.26 | 183.70 | 279.26 | 232.08 | 235.64 |
| | Depreciation/Amortisation | 183.60 | 163.63 | 220.03 | 172.90 | 177.24 | 159.97 | 179.57 | 144.76 | 153.23 | 144.61 |
| | Deferred Tax provision | 43.41 | 120.79 | (44.01) | (47.68) | (21.64) | 9.69 | (34.59) | (0.92) | (6.60) | (43.64) |
| | Investments | | | 89.79 | | - | 10.73 | - | - | - | 0.46 |
| | **BORROWINGS :** | | | | | | | | | | |
| | Loans (Net) | | | | | 375.33 | 109.58 | 71.47 | 12.25 | 157.26 | - |
| | Decrease in Working Capital | - | - | - | - | - | - | - | - | - | - |
| | Changes in long term liabilities & provisions | 54.45 | | 200.55 | 116.80 | | 1.37 | 157.85 | - | - | - |
| | Changes in Long Term Loans & Advances and Non-Current assets | 2.09 | | | 18.56 | 5.94 | - | 7.07 | - | - | - |
| | Adjustment on account of retirement / reclassification of assets | 13.66 | 19.46 | 5.37 | 5.57 | 3.93 | 99.27 | 65.43 | 45.31 | 1.30 | - |
| | | **2,338.98** | **2,400.61** | **1,682.51** | **984.46** | **911.89** | **534.87** | **630.50** | **480.66** | **537.27** | **337.07** |
| | **APPLICATION OF FUNDS :** | | | | | | | | | | |
| | Capital Expenditure | 432.69 | 462.62 | 259.00 | 297.80 | 450.64 | 197.69 | 141.11 | 148.39 | 236.49 | 127.65 |
| | Adjustment for Misc. Expenditure / Intangible Assets | 2.03 | - | 0.09 | 0.12 | 3.14 | 0.04 | 3.53 | 8.18 | - | 1.03 |
| | Dividend | 1,809.66 | 993.10 | 551.72 | 294.25 | 117.70 | 73.56 | 73.56 | 110.34 | 110.34 | 110.34 |
| | Tax on distributed profits | 368.40 | 202.16 | 112.33 | 59.91 | 20.00 | 12.50 | 11.93 | 17.90 | 18.75 | 18.75 |
| | Repayment of Loans (Net) | 190.47 | 144.84 | 171.19 | 99.66 | - | - | - | - | - | 27.23 |
| | Investments (Net) | 142.34 | 181.70 | | 197.36 | 35.48 | - | 61.22 | 29.92 | - | - |
| | Changes in long term liabilities & provisions | | 355.83 | | | 7.47 | | | | | |
| | Increase in Working Capital | (606.61) | 52.22 | 586.78 | 35.36 | 277.46 | 242.72 | 339.15 | 165.93 | 168.09 | 52.07 |
| | Changes in Non-Current assets & Provisions | | 8.14 | 1.40 | - | - | 8.36 | - | - | - | - |
| | Transitional Provision for Employee Benefit | - | - | - | - | - | - | - | - | 3.60 | - |
| | | **2,338.98** | **2,400.61** | **1,682.51** | **984.46** | **911.89** | **534.87** | **630.50** | **480.66** | **537.27** | **337.07** |

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|
| **15 Changes in Working Capital (₹ in Crore) :** | | | | | | | | | | |
| **A) Current Assets :** | | | | | | | | | | |
| Inventories | 178.97 | 572.99 | (542.95) | 248.68 | 142.28 | (807.97) | 383.33 | 82.03 | 571.63 | 57.15 |
| Trade Receivables | 212.60 | (15.80) | (417.57) | 958.52 | (428.34) | (93.72) | 44.82 | 643.19 | (24.58) | (337.68) |
| Cash & Bank Balances | (656.48) | (259.64) | 683.20 | 88.59 | 962.52 | 2.51 | (201.55) | 79.00 | (169.35) | (220.01) |
| Loans & Advances, Others | 14.04 | (14.73) | (89.39) | 0.76 | (108.60) | 210.48 | 9.27 | (4.63) | 41.36 | (18.45) |
| | **(250.87)** | **282.82** | **(366.71)** | **1,296.55** | **567.86** | **(688.70)** | **235.87** | **799.59** | **419.06** | **(518.99)** |
| **Less:** | | | | | | | | | | |
| **B ) Current Liabilities & Provisions** | | | | | | | | | | |
| Current Liabilities | 431.38 | 215.23 | (865.20) | 888.33 | 279.31 | (915.64) | (16.93) | 579.74 | 197.87 | (558.03) |
| Provisions | (75.64) | 15.37 | (88.29) | 372.86 | 11.09 | (15.78) | (86.35) | 53.92 | 53.10 | (13.03) |
| | **355.74** | **230.60** | **(953.49)** | **1,261.19** | **290.40** | **(931.42)** | **(103.28)** | **633.66** | **250.97** | **(571.06)** |
| **C ) Working Capital ( A - B )** | **(606.61)** | **52.22** | **586.78** | **35.36** | **277.46** | **242.72** | **339.15** | **165.93** | **168.09** | **52.07** |

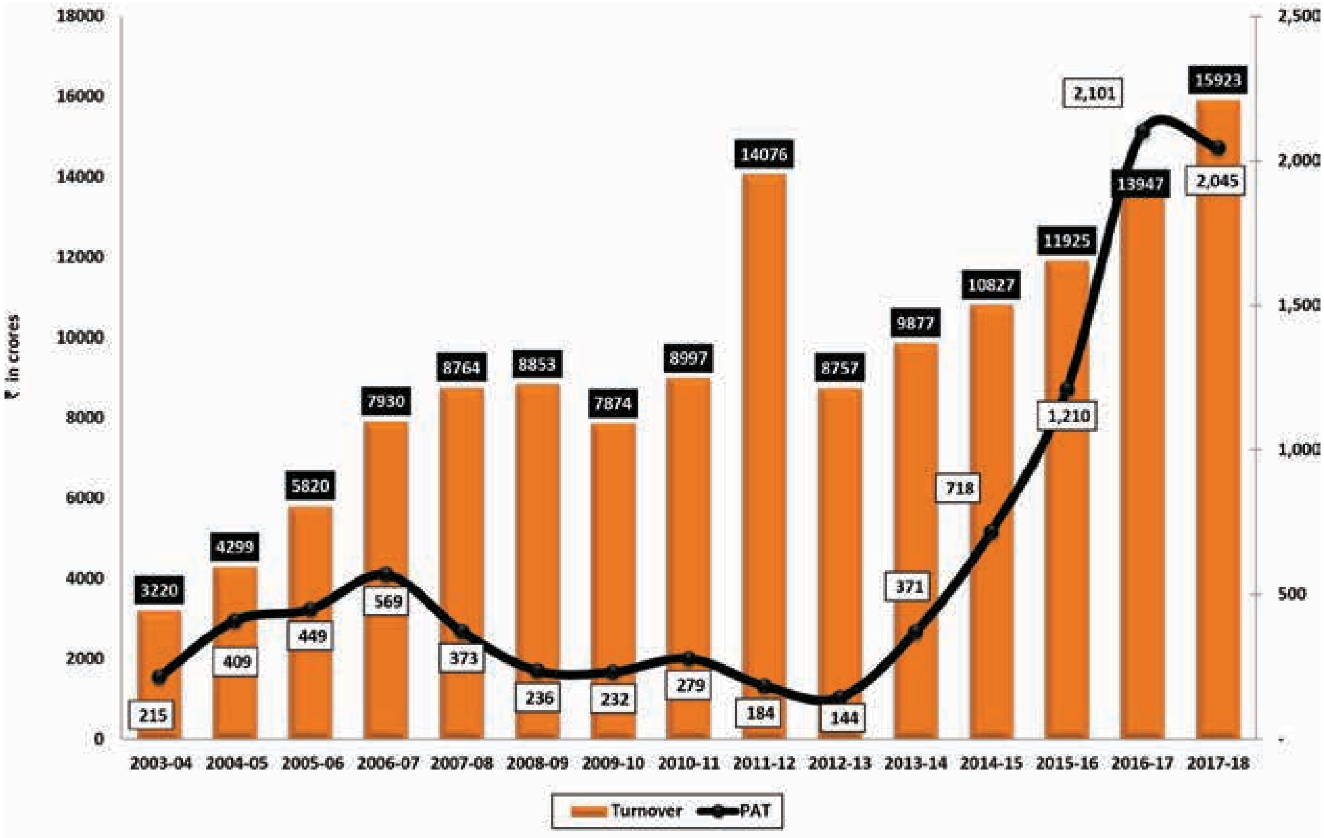
# Value Added

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|
| **HOW VALUE IS GENERATED (₹ in Crore) :** | | | | | | | | | | |
| Value of Production : | 13,092.28 | 11,416.58 | 9,632.41 | 10,074.11 | 9,268.47 | 7,601.63 | 13,659.35 | 7,847.50 | 7,218.61 | 7,708.80 |
| Less : Direct Materials Consumed : | 8,834.98 | 7,680.06 | 6,764.52 | 7,935.63 | 7,933.91 | 6,622.87 | 12,503.09 | 7,011.66 | 6,532.67 | 7,073.07 |
| Value Added | 4,257.30 | 3,736.52 | 2,867.89 | 2,138.48 | 1,334.56 | 978.76 | 1,156.26 | 835.84 | 685.94 | 635.73 |
| Add : Other Incomes | 126.65 | 366.44 | 140.09 | 74.90 | 48.87 | 64.83 | 16.55 | 61.00 | 55.33 | 54.58 |
| **Total Value Generated** | **4,383.95** | **4,102.96** | **3,007.98** | **2,213.38** | **1,383.43** | **1,043.59** | **1,172.81** | **896.84** | **741.27** | **690.31** |
| **HOW VALUE IS DISTRIBUTED (₹ in Crore) :** | | | | | | | | | | |
| **A ) Operation :** | | | | | | | | | | |
| Employees' Benefits | 308.08 | 212.99 | 187.81 | 178.60 | 144.53 | 129.92 | 143.28 | 138.01 | 104.89 | 87.42 |
| Other Costs | 737.01 | 560.20 | 712.00 | 691.29 | 455.33 | 411.28 | 529.53 | 144.89 | 115.89 | 117.77 |
| | **1,045.09** | **773.19** | **899.81** | **869.89** | **599.86** | **541.20** | **672.81** | **282.90** | **220.78** | **205.19** |
| **B ) Providers of Capital** | | | | | | | | | | |
| Interest on Borrowings | 15.80 | 22.42 | 23.32 | 36.34 | 41.91 | 59.40 | 38.58 | 29.16 | 5.14 | 21.43 |
| Dividend | 1,360.92 | 1,368.27 | 514.94 | 294.25 | 117.70 | 73.56 | 73.56 | 110.34 | 110.34 | 110.34 |
| | **1,376.72** | **1,390.69** | **538.26** | **330.59** | **159.61** | **132.96** | **112.14** | **139.50** | **115.48** | **131.77** |
| **C ) Taxation:** | | | | | | | | | | |
| Corporate Tax | 1,054.28 | 926.21 | 698.05 | 463.62 | 213.20 | 108.91 | 138.35 | 135.79 | 136.23 | 127.59 |
| Tax on distributed profits | 277.05 | 278.55 | 104.83 | 59.91 | 20.00 | 12.50 | 11.93 | 17.90 | 18.75 | 18.75 |
| | **1,331.33** | **1,204.76** | **802.88** | **523.53** | **233.20** | **121.41** | **150.28** | **153.69** | **154.98** | **146.34** |
| **D ) Re-investment in Business** | | | | | | | | | | |
| Depreciation/ Amortisation | 183.60 | 163.63 | 220.03 | 172.90 | 179.01 | 180.13 | 173.97 | 170.17 | 153.64 | 147.96 |
| Provision on Investment | - | - | - | - | - | - | (0.01) | 0.48 | - | (3.86) |
| Deferred Tax | 43.41 | 120.79 | (44.01) | (47.68) | (21.64) | 9.69 | (34.59) | (0.92) | (6.60) | (43.64) |
| Retained Profit | 403.80 | 449.90 | 591.01 | 364.15 | 233.39 | 58.20 | 98.21 | 151.02 | 102.99 | 106.55 |
| | **630.81** | **734.32** | **767.03** | **489.37** | **390.76** | **248.02** | **237.58** | **320.75** | **250.03** | **207.01** |
| **Total Value Distributed** | **4,383.95** | **4,102.96** | **3,007.98** | **2,213.38** | **1,383.43** | **1,043.59** | **1,172.81** | **896.84** | **741.27** | **690.31** |

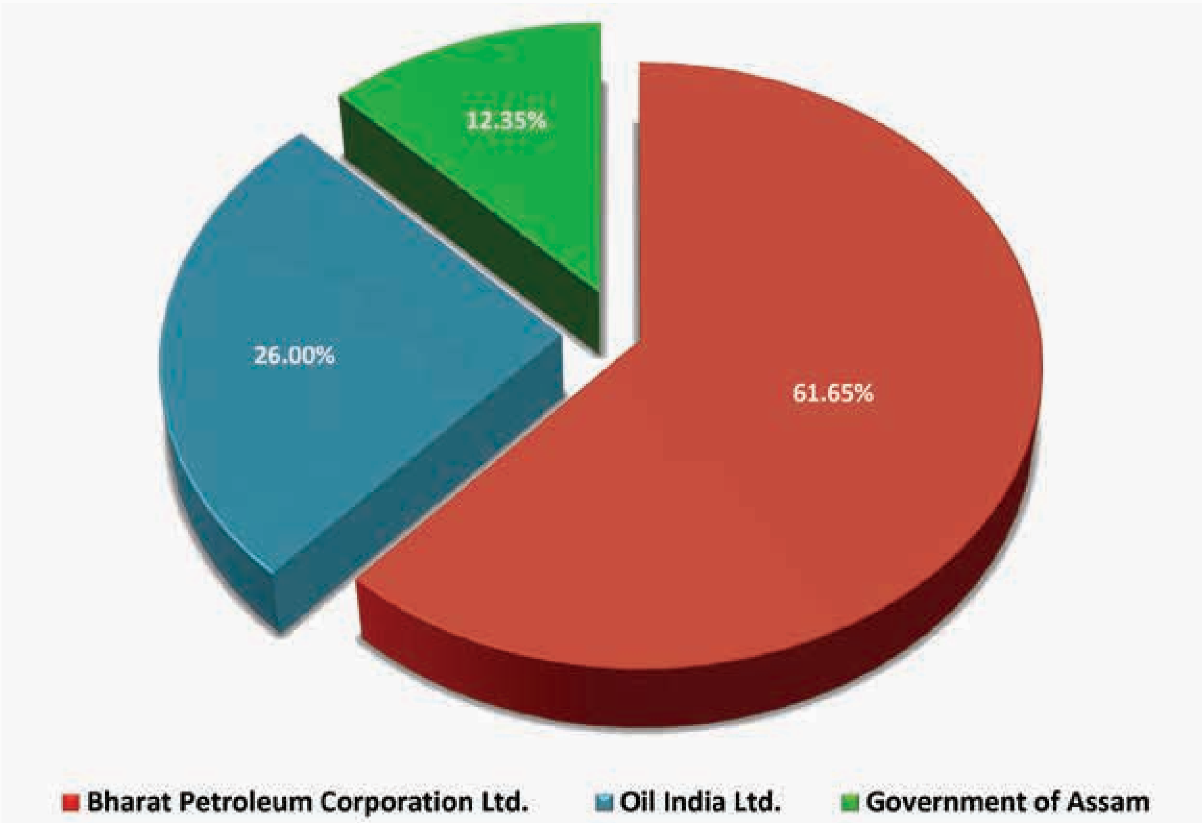
## PBDIT as a % of Sales



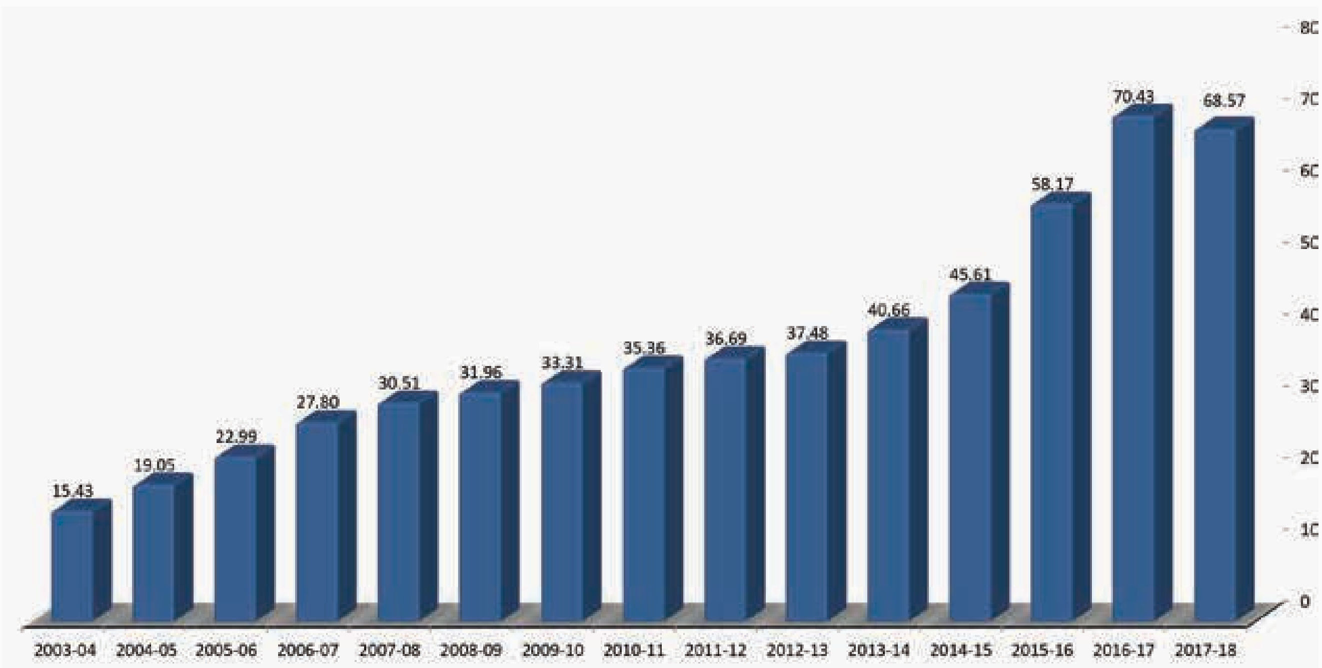

## Turnover & PAT (₹ Crore)



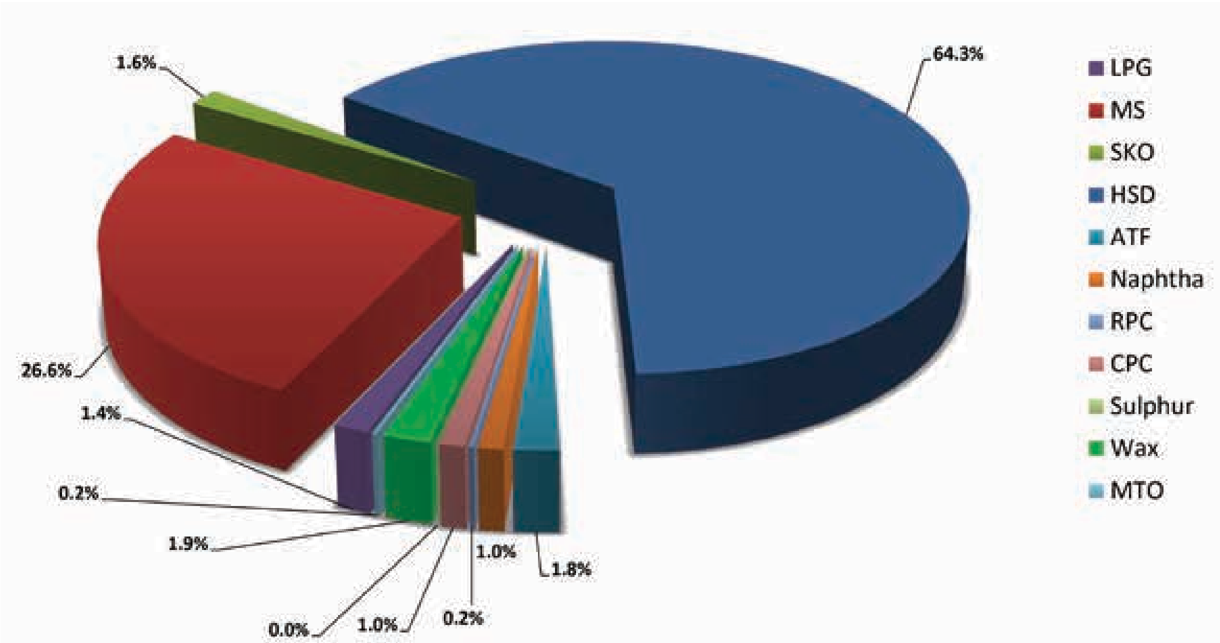
## Shareholding Pattern



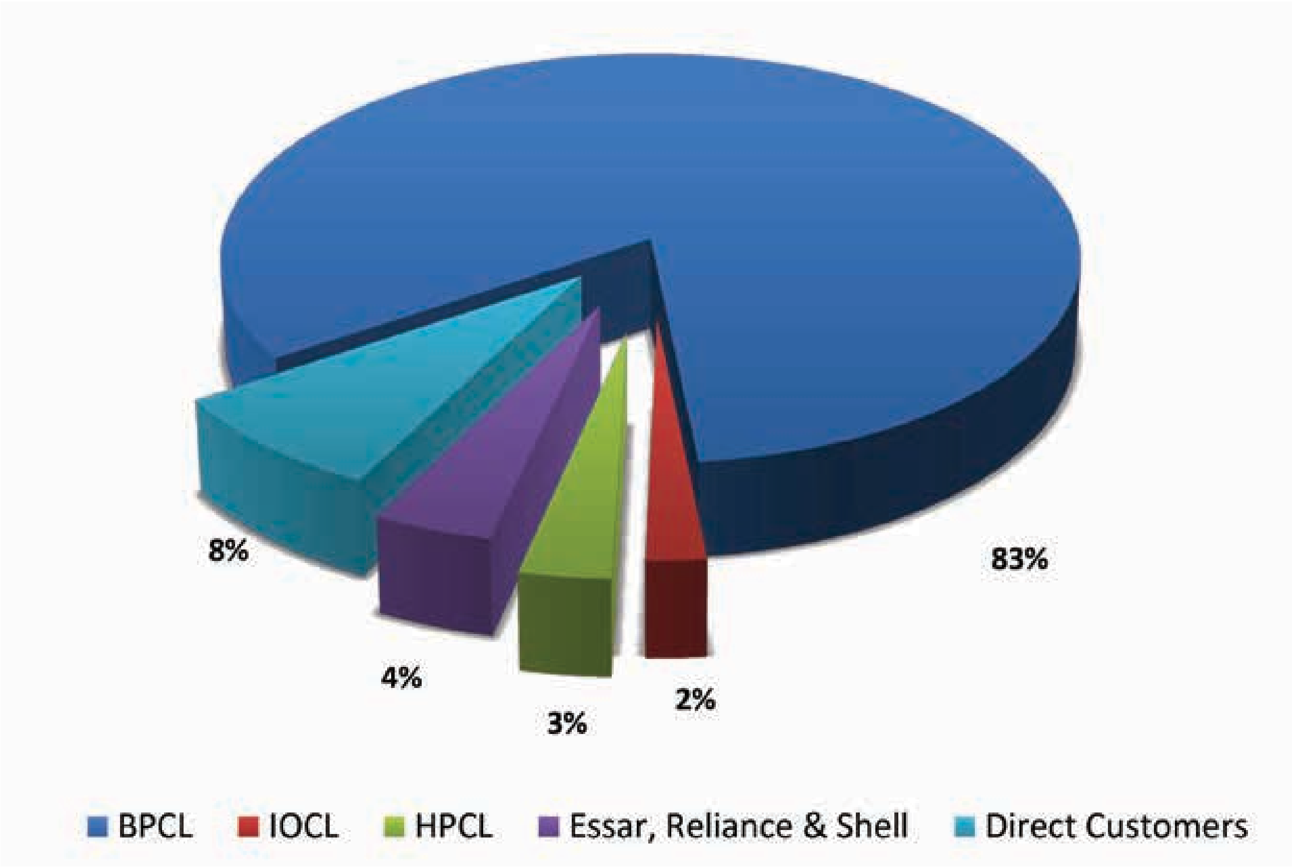

## Book Value per share (Face value ₹ 10 each)



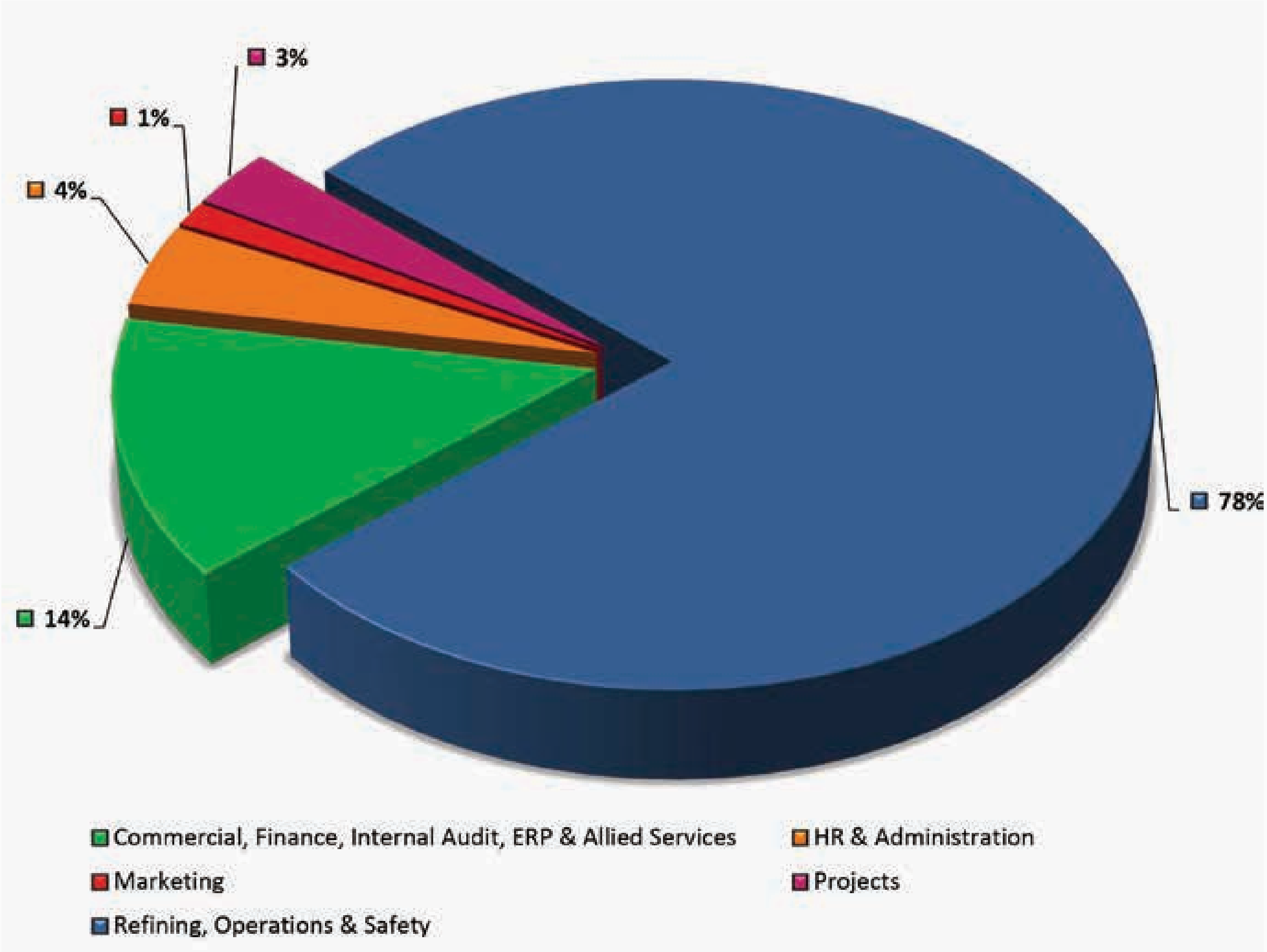
## Product Wise Sales



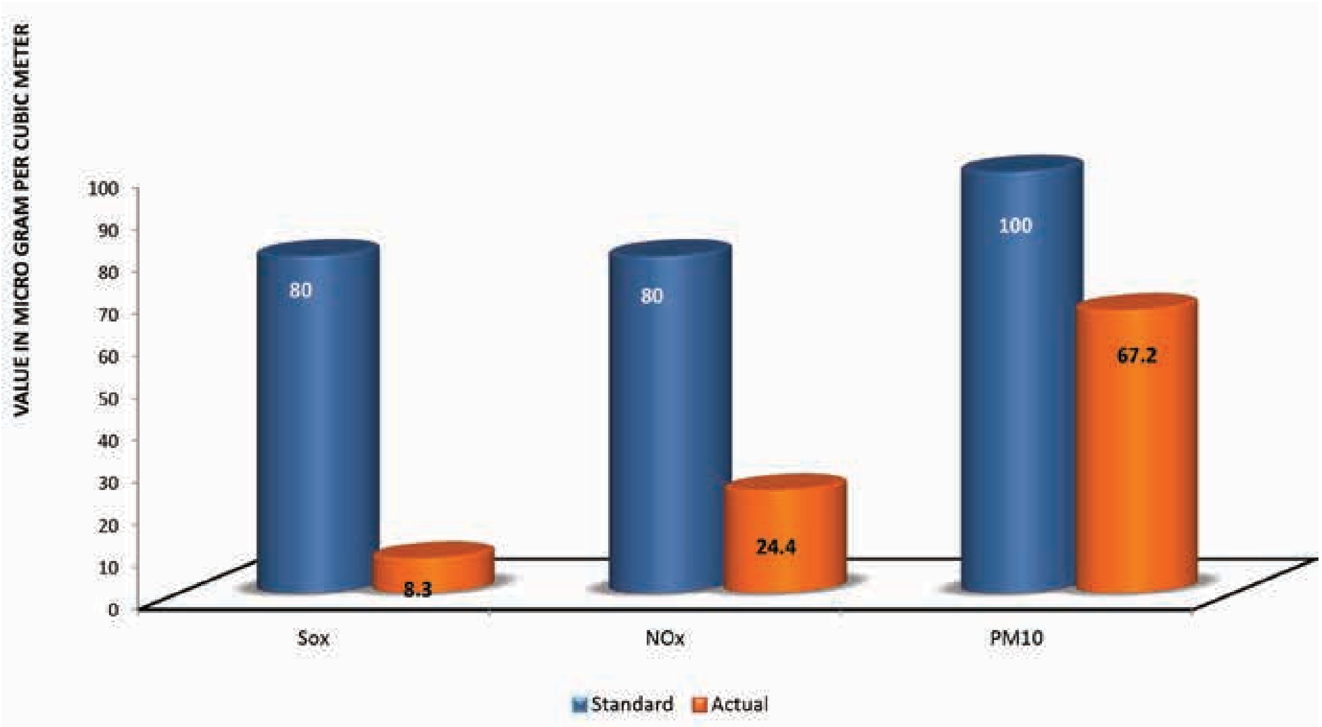

## Party Wise Sales (%)



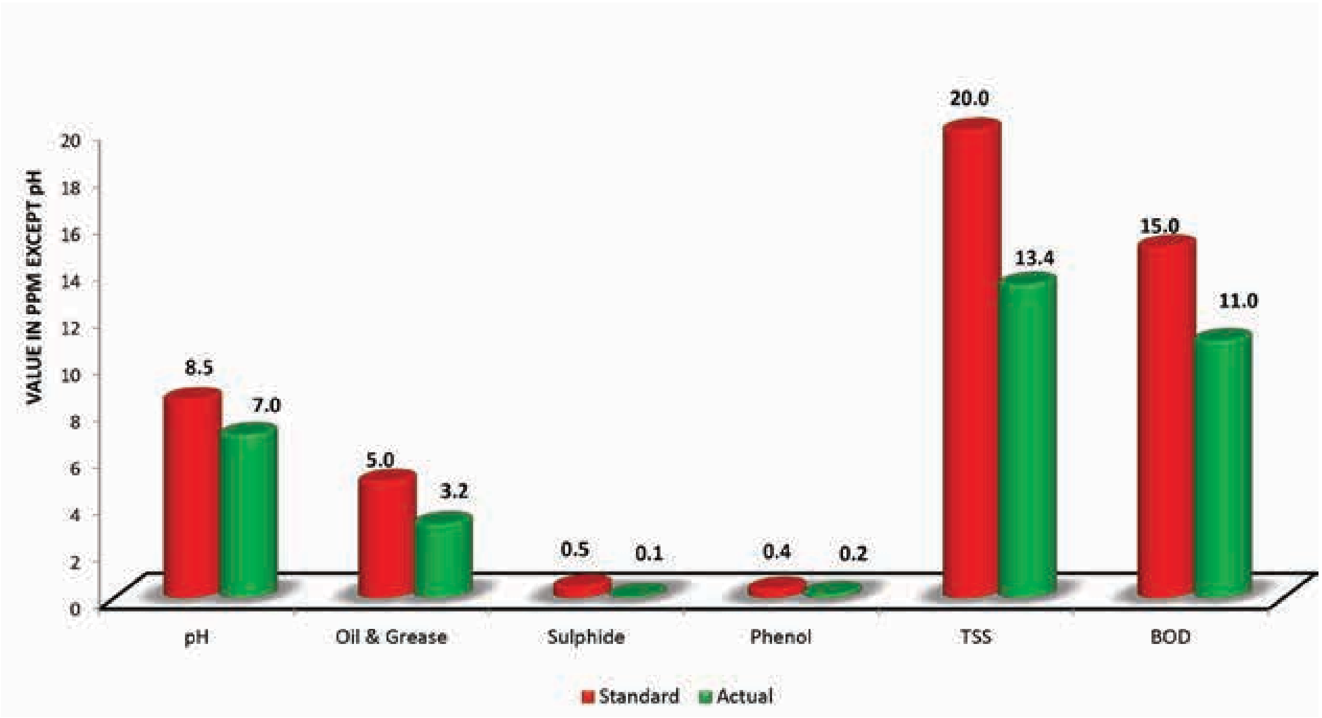
## Manpower Function Wise (%)



## 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 the 25th Annual Report of the Company alongwith audited financial statements- standalone as well as consolidated for the financial year 2017-18.

## 1. Financial Performance

### 1.1 Consolidated Results

The financial results (Consolidated) of the Company, its Joint Venture Company-DNP Limited and Associate Company-Brahmaputra Cracker and Polymer Ltd. for the year 2017-18 compared to that of the previous year are summarized below.

***(₹ In Crore)***

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Revenue from Operations | 15,923.19 | 13,946.92 |
| Profit from continuing operations before Tax | 3,139.64 | 3,096.83 |
| Tax Expense | 1,097.69 | 1,047.00 |
| Profit for the period | 2,041.95 | 2,049.83 |
| Other comprehensive income, net of tax | (2.88) | (3.85) |
| **Total comprehensive income for the period** | | |
| (Comprising Profit and Other Comprehensive Income) | 2,039.07 | 2,045.98 |
| Earnings per share (₹) | 27.76 | 27.86 |
| Net Worth | 4,967.66 | 5,106.63 |

**The highlights of the Company's performance are as under:**

a) Revenue from Operations increased to ₹15,923.19 Crore registering a growth of 14.17% as compared to ₹13,946.92 Crore in the previous year.

b) Profit after tax for the period was marginally lower at ₹2,041.95 Crore as compared to ₹2,049.83 Crore in the previous year. Earnings per share for the year stood at ₹27.76 per share as against ₹27.86 per share in the previous year.

c) Net worth of the Company at the close of the financial year was ₹4,967.66 Crore as against ₹5,106.63 Crore at the close of the previous year 2016-17. Net worth has reduced on account of higher final dividend for 2016-17 which was paid during the current year, i.e. 2017-18.

Strong operating performance from NRL's refining business has led to continued profits during 2017-18.

### 1.2 Standalone Results

#### Financial Results

The Company's refining business has continued to deliver stellar performance. During 2017-18, the Company posted revenue from operations at ₹15,923.19 Crore registering a growth of 14.17% as compared to ₹13,946.92 Crore in the previous year due to higher sales and better price realization.

*Inauguration of DHDT Unit by Hon'ble Petroleum Minister*

*DHDT Unit*

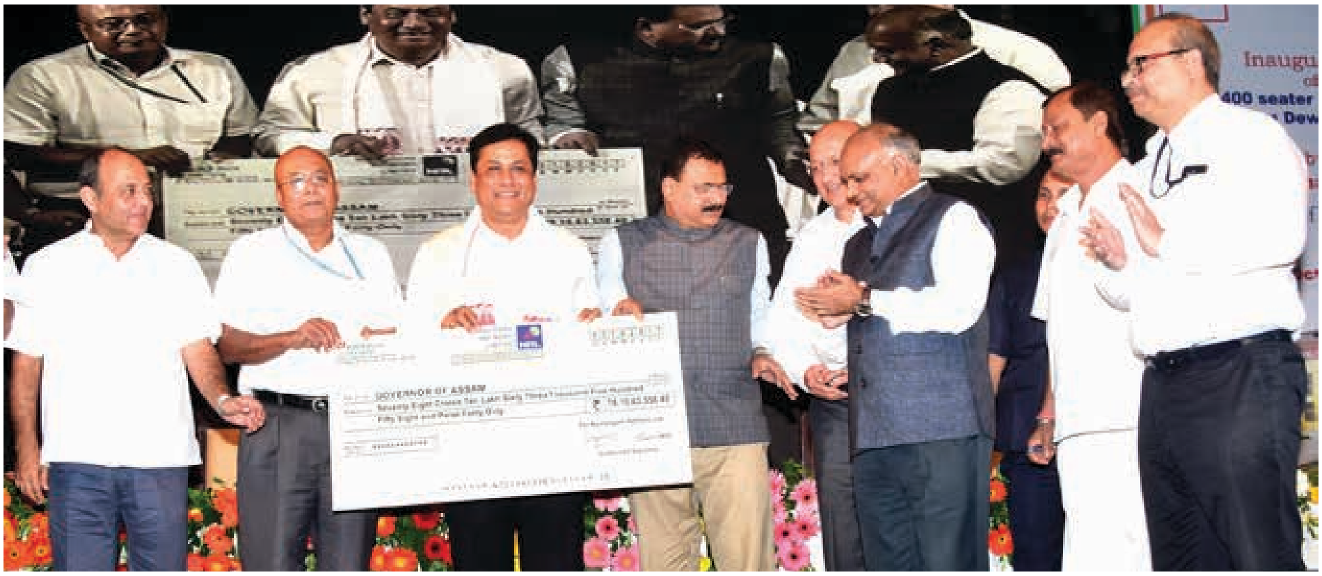
Net Profit for the year 2017-18 was marginally lower at ₹2,044.65 Crore as against ₹2,100.57 Crore in 2016-17. Total comprehensive income for the period (comprising Profit and Other Comprehensive Income) stood at ₹2,041.77 Crore as against ₹2,096.72 Crore in FY 2016-17. The Earning per Share (EPS) during 2017-18 was ₹27.79 per share against previous year's EPS of ₹28.55 per share.

The Financial results (Standalone) of the company for the year 2017-18 compared to those of the previous year are summarized below:

***(₹ In Crore)***

| | 2017-18 | 2016-17 |
|---|---|---|
| **Physical Performance** | | |
| Crude Throughput (TMT) | **2,809.43** | **2,683.13** |
| Sales (TMT) | **2,911.58** | **2,678.81** |
| **Financial Performance** | | |
| Gross Revenue from Operations | **15,923.19** | **13,946.92** |
| Profit before Depreciation, Finance Cost and Tax | **3,341.74** | **3,333.62** |
| Finance Cost | 15.80 | 22.42 |
| Depreciation & Amortization expense | 183.60 | 163.63 |
| **Profit before tax** | **3,142.34** | **3,147.57** |
| Tax Expense | | |
| (1) Current Tax | 1,054.28 | 926.21 |
| (2) Deferred Tax | 43.41 | 120.79 |
| **Profit for the period** | **2,044.65** | **2,100.57** |
| Other comprehensive income, net of tax | (2.88) | (3.85) |
| **Total comprehensive income for the period** (comprising Profit and Other Comprehensive Income) | **2,041.77** | **2,096.72** |
| **Earnings per Share (Basic and Diluted in ₹per share)** | **27.79** | **28.55** |
| **Net worth** | 5,044.35 | 5,180.64 |
| **The Directors propose to appropriate profits for dividend and dividend tax payment as under :** | | |
| Interim Dividend paid | 1,177.01 | 735.63 |
| Final Dividend (proposed) | 183.91 | 632.64 |
| Corporate Dividend tax | 277.05 | 278.55 |
| ***Summarized Cash Flow Statement :*** | | |
| **Cash Flows :** | | |
| Inflow/(Outflow) from Operations | 2,042.26 | 1,682.28 |
| Inflow/(Outflow) from Investing activities | 65.27 | 24.48 |
| Inflow/(Outflow) from Financing activities | (2,269.01) | (1,456.41) |
| Net Increase/(decrease) in cash & cash equivalent | (161.48) | 250.36 |

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




*Final Dividend cheque for FY 2016-17 presented to Hon'ble Chief Minister of Assam*

## 1.3 Dividend

The Board of Directors, during the year, had approved two interim dividend payouts which were paid from the profits of the current year totaling to ₹16.00 per share. Taking into account the financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secure future, are pleased to recommend for your approval, a final dividend of 25% (₹2.50 per fully paid equity share of ₹10.00 each) for the year on the paid-up share capital of ₹735.63 Crore which is in addition to the interim dividend of 160% ( ₹16.00 per fully paid equity share of ₹10.00 each)already paid during the year. The Interim Dividend paid and Final Dividend proposed would absorb a sum of ₹1,360.92 Crore and Corporate Dividend Tax would further absorb ₹277.05 Crore out of the Company's PAT. The dividend payout is subject to approval of the members at the ensuing Annual General Meeting. The total dividend (interim plus proposed) of ₹18.50 per share for the year will be the second highest ever dividend distributed since inception of the company with ₹18.60 per share being the highest ever dividend declared by the company for the FY 2016-17.

## 1.4 Treasury Operations

The Company continued its focused attention towards effective utilization of available surplus fund enabling it to earn an interest/dividend income of ₹110.37 Crore during the year (Previous Year ₹153.55 Crore) at an average rate of return of 5.96% (previous year 7.24%) on surplus fund. Surplus funds generated during the year have been invested in line with DPE and NRL Board's guidelines.

Debt equity ratio at the close of the financial year stood at 0.06.

In line with its 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/Stable' for Long-Term Loans, which has reduced the overall interest cost besides facilitating optimization of treasury activities. The average borrowing cost during the year stood at 6.79%. Effective ROI on the outstanding borrowing exposure (External Commercial Borrowing) stood at 4.95% since inception.

During the year, the Company achieved 99.94% and 99.98% conversion respectively, in its e-payment and e-collection mechanisms for making payment and managing receivables.

## 1.5 Capital Expenditure

The total amount of Capital Expenditure incurred during the year 2017-18 was ₹419.01 Crore as compared to ₹503.35 Crore during the previous year 2016-17.

## 1.6 Contribution to Exchequer

During the financial year 2017-18, your Company has contributed an amount of ₹4,212.44 Crore to the Central Exchequer and ₹459.45 Crore to the State Exchequers in the form of taxes, duties and dividends compared to ₹3,747.26 Crore and ₹606.21 respectively in the previous year.

### 1.7 Cost Control Initiatives

Your Company follows a system of online budgetary control through SAP ECC 6.0 ERP system for cost optimization whereby expenditures are monitored and controlled on a day-to-day basis for ensuring proper adherence to budget. Besides taking adequate measures towards austerity and rationalization of expenditures, your Company continuously monitors for reduction in fuel and loss, conservation of energy, improvement in distillate yield, optimization of product mix.

### 1.8 Government Audit Review

Comments of the Comptroller and Auditor General of India (C&AG) under section 143 (6)(b) of the Companies Act 2013 on accounts of the Company (both standalone as well as consolidated accounts) for the year ended 31st March 2018 is attached along with the Independent Auditors Report as Annexure.

### 1.9 Consolidated Financial Statement

In accordance with the Companies Act, 2013 ("the Act") and Ind AS-110 "Consolidated Financial Statements", the audited consolidated financial statement of the Company, its Joint Venture Company DNP Limited and Associate Company Brahmaputra Cracker and Polymer Ltd. is provided in the Annual Report.

Information relating to Associate and Joint Venture companies duly certified by the management pursuant to section 129(3) of the Companies Act, 2013 has been provided in Annexure – E to the Directors Report as per prescribed form AOC-1 (Part-B).

## 1.10 Particulars of Investments made and Loans/Guarantee given by the Company

Particulars of investments made, loans / guarantees given by the Company are provided in the standalone financial statement (Please refer to Note 5, 6, 9, 13 and 48 to the Standalone Financial Statement).

## 1.11 Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered into by the Company during the financial year

*Team NRL*

with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contract / arrangement / transaction with related parties which were in conflict with the Company's interest. All related party transactions are negotiated on an arm's length basis, and are intended to further the Company's interests. Relevant information on related party transactions in Form AOC-2 is provided as Annexure to the Director's Report

Your Directors draw attention of the members to Note 45 to the Standalone Financial Statement which sets out related party disclosures.

## 1.12. Post Balance Sheet Events

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

### 1.13. Risk Management

The Company has also laid down a Risk Management Policy and procedures thereof for periodically informing the Board Members about the risk assessment and procedures for minimizing the risks. The Company monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. All the risks that the organization faces such as strategic, financial, credit, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is - adequate risk management infrastructure in place capable of addressing these risks

## 2. Physical Performance

The refinery processed 2,809 TMT of crude oil during the FY 2017-18 against the MoU target (Excellent) of 2,670 TMT which is also a marked improvement from the previous year's throughput of 2,683 TMT. Distillate Yield achieved by the refinery continues to be the best among PSU refineries in the country. As per new methodology proposed by CHT, Distillate Yield, excluding blend components and considering NG fuel and feed as input, works out to 86.68% in 2017-18 as compared to 86.49% in 2016-17. On Specific Energy Consumption (SEC), the Company recorded the best ever performance of 64.87 MBN in 2017-18 against the excellent MoU target of 70.81 MBN, which is a distinct improvement from SEC of 72.26 MBN in 2016-17. Energy Intensity Index (EII) recorded during 2017-18 was 88.25 against 95.24 recorded in 2016-17.

**Highlights of physical performance of the refinery during the year include:**

- Highest ever MS production of 615 TMT against previous highest production of 540 TMT in 2016-17.
- Highest ever HSD production of 1,867 TMT against previous highest production of 1,853 TMT in 2011-12.
- Highest ever Paraffin Wax production of 46 TMT against previous highest production of 35 TMT in 2016-17.
- Highest ever LPG bottling of 39 TMT against previous highest bottling of 33 TMT in 2016-17.
- Highest ever NSPL throughput of 1,872 TMT against previous highest of 1,806 TMT in 2014-15

The refinery produced its entire pool of HSD and MS conforming BS-IV grade for domestic market as the country migrated to BS-IV specification of automotive fuel w.e.f. 01.04.2017.

## 3. Safety

NRL is committed to ensuring a high level of safety and conducts its business with strong focus on Health, Safety & Environment (HSE) performance through planned & controlled efforts. The refinery is certified under Integrated Management System comprising of ISO 9001, 14001 and OHSAS 18001 standards for Quality, Environment & Occupational health and safety management systems.

*Safety Awareness Programme*

Behavior Based Safety (BBS) was introduced to boost safety consciousness and involve every employee in developing a safety culture. BBS tool is being used to reinforce a voluntary and durable positive (safe) behavior at workplace.

Safety Committees also play a vital role in improving safety standards of the Company. Representatives of the workmen and officers work together in the Area Safety Committees. Apex Loss Control Committee chaired by Director (Technical) reviews the compliances of Area Safety Committees recommendations at periodic intervals.

Risk analysis of the Oil Industry Safety Directorate (OISD) Safety Audit recommendation was carried out during the year and high risk items prioritized for implementation with regular focus.

Internal Safety Audit with the members from BPCL group refineries was carried out in November' 2017 followed by External Safety Audit in December' 2017 as per MSIHC rules and IS-14489.

An online portal for Action Taken Report (ATR) was launched during March' 2018 to effectively monitor compliance of Safety Audit recommendations.

Safety awareness is promoted through regular safety leaflets, news-letters, safety bulletins, - hands-on training on fire fighting, - tool box talk, online safety quiz competitions, bimonthly safety review meetings with contractor's supervisors etc. During Road Safety Week (January, 2018), Walkathon, Street plays on Road Safety were - organized for awareness. Other initiatives included distribution of safety helmets to lady pillion riders, fluorescent jacket to cycle riders, Road Safety campaign on safety and defensive driving on National Highway etc.

For emergency preparedness, Mock-Drills on Minor Fire, Major Fire, Onsite Disaster and Offsite Disaster were conducted in a planned manner and recommendations for improvement were documented and implemented. The 15th Offsite Disaster mock drill was conducted on 23rd February' 2018 with - involvement of District Authority, local public and Civil Defense apart from NRL employees.

Two Technical Assistants of Fire & Safety Department were awarded -the Presidents' Fire Service Medal for meritorious service during Independence Day function on 15th Aug, 2017.

## 4. Health

Ensuring occupational and personal health of all employees as well as contract workers has always been viewed as a priority in overall performance of NRL. The Occupational Health Centre (OHC) inside the refinery and full-fledged Vivekananda Kendra Hospital at Township provides all the required emergency medical services to the working personnel.

*Health Camp*

The Company had implemented industrial hygiene measures and medical surveillance programmes to monitor and control the occupational health of its employees and workers as per OISD guidelines. Health education and awareness sessions and diagnostic camps were carried out at work sites as well as at neighbouring villages during the year. The effectiveness of these programs is reviewed quarterly at the highest level during Apex Loss Control Review Meeting.

## 5. Environment Management

Like previous years, your Company continued its effort for improvement in environment management measures. Concerted effort were put for reducing water consumption, Green House Gas (GHG) emission and monitoring of ambient air quality, discharge water quality and fugitive emission from hydrocarbon storages. Reuse of storm water as cooling/fire water make-up and segregation of drinking and service water has resulted in reduction in water consumption as well as fresh water intake in the refinery. GHG footprint was reduced to 0.24 MTCO2e in 2017-18 from previous year's 0.25 MTCO2e through energy saving initiatives such as implementation of flare gas recovery system, installing heat exchangers for

*Plantation drive*

pre-heat temperature improvement in process units etc. A water footprint study has been initiated to generate baseline data and to identify future scope of improvement.

With regard to waste management, a new secured land field for disposal of non-hazardous solid waste was commissioned in 2017-18. During the year, oily sludge of 700 MT was sold to recyclers, 500 MT was bio-remediated and spent catalyst of 100 MT disposed of through CPCB approved recycler.

Towards renewable energy, a 1 MW solar plant is being implemented in the refinery which is expected to be commissioned shortly.

Other significant initiatives under environment management includes plantation of 15,000 tree saplings in refinery green belt and 1 lakh tree plantation drive in Golaghat district.

Environment Clearance for upcoming Bio-Refinery Project was also obtained on 6th Nov, 2017.

## 6. Marketing Performance

Overall sales volume during 2017-18 at 2912 TMT increased by 8.7% over previous year's sales of 2679 TMT. Overall sales was also the highest ever achieved by the Company surpassing the previous high of 2728 TMT in 2011-12. MS sales reached an all-time high of 638 TMT. HSD sale was recorded at 1841 TMT. Gas oil amounting to 25 TMT was exported to Bangladesh Petroleum Corporation at Parbatipur from the Siliguri Terminal. Wax sales reached the level of 46 TMT that included 6.9 TMT export to 24 countries. NRL's share of the domestic Wax market scaled to the height of 45%.

The year 2017-18 marked the highest ever capacity utilization of the LPG bottling plant with 39 TMT packed LPG production. The previous highest was 33 TMT in 2016-17. Despatch from NRMT comprised 848 TMT by road and 176 TMT by rail. The Numaligarh Siliguri product pipeline recorded the highest ever throughput of 1872 TMT crossing the previous highest of 1808 TMT in 2014-15.

Despatch of products from the Siliguri Terminal reached record level of 1887 TMT against previous highest of 1774 in 2015-16. This was achieved through unprecedented loading of 614 railway rakes that included 11 rakes for Bangladesh.

Category-wise sales in 2017-18 comprised 88% to PSU OMCs, 8% direct and export sale besides 4% to private oil companies. Sales within North East increased to 834 TMT against 734 TMT in the previous year. Sale during the year also included 51 TMT Naphtha sold to Brahmaputra Cracker and Polymer Limited from external sources.

In its quest to explore neighboring countries for marketing of finish products, NRL exported 30 MT of HSD on trial basis to Tamu town in northern Myanmar in September 2017. Market study of petroleum business in Myanmar has been carried out to expand NRL's business in the country. Total product export during the year was 28 TMT amounting to USD 17.5 million. Out of the total export, Gas oil export was 25 TMT (USD 14.5 million) and wax export was 3 TMT (USD 3 million).

*Export of Diesel to Myanmar*

## 7. Projects

### 7.1 Projects completed and commissioned:

#### a. DHDT project:

The Diesel Hydrotreater Unit (DHDT) was completed on 31.01.2018 as per scheduled completion date and within the approved cost of ₹1,031 Crore. The project was executed on fast track and was completed within a short span of 28 months without any time and cost overrun.

*Agreement with MEA, Govt. of India for construction of India-Bangla friendship pipeline*

The project was implemented for compliance of Auto Fuel norms set by the Govt. of India for BS-IV grade fuels. The newly commissioned plant has a capacity of 0.7 MMTPA and was implemented with technology from M/s Haldor Topsoe, Denmark. Post commissioning of the project, NRL is now capable of producing entire HSD as BS-IV grade at 100% capacity utilization of the refinery and will also meet future BS-VI HSD compliance.

#### b. Modernisation and capacity augmentation of LPG Bottling Plant at Numaligarh

The LPG Bottling plant at Numaligarh was upgraded and capacity was augmented from 10 to 42 TMT per annum. The new plant was commissioned on 26.01.2018 within the approved cost of ₹12 Crore. The project was implemented to meet growing demand of packed LPG in the North East and will facilitate speedy implementation of the Pradhan Mantri Ujjwala Yojana (PMUY) scheme in this region which aims to replace unclean cooking fuels in rural India with the clean and more efficient LPG.

### 7.2 Ongoing Projects:

#### a. Mounded Bullet Project:

NRL is implementing a project for installing mounded bullets for storage of LPG replacing the existing above ground LPG spheres at an approved cost of ₹122.10 crore. As on 31.03.2018, overall progress in the project has reached 86.9% and 37 milestones were achieved against total of 53 milestones for the project. Major milestones completed are erection of pumps, completion of offsite piping erection and placement of bullets on the pile. Cumulative expenditure in this project up to 31.03.2018 was ₹90.78 Crore with total financial commitment of ₹121.60 Crore. The project is targeted to be completed during 2018-19.

### 7.3 Projects in pipeline:

#### a. Refinery Expansion from 3 to 9 MMTPA:

NRL's refinery expansion proposal is in active consideration at the MoPNG. The project includes construction of two cross-country pipelines: a) Crude oil pipeline of 8 MMTPA capacity and 1,398 km length from Paradip (Odisha) to Numaligarh (Assam) for transporting imported crude oil to the refinery, and b) product pipeline of 6 MMTPA capacity and 650 km length from Numaligarh to Siliguri for evacuation of product. The estimated cost involved in the project is ₹22,594 Crore.

### b. Bio-refinery Project (JV investment):

NRL plans to set up a bio-refinery at Numaligarh for production of fuel grade Ethanol from Bamboo through a Joint Venture (JV) company. The JV agreement was signed on 25.04.2018 and the JV Company 'Assam Bio-Refinery Pvt. Ltd.' was incorporated on 04.06.2018 to implement the project with technology from M/s ChempolisOy, Finland. NRL has 50% equity in the JV along with M/s Fortum 3 BV, Netherland (28%) and M/s Chempolis Oy. Finland (22%). The estimated cost of the project is ₹1,259 Crore. This initiative is a pioneering effort which will use this new technology for conversion of ligno-cellulosic bamboo bio-mass to ethanol for the first time in the country on a commercial scale.

### c. India-Bangladesh Friendship Product Pipeline (IBFPL):

NRL and Bangladesh Petroleum Corporation Ltd. has entered into a MoU for setting up a 129.5 KM product pipeline from NRL's Siliguri Marketing Terminal in India to Parbatipur in Bangladesh. Route survey and detailed feasibility report for the pipeline has been completed. The estimated cost involved in laying the pipeline is ₹346 Crore. The project will be implemented with Grant-in-aid support of ₹ 285 Crore from the Govt. of India for the Bangladesh portion of the pipeline. NRL's investment in the project will be ₹61 Crore. The G2G agreement between India and Bangladesh has been signed. An agreement between NRL and the Ministry of External Affairs (MEA), Govt. of India was signed on 20.06.2018 on fund transfer of the grant-in-aid through an Escrow account. The project activities are expected to commence shortly.

### d. North East Gas Grid (JV Investment)

NRL entered into an MoU with equal participation of IOCL, ONGC, OIL and GAIL to form a JV Company to implement the North East Gas Grid. The NE Gas Grid will be connected to the National Gas Grid through a pipeline from Barauni to Guwahati and will connect all state capitals in the North East. The project will be implemented at an estimated cost of ₹6000 Crore. The JV agreement was signed on 20th July, 2018.

## 8. INVESTMENT IN JOINT VENTURE COMPANIES

**Brahmaputra Cracker and Polymer Limited (BCPL)**:

BCPL is a joint venture company which was incorporated on 8th January 2007 as a Central Public Sector Enterprise under the Department of Chemicals & Petrochemicals, Govt. of India with an authorized share capital of ₹2,000 Crore.

The products of the Company are High Density Polyethylene (HDPE) and Linear Low Density Polyethylene (LLDPE) totaling 2,20,000 Tons per

*JV Agreement for North East Gas Grid Project*

Annum (TPA) and 60,000 TPA of Poly-Propylene (PP). The other products include Hydrogenated Pyrolysis Gasoline and Pyrolysis Fuel Oil.

BCPL's Revenue for the year 2017-18 stood at ₹1,946.96 Crore as against ₹973.08 Crore in the previous year. For the year 2017-18, due to improvement in its operations, BCPL's Loss for the year reduced to ₹80.38 Crore as against Loss of ₹547.41 Crore incurred during the year 2016-17. Earnings per Share (EPS) for the year 2017-18 stood at ₹ (0.57) as against ₹ (4.10) in 2016-17.

**DNP Limited**:

DNP Limited is a Joint Venture company between Assam Gas Company Limited (AGCL), Oil India Limited (OIL) and Numaligarh Refinery Limited (NRL) and was incorporated on 15th June 2007 with an authorized share capital of ₹170.00 Crore. As on 31st March 2018, the paid up share capital of DNP Limited is ₹167.25 Crore. The present shareholding of the Company as on 31st March 2018 stands at AGCL (51%), NRL (26%) and OIL (23%). The registered office of the Company is at Guwahati, Assam with its operational headquarters at AGCL, Duliajan.

The main objective of DNP Limited is transportation of Natural Gas through pipeline having a design capacity of 1.2 MMSCUM - per day from Madhuban at Duliajan to Numaligarh Refinery. During the year 2017-18, the company transported 267.92 MMSCUM of Natural Gas as against 229.12 MMSCUM in 2016-17.

DNP Limited's Revenue for the year 2017-18 stood at ₹81.49 Crore as against ₹68.49 Crore in the previous year. The Company's profit for the period stood at ₹32.31 Crore as against profit of ₹13.49 Crore in the previous year. Earnings per Share (EPS) for the year 2017-18 stood at ₹1.93 compared to ₹0.81 in 2016-17. The Board of Directors of DNP Limited has recommended a dividend of ₹0.60 per fully paid equity share of ₹10.00 each for the year 2017-18 as compared to ₹0.25 per equity share of ₹10.00 each in 2016-17.

## 9. PROCUREMENT FROM MSME

In line with "Public Procurement Policy for Micro and Small Entrepreneurs Order 2012", NRL has been complying to the annual procurement target of 20% for purchase of Goods and Services through MSEs. NRL has also been fully abiding by the other mandates of the Policy.

All tenders at NRL are floated through CPP portal as open tender route, invariably with purchase preference clause for MSEs. As per existing Purchase Preference Policy of Government of India, in any tender, participating MSEs, who are within price band of L1+15% will get a portion of order, provided they match L1 price. This allocation to MSEs is atleast 20%. Additionally, 20% of this 20% portion i.e. 4% of the total tender quantity is reserved for SC/ST entrepreneurs in MSE category.

For the year 2017-18, total annual procurement target for Goods and Services was kept at ₹390.00 Crore against which procurement was done for ₹381.60 Crore. During the year the actual procurement value from MSEs was ₹113.70 Crore, i.e. an achievement of 29.80% as against the target of 20%. The procurement for Goods and Services from MSE-SC/ST vendors during the year 2017-18 was ₹24.34 Crore. i.e. an achievement of 6.38% as against a target of 4%.

### Relaxation of Past Track Record for MSE and Startup

To promote MSEs and Start up entrepreneurs, Government of India has emphasized on relaxation of past track record in terms of relaxation on prior turnover and prior experience. In compliance to the directive of Ministry of Petroleum and Natural Gas, NRL has implemented a procedure to consider relaxation of Past Track Record (PTR) norm for MSE and Start up vendors in the procurement process.

### GST Implementation

Your Company has adopted the new Goods and Services Tax (GST) structure in its business transactions. The SAP ERP platform was successfully configured as per requirements of the provision of the GST rule. NRL has taken proactive initiatives to put the system in place and implemented from the first day of roll out on GST on 1st July 2017. Apart from implementing the new tax system within the organization, vendors were trained and required support provided during migration to the new system. The Company's ERP platform is configured to handle both GST and non-GST transactions as some of the petroleum products such as HSD, MS and ATF are outside the purview of GST.

### Purchase Preference (linked with Local Content)

Make in India campaign was launched by the Government of India for attracting capital and technological investment and initiate product manufacturing in India by the multi-national and national companies to improve the Indian economy.

In order to incentivize the indigenization of Goods & Services through increase in Local Content, Ministry of Petroleum & Natural Gas (MoPNG) has laid down a policy to provide purchase preference (linked with local content) by all Central Public Sector Undertakings under MoPNG, subject to meeting the stipulated local content targets.

During the year, your Company has implemented the purchase preference (linked with local content) policy as guided by MoPNG, vide letter No. O-27011/44/2015-ONG-II/FP dated 25-04-2017.

## 10. IMPLEMENTATION OF OFFICIAL LANGUAGE

NRL has been promoting implementation of Hindi as the Official Language as per provisions of the Official Language Act, 1963 and Official Language Rules, 1976. Hindi training & workshops are being periodically organized for the employees. Incentive schemes for encouraging employees to use Hindi in Official correspondences are being continued. A sum of ₹2,89,950.00 was given to 174 employees as cash incentive during the FY 2017-18. Events like "Hindi Divas" and "Hindi Week" were celebrated w.e.f. 14th to 20th Sept. 2017 with active participation from employees and their family members.

*Rajbhasa Award to NRL*

NRL was awarded the "Chal Vaijayanti Shield" (2nd Prize) for the third consecutive year for effective implementation of the Official Language Policy, Govt. of India during the year 2016-17. In addition, NRL Hindi magazine "Prayas" (7th issue) was awarded the 1st Prize among Hindi magazines published by Town and Official Language Implementation Committee members. The 8th (Eighth) issue of the Hindi Magazine "Prayas" was - brought out during the financial year 2017-18. A booklet "Thought of the Day" (Aaj Ka Vichar) was published and distributed among all employees.

## 11. RIGHT TO INFORMATION ACT

In accordance to the Right to Information Act, 2005, the Company has in place a robust mechanism to comply with the requirements of the Act. Citizens can access information under the control of the Company, thus promoting transparency and accountability in its working as a PSU. All information sought under the Act, whether requested online or offline, are judiciously dealt with and replied to within prescribed timeline. Your Company has nominated Nodal Officer/ CPIO/ Appellate Authority for carrying out the necessary functions in line with the provisions made in the RTI Act. Mandatory disclosures are regularly updated and maintained in the Company's website www.nrl.co.in. Monthly Progress Report on RTI is sent to the Ministry of Petroleum and Natural Gas and online quarterly returns are reported in RTI Annual Return Information system.

## 12. VIGILANCE

Vigilance Function of the Company is focused towards preventive and proactive vigilance activities for ensuring transparency, fairness and sound business practices. The role of vigilance as constructive contributor in maintaining ethical standards of the organization is well accepted and Vigilance Department made all out efforts for enhancing ethics and transparency in every sphere of the Company's activities.

During the year, routine, surprise and CTE type Inspections, scrutiny of procurement and contract files, scrutiny of property returns of employees, system improvement studies, witnessing tests at construction sites were carried out as part of


preventive vigilance activities. Further, vigilance orientation programs were organized for employees for better understanding of transparency and fairness. Investigations were carried out on complaints received from various stakeholders and suitable actions were taken. The 2016-17 issue of the in-house Vigilance Journal of NRL – 'Chaitanya', containing various articles on vigilance was also released.

On completion of tenure of Shri U. Krishna Murty, Chief Vigilance Officer HPCL, who was holding the additional charge of Chief Vigilance Officer NRL, Shri Sunil Jain, Chief Vigilance Officer, BPCL assumed the additional charge of Chief Vigilance Officer of NRL with effect from 11th September 2017.

## 13. INTEGRATED INFORMATION SYSTEM(IIS)

SAP system being the core of the NRL's business process driving the enterprise, the system was primed with upgraded enhancement pack (EHP8), GST modules and was able to deliver the challenges of the new tax regime "Good and Service Tax" (GST) for purchase and sale processes. All business processes whereever applicable, has been made GST compliant. The GST returns filing through GSP has been complied as per timelines mandated by the government directives. The e-way bill was also introduced from 1st April'2018.

With vast amount of data being aggregated by different Information Technology and Operational Technology systems, the journey for data warehousing has been initiated through the implementation of SAP Business Intelligence (BI). The first application "SAP Business Planning and Consolidation (SAP BPC)" has been rolled out which delivers planning, budgeting, forecasting, and financial consolidation capabilities, and speed up budget cycle time with elimination of manual processes for planning and budget compilation . The application has been made live in June, 2018. It will automate the entire revenue budgeting process in SAP.

Extensive business reporting and dashboards in the functional areas of finance, inventory, sales and distribution, human resources are being rolled out in phased manner on the SAP BI platform. Some of which are -

- Online system for Performance Management System (PMS) was implemented
- Training and Event Management (TEM) in SAP was upgraded
- Contract Worker Registration & Clearance system has been introduced to maintain and manage various Industrial Safety Issues, Labour Law Compliances and EPF / ESIS Compliances etc.
- Manufacturing Execution Systems (MES) such as the AspenTech Technology platform viz. IP21 landscape, A1PE & PIMS were upgraded to the latest version
- Laboratory Information Management System (LIMS) was introduced in Siliguri Terminal and stock module in LIMS was also introduced to monitor availability of laboratory consumables in both refinery and marketing terminal QC labs.
- Anew software system – "Action Taken Report" was implemented to track and monitor the various safety audit recommendations
- Complaint management software was introduced in electrical maintenance, township & estate maintenance.

- SAP gate pass for Tank Truck (TT) with FAN (Filling Advice Note) for product loading was introduced at Siliguri Marketing Terminal.

## 14. E-GOVERNANCE

Digital Transformation being the buzzword today, many initiatives has been implemented to achieve the fundamental transformation in the way business is conducted. Few highlights are elaborated below:

- As per the Companies Act, 2013, which mandates for devising and running a robust **Legal Compliance Management System (LCMS)** in all the registered companies of India, a digital based legal compliance management solution (Legatrix+) has been introduced in the company. This will ensure compliance with the provisions of all applicable laws. The system provides high level of compliance across the organisation and in good governance which protects the interest of all the Directors, Officers of the Company, Investors, Customers and Employees and avoids prosecution for late filing of return and penalties.
- **e-Sewa**, the Corporate Social responsibility (CSR) platform developed in-house, has been interfaced to corporate SAP ERP system thereby ensuring the robustness and transparency of CSR transactions, right from initiating the proposal, approval and disbursal of payments/funds through secured digital payment gateways. System has been designed to ensure payment budget control, ease of monitoring, expenditure, ageing and exception reporting functionalities.

*Go live of Legal Compliance Management System*

- **iDEATION2017**, a Start-up initiative of NRL has been delivered and managed wholly on the digital platform, and has won accolades in 'SCOPE Corporate Communications Excellence Awards 2017'for 'Effective use of Digital Communication' and "PRSI National Awards 2017" as the "Best Social Media Campaign", which is a manifestation of its impact and effectiveness.
- **Anuprerona** – a digital faceless, paperless & cashless initiative under the Corporate Social Responsibility (CSR) scheme was introduced in the financial year for application, approval and disbursal of scholarship under various CSR programs
- Bill tracking system, Online Capex approval system for additional facility schemes and file tracking systems are in place to enhance e-governance in the organization.

## 15. SOCIAL MEDIA PRESENCE

NRL has leveraged the social media space in order to create a strong online presence for enhancing the Company's brand visibility while strategically engaging with its digital audience. The Company's official Facebook page, Twitter handle and YouTube account has a dedicated and loyal audience who follow the developments in NRL and share their feedback and concerns. Besides conventional media, the social media platform has been actively used by NRL to communicate information about the Company's developments, happenings, announcement of major initiatives, Corporate Social Responsibility initiatives, thereby maintaining a constant engagement and interaction with the public at large. The various initiatives of the Govt. of India, specifically within the ambit of the Ministry of Petroleum and Natural Gas are also propagated through NRL Social Media handles by way of shares from NRL Facebook page and retweets from NRL Twitter handle. With the expanse of NRL products such as Wax and Diesel worldwide, social media platforms have generated interest about the Company among important stake holders, inland and overseas alike.

## 16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

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

## 17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The details regarding energy conservation and technology absorption as required to be furnished pursuant to Section 134(3)(m) of the Companies Act,2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are placed at Annexure-A as part of this report.

## 18. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company earned foreign exchange of ₹109.72 Crore on export of Diesel to Bangladesh and Wax being exported to various countries during 2017-18. Foreign exchange outgo during the year was ₹439.09 Crore mainly on account of purchase of materials, know-how, professional consultancy fees, travelling, etc.

## 19. MEMORANDUM OF UNDERSTANDING

Your Company has been achieving 'Excellent' performance rating consistently since signing of the first Memorandum of Understanding (MoU). Based on -self evaluation of our performance against MoU 2017-18, the Company is expected to qualify in 'Excellent' category.

*MoU signed with BPCL*

## 20. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

As per MCA Notification No.: GSR 463(E) dated 5th June, 2015, provisions of Section 134(3)(e) are not applicable to a Government Company and hence, details on Company's policy on Directors' appointment and other matters are not provided under Section 178(3).

Further, Govt. Companies are also exempted from the applicability of the provisions of section 197 of the Companies Act, 2013. Therefore, the requirement of disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details as may be prescribed, including the statement showing the name of every employee of the Company, who if employed throughout/part of the financial year, was in receipt of remuneration not less than ₹60 Lakh/₹5 lakh per month etc. are not provided in the Directors' report in terms of section 197(12) read with Rule 5(1)/(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year, no remuneration/commission has been received by the Managing Director and other Whole-time Directors of the Company from any of its Associate/ JV Company.

NRL being a Government Company, its Directors are appointed/nominated by the Government of India which specify fixation of pay, criteria for determining qualifications and other matters as the case may be.

## 21. BOARD EVALUATION

The provisions of section 134(3)(p) of the Act shall not apply to a Government Company in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. NRL,being a Public Sector Undertaking, the performance evaluation of -Directors is carried out by the Administrative Ministry (MoP&NG), Government of India as per applicable Government guidelines.


## 22. CORPORATE GOVERNANCE

Corporate Governance is about maintaining a -relationship based on trust with all stakeholders and is an integral part of -value creation within the Company. In sync with its core values, your Company has been maintaining integrity, transparency and accountability in all its spheres of business.

In accordance with the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) in May 2010, a report on Corporate Governance together with Auditors' Certificate on compliance of Corporate Governance is annexed as Annexure-B to the Directors' Report.

## 23. AUDIT COMMITTEE

The details of the composition of the Audit Committee are provided in the Corporate Governance Report which forms part of this Report.

## 24. NUMBER OF MEETINGS OF THE BOARD

Nine nos. meetings of the Board of Directors were held during the year 2017-18, the details of which are given in the Corporate Governance Report that forms part of this Report.

## 25. EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT -9 is annexed as Annexure-F to this Report.

## 26. STATUTORY AUDITORS

M/s. M. C. Bhandari & Co., Chartered Accountants, 4, Synagogue Street, Kolkata-700001 was appointed as Statutory Auditors of the Company for the year 2017-18 by the Comptroller & Auditor General of India under the provisions of Section 139 of the Companies Act, 2013. They will hold office till the conclusion of the ensuing Annual General Meeting. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## 27. COST AUDITORS

M/s. Subhadra Dutta & Associates, Cost Accountants, Guwahati was appointed as the Cost Auditor of the Company for the year 2016-17 in accordance with the provisions of Section 148(3) of the Companies Act, 2013. Cost Audit Report for the year 2016-17 was filed with the Ministry of Corporate Affairs on 23rd September, 2017 in XBRL Format in CRA-4 as specified by MCA as per requirements of the Companies (Cost Records and Audit) Rules, 2014 .

The same Cost Auditor was appointed for the year 2017-18. The Cost Auditor, shall within a period of 180 days from the closure of the financial year, forward the Cost Audit Report and the Company is required to file the Cost Audit Report within 30 days of receipt of the same. Necessary action will be initiated to file the Cost Audit Report 2017-18 within stipulated time.

## 28. SECRETARIAL AUDITOR

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with Companies

(Appointment and Remuneration of Managerial Personnel) Rules 2014, **M/s Amit Pareek & Associates**, Practicing Company Secretaries, Guwahati were appointed by the Board as Secretarial Auditor to conduct the Secretarial Audit of the Company for the year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith as part of Annexure-B i.e. Corporate Governance Report. The said report does not contain any qualification, reservation or adverse remark.

## 29. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.

As per the declaration given and noted by the Board of Directors, they were not disqualified to be appointed as Independent Director of the Company as on 31st March, 2018.

## 30. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors of the Company confirm that :

(a) In the preparation of the Annual Accounts for the year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 as at 31st March,2018 and the profit and loss of the company for the year ended on that date;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a 'going concern' basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 31. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Managing Director, other whole-time Directors and Company Secretary are the Key Managerial Personnel for the purpose of the Companies Act, 2013('the Act') and the Board had designated Director (Finance) as CFO for the purpose of the Act.

## 32. DIRECTORS RESIGNED AND APPOINTED AFTER THE LAST ANNUAL GENERAL MEETING:

Shri Alok Tripathi, Director (D&MC), MOP&NG ceased to be Director on the Board of NRL with effect from 4th October, 2017, consequent to his release from the Ministry of Petroleum and Natural Gas on completion of his Central Deputation tenure.

Shri P. Padmanabhan, relinquished the charge of Managing Director, NRL at the close of office hours on 31st October, 2017 on attaining superannuation.

The Board placed on record their appreciation of the valuable contributions and guidance and support provided by Shri Alok Tripathi and Shri P. Padmanabhan for the development and progress of the Company's business during their tenure.

Smt. Sneh Lata Kumar, who has been nominated by the Government as Independent Director on the Board of the Company for a period of three years was appointed by the Board as Additional Director w.e.f. 8th September, 2017. Her appointment will be placed for confirmation by the Shareholders in the ensuing AGM. Notice under Section 160 of the Companies Act, 2013 has been received proposing her name for appointment as Director at the ensuing Annual General Meeting.

Dr. Praphullachandra Sharma, Dy. Secretary(IC), MOP&NG was appointed as Additional Director on the Board of the Company w.e.f. 24th November,2017.

Being 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 the provisions of Section 152 of the Companies Act, 2013, Shri Utpal Bora, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment as Director at the said meeting.

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

## 33. ACKNOWLEDGMENT

Your Directors take this opportunity to express their gratitude to all employees for achieving - challenging targets in almost all spheres of activities and are confident that they will continue to contribute their best towards achieving still better performance in future.

Your Directors also wish to place on record the contribution made by NRL associates, and various stakeholders.

Your Directors acknowledge the support and guidance received from the various Ministries of the Government of India, particularly from Prime Minister's Office, Ministry of Petroleum & Natural Gas, Ministry of External Affairs, Ministry of Heavy Industries and Public Enterprises, Petroleum Planning and Analysis Cell, Railways, Income Tax, Customs and Central Excise as well as from the Government of Assam and other Government Departments.

Your Directors also wish to place on record their gratitude to NRL's valued customers for their continued support and faith reposed on the Company.

Your Directors also express their sincere thanks to all share owners of the Company, viz. M/s. Bharat Petroleum Corporation Limited, M/s. Oil India Limited and Government of Assam for their continued support to the management towards enhancing Company's wealth.

For and on behalf of Board of Directors

Sd/-

**D. Rajkumar**
Chairman

Mumbai
Dated: 26th July 2018

# Management Discussion and Analysis

## Industry Structure and Developments

The International Monetary Fund (IMF) projects that the global economic upswing will continue in the coming year. The advanced economies as a group will continue to expand above their potential growth rates for this year and next before decelerating, while the emerging market and developing economies will rise before levelling off. The global GDP growth forecast for 2018 is 3.9%. Faster growth in the euro area, Japan, China and the United States is expected to drive this momentum. The growth forecast for India and China in 2018 remains high at around 7.4% and 6.6%.

India's GDP growth in 2017-18 was 6.7% and is projected to remain strong at above 7% in the coming years. However, oil-related risks have risen over the past few months with crude trading at a high price.

## Energy trends

Global energy system has seen four large scale shifts in 2017 – rapid deployment and falling costs of clean energy technologies, growing electrification of energy, shift to more service oriented economy and a cleaner energy mix in China and resilience of shale gas and tight oil in the United States to come out as a major energy supplier even at lower prices. Electricity is seen as the rising force among world-wide end-uses of energy. However, in spite of changing scenarios including rapid development in the Electric Vehicle movement, growth in oil demand is expected to be robust in near future.

World oil demand growth in 2017 was 1.65 million barrels per day (Mb/d) and annual demand stood at 97.20 Mb/d. For 2018 also, global oil demand growth is estimated at 1.65 Mb/d and demand to average at 98.85 Mb/d for the year.

In the context Indian oil and gas scenario, the average price for Indian basket increased to around $56 per barrel in 2017-18 from $48 per bbl in the previous year. prices have further increased during the first quarter of 2018-19 to average at $72 per barrel for the Indian basket.

The Indian refining industry performed above par in terms of capacity utilisation, which was recorded at 102%. Against installed refining capacity of 247 Million Metric Tons per Annum (MMTPA) at the end of the year, crude processed during 2017-18 was 252 MMT. During the year, refining capacity addition in the country was 13 MMTPA. Total production of petroleum products during 2017-18 amounted to 254 MMT registering a growth of 4.5% over previous year. Total consumption of petroleum products in India continued to be lower than production. During 2017-18, 205 MMT of product was consumed in the country with a growth rate of 5.3%. Crude oil import during the year was 220 MMT amounting to around USD 88 billion. Net product export was 31 MMT amounting to USD 22 billion.

*JV Agreement signed for Bio Refinery*

Natural gas consumption during the year increased by 5.4% over previous year and reached the level of 55.5 Billion Cubic Meters (BCM). Out of the total natural gas consumption, 47.3% was through imports.

## Strengths

The Company's net worth has progressively risen to the level of ₹5,044 crores as on 31st March, 2018 with reserves and surplus at ₹4,309 crores. The Company's financial position and favorable credit ratings augur well for the upcoming expansion project.

In terms of production efficiency, NRL continues to be one of the best performing refineries in the country with highest distillate yield and lowest specific energy consumption.

NRL has the largest wax producing unit in the country and since commencing commercial production of Paraffin Wax in 2015-16, it has ended the last fiscal with highest market share in the country. Paraffin wax, being a high value product, adds value to refining margin.

NRL has commissioned the Diesel Hydrotreater Unit in Jan'18 and is capable of producing both BS-IV and BS-VI grade of HSD at 100% capacity utilisation of the refinery.

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 major weakness of NRL is its sub-economic refinery size at 3.0 MMTPA. Coupled with this, the logistical bottlenecks for importing limited quantity of crude oil to saturate existing refining capacity results in relatively higher operating cost per unit of crude processed. Demand of petroleum product in North East is slowly picking up with MS demand growing at around 16% and HSD demand growing near 9%. In view of this, cost to evacuate product outside the region is likely to come down in near future.

## Opportunities

Being a major supplier of POL product to BPCL in eastern part of the country with a projected growth

*Wax export to European countries*

in demand, there is opportunity to expand NRL's refinery capacity by sourcing incremental through imports. In this regard, NRL is actively pursuing plans for refinery expansion from 3 to 9 MMTPA. Post expansion, surplus products available in the refinery could be exported to neighbouring Bangladesh, Myanmar and Nepal. NRL has been able to maintain its highest market share in the country for paraffin wax. There is an opportunity to penetrate marketing of wax further in the neighboring ASEAN countries. As on date, NRL Wax has been exported to 24 different countries worldwide.

## Threats

Inadequate availability of oil and Natural gas Gas in North East continues to be a primary threat for the Company. Production of oil in the region has been declining over the past few years. On the other hand, due to increase in demand for Natural gas Gas in the region, there have been concerns for uninterrupted availability of Natural Gas. It is, therefore, extremely essential to connect the North East Refineries with a source of imported oil and Natural Gas so that its sustenance in the long term is ensured.

## Product-wise Performance

NRL's total production during 2017-18 was 2,823 TMT compared to previous year's 2,653 TMT registering a 6% growth. Production included 1,867 TMT of HSD in BS IV grade and 615 TMT of MS in BS IV grade. Both MS and HSD production during the year were highest ever achieved by the refinery. Production also comprised 60 TMT of LPG, 76 TMT of ATF, 71 TMT of SKO, 8 TMT of MTO, 46 TMT of Paraffin Wax, 19


*Signing of MoU for Bamboo sourcing at Imphal*

TMT of RPC, 66 TMT of CPC and 5 TMT of Sulfur. Net Naphtha production in the year 2017-18 was negative at 9 TMT due to depletion of inventory on account of higher internal consumption.

## Outlook

The outlook for 2018-19 continues to be positive with growing demand of petroleum products in NRL's supply zone. Consumption of petroleum products in the North East region has seen a high growth rate of around 16% for MS and 9% for HSD. Total consumption of petroleum products in the region has reached 3.95 million tons in 2017-18 registering a growth of 12% over previous year's 3.52 million ton. There is opportunity to export products to neighboring countries like Bangladesh and Myanmar. In 2017-18, NRL exported 25 TMT of Gas oil to Bangladesh by rail from Siliguri and 30 tons to HSD to Myanmar by road via Moreh-Tamu border. India's wax demand continues to be dependent on imports by around 50%. There is an opportunity for NRL to substitute imported wax and increase market share.

Major challenge for the company lies in improving operational availability of its refinery so that capacity utilization and total production can be increased to take advantage of the growing market demand.

The proposal for investment in the refinery expansion project is under active consideration of the Government. Once this project is approved, we expect major changes in the entire organization as this will be the major investment of the company as well as in the oil industry in the North East.

The implementation of India Bangladesh Friendship Pipeline from Siliguri to Parbatipur (Bangladesh) is expected to start shortly. The G2G agreement between India and Bangladesh has been signed. The project will be implemented with Grant-in-aid of ₹285 crores from the Govt. of India for the Bangladesh portion of the pipeline. For which agreement between NRL and Ministry of External Affairs (MEA) has been signed on fund transfer modalities. Total investment in the pipeline will be ₹346 crores.

The Joint Venture Company 'Assam Bio-Refinery Pvt. Ltd.' has been incorporated to set up the Bio-refinery at Numaligarh for production of ethanol from bamboo. The project is targeted to be completed in 28 months.

## Risks and Concerns

Risks and associated concerns for 2018-19 continue to be primarily associated with supplies of oil and Natural gas and achieving a higher capacity utilisation of the refinery. Since two new projects are expected to start during the year, completing the projects without time and cost overrun will be of concern and major thrust area for the company.

## Internal Control Systems and their adequacy

The Company has in place adequate internal financial controls designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use, the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; executing transactions with proper authorization and ensuring compliance with corporate policies and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit department has a mix of officials from finance and technical functions, who carry out extensive audit throughout the year.

The Internal Audit team develops an annual audit plan based on the risk profile of the business activities.

The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan.

Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are regularly reviewed by the Audit Committee to ensure cent percent compliance of the recommendations.

The statutory auditors are also required to issue the Independent Auditor's Report on the Internal Financial Controls of the Company under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act 2013. The report issued thereupon has been attached alongwith the Standalone and Consolidated Financial Statements respectively.

## Financial Performance with respect to operational performance

During 2017-18, the refinery processed 2,809 TMT of oil, which corresponds to a capacity utilisation of 93%. throughput in 2017-18 was higher compared to previous year's 2,683 TMT due to higher on stream days. Distillate yield was 86.68% compared to 86.49% of previous year. Distillate yield is calculated as per new methodology of CHT, which is worked out excluding blend components and considering NG fuel and feed as input. Energy Intensity Index (EII) during 2017-18 improved to 88.3 from previous years 95.2. NRL's EII continues to be amongst the best in the industry. Similarly, Specific Energy Consumption (SEC) during 2017-18 was recorded at 64.87 MBN compared to 72.26 MBN in the previous year. Highest ever MS and HSD production was achieved during the year at 615 TMT and 1867 TMT respectively.

Highest ever sales volume of 2,912 TMT was recorded during the year compared to 2,679 TMT in 2016-17. Gross Refinery Margin (GRM) during the year was recorded at $11.43 per bbl compared $8.50 per bbl in 2016-17. Consequent to such higher margins and excellent physical performance, the Company maintained a high profit before tax of ₹3,142.34 crore during the year. The Earning per Share (EPS) for the year 2017-18 stood at ₹27.79 compared to ₹28.55 in 2016-17.

The Company posted revenue from operations of ₹15,923 Crore registering a growth of 14% as compared to ₹13,947 Crore in the previous year. Profit before tax (PBT) marginally decreased to ₹3,142.34 Crore from ₹3,147.57 Crore in the previous year. Consequently, Profit after tax (PAT) also decreased and recorded at ₹2,044.64 Crore during 2017-18 compared to ₹2,100.57 Crore in the previous year.

## Certification and Awards

During 2017-18, your Company was conferred with the following awards:

i. **National Technology Award 2017*** instituted by Technology Development Board under Department of Science and Technology, Govt. of India for Commercialization of Wax De-oiling Technology developed jointly in collaboration with the Indian Institute of Petroleum and Engineers India Limited.

ii. **Suraksha Puraskar*** in Manufacturing Sector (Group-A, Manufacturing Coke and Refined Petroleum Products) instituted by National Safety Council of India (NSCI)

iii. **SCOPE Corporate Communications Excellence Awards 2017** in the categories of Best House Journal (English), Best Annual Report and Effective use of Digital Communication.

*SCOPE award*

iv. **PRSI National Awards 2017** instituted by Public Relations Society of India( PRSI) for House Journal, Annual Report, Best Event Management (For Numaligarh Marathon) and Best Social Media campaign (For NRL Startup initiative iDEATION)

v. **Chal Vaijayanti Shield (2nd Prize)** for effective implementation of Official Language Policy of Govt. of India and **1st Prize** for NRL **Hindi Magazine 'Prayas'** amongst Hindi magazines published by Town Official Language Implementation Committee (TOLIC) of PSU members.

## Human Resources

NRL has increased its productivity through optimisation of its human resources. It has achieved operational excellence through its qualified, committed and efficient workforce. HR initiatives of the company are aligned with overall organisational goal. It has continued to enable its employees to work in a conducive environment, leveraging technology to ease its operations. The Manpower strength of NRL as on 31st March,2018 is 864, as detailed below :

| Group | Total | SC | ST | OBC | PWD | Minorities | Female |
|---|---|---|---|---|---|---|---|
| A | 439 | 52 | 30 | 104 | 5 | 21 | 32 |
| B | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| C | 424 | 37 | 62 | 138 | 16 | 27 | 9 |
| D | 2 | 2 | Nil | Nil | Nil | Nil | Nil |
| **Total** | **865** | **91** | **92** | **242** | **21** | **48** | **41** |


## Training and Development

The Training and Development department at NRL plays a vital role in providing opportunities to upgrade knowledge of the employees both in functional and developmental areas through in house and external training programs. Officers are nominated for various seminars, workshops and conferences to upgrade themselves on recent developments within India and abroad. During the year, 2514 mandays of training were imparted to employees comprising both Management and Non-Management staff. Total 39 numbers of internal programs are conducted at NRL learning Centre. 332 nos. of employees were nominated for external programs within India as per the recommendation of various departments.

During 2017-18, 56 executives were sent for week long training on Talent Management and Career Progression at reputed institutes in the country like IIMs/XLRI/IIT/IIP (Dehradun). Selected Officers were also sponsored for contact courses on Post Graduate Executive Management Program and M-Tech. Newly joined Graduate Engineer Trainees were exposed to various functional and developmental areas through a well-structured module. Special thrust has been given for providing functional training for Non Management staffs during the year. 25 contract workers were also sent for external training at manufacturers place.

## SC/ST Employees

The prescribed information of SC/ST employee of the Company is furnished as **Annexure-D**.

## Reservation and other welfare measures for SC/ST

NRL follows the reservation policy of Govt. of India in respect of providing reservation, concessions and relaxation to candidates belonging to Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Class (OBC) and Persons with Disabilities (PwD)in the matter of recruitment. Reservation Rosters and Roster Registers are maintained separately for A, B, C & D Group employees as per policy of the Government. These Reservation Rosters and Roster Registers are annually inspected by the Liaison Officer of MOP&NG.

Besides providing reservation in recruitment, NRL also adopts relaxed criteria in promotion for SC/

ST candidates. SC/ST candidates, who are called for written test/ interview are also reimbursed to and fro travelling expenses.

An SC/ST cell with Sr. Chief General Manager(HR) as Chief Liaison Officer has been constituted to monitor implementation of reservation policies of Government in the organisation. The Committee - takes care of grievances of SC/ST employees, if any, with the management.

In the year 2017-18, various projects were taken up from Corporate Social Responsibility schemes for socio economic development of SC, ST and OBCs.

## Persons with Disabilities

NRL is providing reservation and concessions to persons with disabilities. 3% of its identified posts are reserved for PwD candidates in Group A and 3% of total posts in Gr C & D are reserved for PwD. Number of posts reserved for PwD and their actual position is given below:

| Group | Nos. of posts reserved for PWD | Nos. of PWD employees in place |
|---|---|---|
| A | 3 | 4 |
| C & D | 16 | 17 |

## Gender Friendly work place

The company has provided a gender friendly work place with equal opportunity for men and women. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is in force to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints therewith or incidental thereto. NRL has an internal Complaints Committee per provisions of the Act which is pro-active and functional. During the year 2017-18, one complaint of sexual harassment was received and the same has been attended and disposed off.

## Communication to Employees

Your Company employs an effective communication strategy to reach out and engage with all its employees. Transparent and timely dissemination of information has been key to the Company's responsive governance, leading to a highly engaged and interactive workforce partaking in the Company's ambitious ventures and social responsibilities. Clear, effective and direct communication has always been encouraged within the organisation, thereby ushering in a culture of knowledge-sharing immersed in a milieu of trust, team work and camaraderie.

Regular updates related to the Company's developments are shared with employees through e-mails. The Company's intranet portal 'EUREKA' facilitates prompt access by employees, keeping them informed about Company initiatives, policies and developments. One of the most perceptible tools of internal communication is the Company's quarterly in-house journal 'Rodali' which encompasses the activities within the organisation and its associate entities. Your Company's website www.nrl.co.in is regularly updated with latest developments, announcements and the Company's official news releases, which caters to both internal as well as external customers. Periodic meetings like Weekly Communication Meeting (WCM), Functional Co-ordination Meeting (FCM), Departmental Review Meetings, meetings with collectives etc. are held within teams and across functions for information and knowledge exchange for smooth operations, timely planning of activities and participative management. Apart from these, various periodicals like the Safety newsletter, *Chaitanya*- the Vigilance newsletter, *Prayas*- the Hindi magazine etc. are published by respective Departments to highlight their areas of work and the latest developments in the field and shared with employees.

## Industrial Relations

Industrial relations were cordial and harmonious throughout 2017-18. Issues with various groups and agencies were amicably resolved facilitating smooth conduct of business during the year.

## Corporate Social Responsibility and Sustainability

NRL's Corporate Social Responsibility and Sustainability programs are based on need analysis and are aimed at improving the socio-economic status of weaker section of the society. NRL strongly believes that CSR plays a defining role in the development of the Nation and Company's CSR thrust areas are inspired from national development policies for advancement of children, women and weaker sections. Focus of

*Waste handling equipment and vehicles handed over to GMC*

major NRL's CSR lies in the surrounding areas of the refinery at Numaligarh, Assam and at Siliguri in West Bengal, where its marketing terminal is located. NRL is committed to allocate at least 60% of the CSR budget for the local communities. Over the years, NRL has been trying to bring positive change to the lives of more and more people through its CSR activities. Every year, new CSR programs are being identified to reach out to a larger section of the society and make a visible impact to their lives. The Community, particularly around the refinery at Numaligarh has witnessed perceptible improvement on socio economic front on account of CSR initiatives of NRL. Still, NRL is yet to achieve the desired level and match the expectation of the community as felt by the organization as a whole.

In the year 2017-18, efforts were made to ensure that benefits of the CSR activities reaches out to the less privileged and marginalized section of the society under the focus areas of promotion of Education, Women Empowerment, Skill Development & livelihood, Health care, development of Rural infrastructure, Promotion of Sports, Environment sustainability and Promoting Swachh Bharat Missions. During the year, more than 75 villages of nearby area and around 100 educational institutes have been benefitted by various CSR initiatives of NRL. Company's CSR expenditure has grown by many folds in the last few years. During 2017-18, NRL CSR expenditure has increased to ₹46.24 crore, registering a growth of around 123% over previous years CSR spending of ₹20.69 crore.

**Key CSR and Sustainability initiatives undertaken during 2017-18 are:**

**Skill Development**

- **Project 'Uttoran"**: Moving along with the Nation's Skill India Initiative, NRL has been skilling the students and un-employed youths of Golaghat district of Assam through its Skill Development project, **"Uttoran"**. Initiative has been taken up to develop the skills in areas like Automotive domain, welding trade, fitter, CNC operator, GNM, & BSc Nursing, Paramedical Science, Hotel Management, Geriatric home health aide, Decorative candle making etc. During the year 2017-18, skill training were imparted to 370 youths at project cost of ₹2.13 Crore. These trainings were provided through various reputed training institutes & NSDC approved Skill centres such as M/s Gram Tarang Employability Training Services, Bhubaneswar, M/s NTTF, Bangalore, M/s Life Circle Hyderabad, M/s Apollo Med Skill Centre, ITI Jorhat; Assam Down Town university, Guwahati, Food Craft Institute Samaguri, Assam, Santhigiri Ashram, Kerala etc.
- **VKNRL School of Nursing:** One of the flagship CSR initiatives undertaken during 2017-18 was to starting of VKNRL School of Nursing at Numaligarh at a project cost of ₹26.00 Crore. The construction of the school and hostel premises is already over and in final stage of shifting the school from the temporary setup to the newly constructed premises. The school has been already operating from the academic session 2017-18 with student intake of 40 in 1st batch on a temporary set-up adjacent to Refinery. The total expenditure incurred against Nursing School Project for the year 2017-18 is ₹17.43 Crore

**Education**

- Education remains one of the major areas of intervention through CSR for NRL. We understand the vital role of a corporation can play as a driving force in transforming lives through education. To boost the outreach of education among the lesser privileged, NRL has contributed for creation of School infrastructures in the

*Visit of National Commission for Safai Karmachari*

neighbourhood of its operational areas. During 2017-18, Company has facilitated infrastructure development in 35 number of schools and also provided amenities to educational institutes such as furniture's, teaching aid, books, sports equipment's, playground etc for better educational environment.

- Project "Gyandeep" was introduced since long to energise the academic talent among meritorious students of X & XII within 10 KM radius of Refinery and Siliguri Marketing Terminal. During the year 2017-18, 636 nos. students of Class X and XII were awarded onetime scholarship under Scheme "Gyandeep". Under scheme 'Prerona' scholarship were provided to 351 girls students of Class VIII to X standard. Teachers from 44 schools from surrounding areas were rewarded under Scheme "Dronacharyya" and a total scholarship worth of ₹1.27 crores was disbursed during year 2017-18.

- NRL is also operating a coaching centre covering 100 students of Class IX to XII from nearby schools through M/s Centre for Social Responsibility & Leadership, New Delhi to prepare the students for IIT/JEE examination. Total Cost of the project was ₹25.00 Lakh.

**Rural Development**

- **Electrification:** NRL has taken up projects for lighting the un-electrified villages located in and around its Refinery in Golaghat and Karbi Anglong District through Grid power connectivity and Solar home lighting system. Electrification was done in 8 nearby villages namely Borgoria Borchapori, 1 No Rong Bong SC Gaon, 5 No Rong Bong Tanti Basti, 1 No Ponka Grant, 4 No Rong Bong Koibarta Gaon, Sumoni Gaon, 2 No Ponka Gaon Amlakhital, 4 No Rong Bong Robidas Chuk etc. in association with Assam Power Distribution Corporation Limited (APDCL) as deposit work basis.

  Since 2015-16, Company implemented another project for lighting inaccessible villages of nearby area through Renewable Energy sources. Till date 16 nos. of villages were electrified through Solar Home Lighting system. In the year, 2017-18, five villages of Golaghat and Karbi Anglong district were electrified benefitting 290 nos. of household and the work was executed through M/s The Energy and Research Institute (TERI), New Delhi at a project cost of ₹49.92 lakh.

- **Model Village:** More than 65% of our population lives in rural areas and despite of several initiatives by governments at all levels, the improvement has not kept pace with the rising aspirations of the rural population. On most development parameters, there is still a significant gap between rural and urban India. Accordingly, NRL has taken up a CSR initiative to develop 5 nearby village within 10 Km radius as 'Model Villages'. During 2016-17, development work of Gandhigaon as a model village was completed. In the year, 2017-18, 3 nos. of nearby villages viz. Chawrabasti, Napathar Natun Gaon & Mazdoor were taken up to be developed as model villages with emphasis on improvement of school infrastructure, access to primary health care facility through mobile medical camp, providing drinking water system and hygienic sanitation facilities, providing all weather roads, electricity/ solar power, low cost housing , 100% literacy drive, promoting diversified livelihood options through skill development, setting up of customer hiring centres for farm mechanization,promoting collective farming and multi cropping etc. The model villages have been declared as ODF villages during 2017-18.Total Expenditure of ₹1.36 Crore was incurred during the year 2017-18 for development of these villages as Model Village.

**Healthcare**

- Recognizing the lack of quality primary healthcare infrastructure in rural areas, access to basic medicine and healthcare facility, NRL is making proactive efforts to address the issue of health and sanitation in the neighbourhood. The Project "Niramoy" aims to provide primary healthcare facilities accessible and affordable to rural and marginalized communities. Mobile medical unit (MMU) also carries our awareness activities on health and hygiene in order to achieve health seeking behaviour among villagers and community where they live. MMU service includes free doctors' consultation, free distribution of medicine, basic diagnostic test and referral to VKNRL hospital for further treatment. Under the project, 290 mobile medical camps were conducted in nearby villages through VK NRL Hospital covering 20,079 patients.
- Cataract is the leading cause of avoidable blindness and can be cured only through surgery. Rural marginalized people cannot afford to undergo cataract operation in private hospital. Accordingly, Project "Drishti" has been initiated with a goal to eradicate blindness among poor people of Golaghat & Karbi Anglong District. During 2017-18, 14 nos. of free eye screening cum cataract operation camps were conducted through Lions Eye Hospital, Jorhat. A total of 3371 patients were screened, 528 cataract patients were operated out of total 662 detected and total 996 nos. of spectacle distributed. Also, free eye screening camps were conducted in 31 schools where 3734 students were screened and 202 students were provided with spectacles.
- Medical cost has been observed to be one of the most common reasons for rural bankruptcy. With this in mind, a scheme has been initiated to provide assistance to the needy critical ailing patients. During 17-18, assistance was provided to 121 patients of nearby localities for treatment of critical aliments such as Cancer, Heart diseases, Organ failure Hepatitis, Strokes etc involving a cost of ₹66.00 Lakh.
- Under project "NRL Helping Hand" company has taken up a Community based rehabilitation program (CBR) for differently abled personnels covering around 600 beneficiaries of 4 Gram Panchayat in association with M/s Swabalambi, Guwahati. The objective of the program is to provide empowerment and inclusion of persons with disabilities to the mainstream of the society. Under the program Aids and appliances were distributed among Pwds, assisting them to obtain disability certificate; promote inclusive health by conducting door to door handhold training and provide free treatment & therapy etc.

*Inauguration of VKNRL School of Nursing by Hon'ble Chief Minister, Assam*

- Under project 'Jeevandhara', NRL installed safe & clean drinking water purification solutions at 9 nos of educational institutes, 04 nos of public places such as Bus Stand and Railway Station etc. through M/s Eureka Forbes Ltd at a project cost of ₹ 52.00 Lakh during 2017-18. NRL also provided mobile drinking water tanks to Golaghat Municipal Board for supplying drinking water to the people of Golaghat municipal area.

**Promotion of Sports**

- NRL is operating a non-residential football academy since 2012 -13 to build a high performance football centre within North East. One of the key objectives of this initiative is to promote football in the community and create opportunities for football talents of the region. NRL Football Academy is accredited under All India Football Federation (AIFF) with 2 Star rating and has U-13; U-15 categories of teams and participated in various state, regional and National level tournaments including National I league during 2017-18. Academy has also developed 7 nos. of feeders Centre's to promote football in rural areas of Golaghat District. 3 players of the academy have been selected for attending selection camp of U-16 Indian National Team at Kolkata.

**Swachh Bharat Mission:**

- Numaligarh Refinery Limited (NRL) echoed along with the National level Campaign "Swachha Bharat Mission" of Government of India to promote cleaner and hygienic environment and launched various projects and awareness programs on cleanliness with zeal and enthusiasm which gradually spread from the Refinery to the villages in the neighbourhood and Municipalities /Town committees of Assam.

  During 2017-18, under Project "Parichannatta" NRL has taken up a Flagship project to support the Municipalities & Town Committees of Assam for bringing in Swachhatta in the town and cities of Assam. In order to facilitate the Municipalities and Town Committees, it was planned to provide Waste handling Equipment's viz. Truck Mounted Garbage Compactor, Chain Mounted Tracked Excavator, Mini Skid Steer Loader, Waste Carrying Van (Hopper Tipper), Mobile Toilet Van, GPS fitted Rickshaw, Drain cleaning equipment, Cesspool/suction cum jetting machine, Tri-cycle Cart, Garbage Collection Container etc. The total expenditure of ₹5.26 crore has been incurred for the project during Financial Year 2017-18 against total project cost of ₹9.38 Crore. Waste Handling equipment's were distributed to 10 Municipalities and Town Committees of Assam.

*Project Parichannata*

- As a part of cleaner India campaign, NRL has taken up for construction of more than 2000 units of low cost household toilet blocks during 2017-18 covering 30 villages to make the villages 100% open defecation free. The total expenditure incurred during the year for construction of low cost toilet is ₹3.34 crore. In addition to the low cost toilet, Company has taken up construction of 36 School Toilet and 19 public toilets at various locations during the Year 2017-18 at a project cost of ₹1.51 crore. NRL also undertake the maintenance for sanitary infrastructures created in schools to ensure continuous usages and transformation of user habit.

- Further, NRL have taken up a project for Development and protection work of Kaliyani River Bank along the approach road to Numaligarh Block Gaon a Schedule Caste village near Refinery. Erosion Protection and River training work, beautification of Riverbank, greening of the area are being taken up at a project cost of ₹3.79 Crore as a part of Water body management. The job is being executed through Water Resource Department Govt. of Assam as deposit work and incurred an expenditure of ₹2.84 Crore during 2017-18.

Details of CSR activities are uploaded and continuously updated in NRL's website www.nrl.co.in. A detailed Report on NRL's CSR and Sustainability activities is enclosed at **Annexure - G.**

# Annexures to Directors' Report

Annexure –A

**Efforts made by NRL with regard to conservation of energy, technology absorption which are required to be furnished under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014**

## A. Conservation of energy

### a) Energy conservation measures taken up during the year FY 2017-18:

As a part of NRL's continual efforts towards energy conservation, the following ENCON measures/schemes implemented during the year 2017-18:

1 Stoppage of Turbine driven Fuel oil pump and switched to motor. Saving of 3.5TPH MP steam in lieu of 45KW motor.Net saving is 1200 MTOE.

2 Reduction of reboiler steam in MSP-DIH with operational change. Net steam saving leading to saving of 300MTOE.

3 10 KW rooftop Solar PV panel installed at the NRMT admin Bldg and Control room.

4 Achieved zero steam leak by attending leaky steam traps and i/l valve.

5 Stoppage of steam tracing in SDU feed line and the tank heating steam coils of Solvent de-oiling unit. Stoppage.

6 Trial installation of E-glass fiber insulation in DCU transfers line. Shell outside temp dropped by 15-20degC.

7 Air Compressor 3rd stopped(400KW) with close monitoring, Isolating the plant air at battery limit.

8 Reuse of Storm water as CT make up at 300m3/h

9 PATII mandatory Energy audit by PCRA and Energy efficiency Improvement study by EIL done during the year. Recommendations taken up for implementation at various phase.

10 Overhauling of STG turbine and improvement in condenser vacuum done during the year lead to a saving of 1500 MTOE

11 GTG exhaust to HRSG SH inlet heat loss plugging done .This lead to saving of 3000 MTOE.

12 Solomon study CY2016 performance results received in September 2017.

### Planned in 2018

1 CDU pre-heat improvement by 20 degC : Introduction of HGO CR loop with additional Exchangers (Helical type)

2 Flare Gas recovery Skid(FGRS):Execution and commissioning

3 1MW Solar PV installation at building rooftops in the refinery premises

### b) Other energy saving schemes adding to continual benefit:

1. CDU/VDU column internal modification for yield/energy optimization.
2. Plate type heat exchanger (air pre-heater) in HGU flue gas duct.
3. Replacement of catalyst in RB-02 of Isomerization Unit.
4. Replacement of High Capacity Tray in HCU fractionator.
5. Up-rating of GTG-1&2 for augmentation of capacity (4-5MW).
6. Replacement of metallic blades with E-FRP blades in air fin fan coolers of the Process Units
7. Environment friendly chemical (Hydrazine, phosphate, silica) injection in BFW of CPP and MSP done. This resulted in substantial reduction in Blow down.
8. Steam traps dynamic analysis and monitoring.

9. Regular monitoring of Hydrocarbon passing of all valves connected with flare system by Acoustic Leak Detector and Fugitive emissions from tanks, line flanges etc, throughout the year under LDAR program.
10. Continuous operation of APC in CDU, DCU, HCU and H2U.
11. Conventional light replacement with Energy efficient light

**Schemes planned for 2018-19 and beyond:**

1 Condensate and flash steam recovery for HCU, DCU, and SRB & CPP and reduce DMW make up. Potential recovery is of 13TPH

2 Boiler Blow-down ex-HCU and HGU and HCU and reuse as CT make up. Potential recovery is of 10TPH

3 Plate Type Heat Exchanger in SWS and ATU

4 Plate type Heat exchanger in CDU, VDU, APH section

5 Antifouling injection(online) in preheat train of CDU, VDU

6 Crude Booster pump of higher capacity

7 Motor and pump replacement/trimming as per PCRA recommendations

8 New PSA to recover H2 from sour gas of VV13 (HCU) along with streams of MSP revamp and HCU revamp

9 Stripped water ex SWS as Desalted wash water make-up instead of DMW

10 Auto water decantation valve in all offsite tanks

11 Application of Electrical tracing in offsite piping and tank farm in place of steam tracing

### C) Energy conservation measures planned

In continuation of its energy conservation efforts, NRL has identified various new schemes for implementation in the near future

1 Condensate recovery scheme in CDU, VDU, SDU ,WHFU and OMS

2 MSP revamp during 2019

3 Implementation of APC in MSP

4 H2 recovery from (VV-13) sour off-gas by diverting to PSA instead of putting in FG header post H2S stripping in SRU.

5 Stripped water ex SWS as Desalter wash water make-up instead of DMW

## B. Technology Absorption

**i) Efforts, in brief, made towards technology absorption, adaptation & Innovation**

NRL has implemented and successfully commissioned Diesel Hydrotreater(DHDT) Unit in the year 2017-18. Technology for the DHDT unit is licensed by M/s. Haldor Topsoe of Denmark.

Implementation of Flare Gas Recovery System (FGRS) is completed and is under commissioning. The FGRS skid is supplied by M/s Garo SPA, Italy. Once put into operation; it will recover waste hydrocarbon gases going to flare for utilization in the refinery process heaters

NRL is implementing “Tail Gas Treating Unit” (TGTU) along with a new Sulfur Recovery train. The TGTU is designed to enhance overall sulfur recovery of refinery to 99.9 wt%. The technology for TGTU is provided by M/s Engineers India Ltd (EIL).

NRL is presently carrying out capacity revamp of Motor Spirit Plant with technology from M/s Axens, France, for enhancement of MS production form refinery

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

NRL’s DHDT unit is being set up in compliance of the Auto Fuel Quality norms of the country. With the commencement of production from the DHDT unit, NRL is now capable of producing entire HSD as BS-IV grade at 100% capacity utilization of the refinery and will also meet future BS-VI HSD compliance from the refinery.

Implementation of the Flare Gas Recovery System will help in cost reduction through improvement in Specific Energy Consumption (SEC).

The "Tail Gas Treating Unit" (TGTU) is designed to enhance overall sulfur recovery of refinery to 99.9 wt%. Once commissioned, it will further reduce SO2 emission from present stipulated level.

Completion of MS revamp project will facilitate augmenting MS production from refinery and increase profitability.

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

**a) Technology imported**

| Technology imported | Year |
|---|---|
| Flare Gas Recovery System | 2014-15 |
| Diesel Hydrotreater Unit | 2015-16 |
| Motor Spirit Plant (MSP) capacity revamps | 2017-18 |

**b) Technology absorbed**

| | |
|---|---|
| Wax Hydro-finishing Unit | : 2014-15 |
| Diesel Hydrotreater Unit | : 2017-18 |

Flare Gas Recovery System (FGRS) is completed and is under commissioning.

Motor Spirit Plant capacity revamps project is under progress.

## C. Research and Development:

During the year, NRL has taken up following R&D project:

1. **Production of Microcrystalline Wax from Paraffin Wax in collaboration with Corporate R&D Centre (CRDC), BPCL:**
   - CRDC is carrying out pilot scale trial for production of microcrystalline wax from feed mix consisting Hydrocracker Un-Converted Oil (UCO) and MVGO from CDU/VDU, followed by chemical additives. The results of initial trials are encouraging. Microcrystalline wax sample produced at CRDC lab is being forwarded to prospective consumers to check & verify specific requirement of end users. Further optimization in the lab trial shall be carried out based on feedback from the end users.
2. **Use of Demulsifier chemical to reduce oil carryover with DCU Blow-down sour water:**
   - Field trial was carried out at Delayed Coker Unit (DCU) by installing a chemical dosing facility for dosing of proprietary demulsifier chemicals at blow-down column overhead. The objective of the trial was to reduce oil carry-over from DCU sour water to downstream "Sour Water Stripping (SWS)" unit. The results of the plant trial were satisfactory.

## Benefits derived / expected as a result of above R&D activities

1. **Production of Microcrystalline Wax:** This technology will help in meeting part of Indian market requirement of Microcrystalline Wax and saving foreign exchange. As currently no Indian refineries are producing MCW and the country is solely dependent on imports from US and Europe
2. **Use of Demulsifier chemical in DCU:** This facility will restrict oil carry over with sour water from DCU and reduce fouling in downstream SWS unit columns & piping and increase operational efficiency.

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. At NRL, our endeavour is to adopt best governance practices, which is in our view 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 stakeholders from time to time through Press release, Annual Report, NRL Web site and through Social media 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 2017-18 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 a subsidiary of Bharat Petroleum Corporation Limited (BPCL), a Government Company. In terms of Articles of Association of the Company, the number of Directors shall not be less than three and more than fifteen.

As on 31st March, 2018, the Board of NRL comprised of two Whole Time Directors including the Managing Director, two Independent Directors, one part-time (Ex-Officio) Director from Govt. of India, one part-time (Ex-Officio) Director from Oil India Limited and two Part-time (Ex-Officio) Directors from Promoters, namely, BPCL (one) and Govt. of Assam (one).

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

The Directors are neither members of more than 10 Board Committees nor hold Chairmanship of more than 5 Committees across all the companies in which they were Directors (as specified in the Guidelines on Corporate Governance for CPSEs issued by DPE). Further, as per Section 165 of the Companies Act 2013, Director should not hold Directorship in more than 20 Companies at the same time and directorship in Public Companies should not exceed 10 Nos. During the year, there was no violation of Section 165 pertaining to number of Directorship.

The Board's actions and decisions are aligned with the Company's best interests. The Management has put effective system in place for compliance of various applicable laws. 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 :

Nine nos. of Board Meetings were held during the financial year 2017-18 on the following dates:

| | | | |
|---|---|---|---|
| 20th May, 2017 | 19th June, 2017 | 26th July, 2017 | 8th September, 2017 |
| 24th October, 2017 | 1st December,2017 | 8th January, 2018 | 8th February, 2018 |
| 28th March, 2018 | | | |

## Particulars of Directors including their attendance at Board/ Shareholders' Meeting during the financial year 2017-18:

| Sl. No. | Name of the Directors | Academic Qualifications | Date of joining as Director of the Company | Attendance out of 9 Board Meetings held during the year and percentage thereof | | Attendance at the last Annual General Meeting | Details of Directorship held in other Companies (as on 31.03.2018) |
|---|---|---|---|---|---|---|---|
| | | | | No. of Meetings Attended | % | | |
| **(a)** | **Whole Time Directors :** | | | | | | |
| 1. | Shri P. Padmanabhan<br>Managing Director<br>**[upto 31.10.2017]** | BE (Chemical Engineering) from NIT, Trichy | 01.04.2014 | 5 | 100 | Attended | --- |
| 2. | Shri S. K. Barua<br>Managing Director w.e.f. 31.01.2018 and holding additional charge of Director(Finance) w.e.f. that date.<br>*Prior to that he was Director (Finance) upto 30.01.2018 and was holding additional charge of Managing Director w.e.f. 01.11.2017 to 30.01.2018* | AICWA and LLB from Dibrugarh University | 01.05.2013 | 9 | 100 | Attended | Director:<br>BCPL |
| 3. | Shri B. J. Phukan<br>Director (Technical) | BE (Mechanical Engineering) from Assam Engineering College | 01.02.2017 | 9 | 100 | Attended | Director:<br>DNP Ltd. |
| **(b)** | **Part-time ( Ex-Officio)** | | | | | | |
| 1. | **Shri D. Rajkumar**<br>Chairman & Managing Director<br>Bharat Petroleum Corporation Ltd., Mumbai - 400001 | B. Tech (Elect) from IIT, Madras and PGDM from IIM, Bangalore | 07.10.2016 | 9 | 100 | Attended | C&MD:<br>1. BPCL<br>Chairman:<br>1.BORL<br>Director:<br>1.BPRL<br>2. PLL |
| 2. | **Shri Ravi Capoor, IAS**<br>Additional Chief Secretary to the Government of Assam, Industries & Commerce Department, Dispur, Guwahati - 781006 | B.Com and Post Graduate in Business Administration | 14.09.2016 | 2 | 22 | Attended | Director & Chairman:<br>1. AGCL<br>2. ATCL<br>Director:<br>1. AIDC<br>2. BCPL<br>3. ATPO<br>4. ASIDC |
| 3. | **Shri Alok Tripathi**<br>Director (D&MC)<br>MOP&NG, Government of India, New Delhi - 110001<br>**(Upto 04.10.2017)** | B.Tech and M.Tech from IIT, Kanpur | 27.02.2017 | 3 | 75 | Absent | -- |
| 4. | **Dr. Praphullachandra Sharma**<br>Dy. Secretary<br>MOP&NG, Government of India<br>New Delhi -110001 | Bachelor of Ayurvedic Medicine and Surgery from University of Kuvempu, Karnataka | 24.11.2017 | 4 | 100 | NA | BPRL |

| Sl. No. | Name of the Directors | Academic Qualifications | Date of joining as Director of the Company | Attendance out of 9 Board Meetings held during the year and percentage thereof | | Attendance at the last Annual General Meeting | Details of Directorship held in other Companies (as on 31.03.2018) |
|---|---|---|---|---|---|---|---|
| | | | | No. of Meetings Attended | % | | |
| 5. | **Shri Utpal Bora**<br>Chairman & Managing Director<br>Oil India Limited<br>NOIDA, Uttar Pradesh | B.Tech (Petroleum Engineering) from ISM, Dhanbad and Advanced Mgt. Certificate from IIM, Lucknow | 19.08.2016 | 4 | 44 | Absent | C& MD:<br>1. OIL<br>Director:<br>1. OIIL<br>2. Oil India (USA) Inc |
| C. | **Part-Time (Non-Official)/ Independent Directors** | | | | | | |
| 1. | **Shri Rajkumar Sharma**<br>Company Secretary in Practice<br>Guwahati | Fellow Member of ICSI and LLB | 31.01.2017 | 8 | 89 | Attended | Director:<br>1. LPPPL.<br>2. MBPL |
| 2. | **Smt. Sneh Lata Kumar, IAS (Retd)**<br>Former Secretary to the Government of India, Department of Border Management, MOHF at New Delhi | B.A. in English (Hons) from Chandigarh College for Women and M.A. (Economics) from Punjab University | 08.09.2017 | 5 | 100 | NA | Nil |

**BCPL:** Brahmaputra Cracker and Polymer Limited; **BPCL:** Bharat Petroleum Corporation Ltd; **BORL:** Bharat Oman Refineries Ltd; **BPRL:** Bharat PetroResources Limited; **PLL:** Petronet LNG Ltd; **AGCL:** Assam Gas Company Limited; **ATCL:** Assam Tea Corporation Limited ; **AIDC:** Assam Industrial Development Corporation Limited; **ATPO:** Assam Trade Promotion Organisation; **ASIDC:** Assam Small Industrial Development Corporation; **OIL:** Oil India Limited; **OIIL:** Oil India International Limited; **LPPPL**: Lumding Plywood & Pastings (P) Ltd; **MBPL:** Meghalaya Boards (P) Ltd;

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

## 3. Audit Committee

The Audit Committee of the Board is constituted in accordance with the provisions of section 177 of the Companies Act, 2013 read with the guidelines on Corporate Governance for CPSEs issued by DPE. The Committee assists the Board in its responsibility for overseeing the quality and integrity of accounting, remuneration of Statutory Auditors, appointment and remuneration of Cost Auditors, performance of Internal Auditor and its compliance with 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.

As on 31st March, 2018, the Audit Committee was represented by Shri Rajkumar Sharma, Independent Director as Chairman, Smt. Sneh Lata Kumar, Independent Director and Shri B. J. Phukan, Director (Technical) as Members. All the members possess requisite knowledge of Finance and Accounting for effective functioning of the Audit Committee. The Company Secretary acts as 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 Invitees. The head of Internal Audit, Statutory Auditors and Cost Auditor also attend and participate in 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, appointment, re-appointment and if, required, replacement or removal of the statutory auditor, fixation of audit fee and also approval for payment for any other services rendered by the statutory auditors.

3. Reviewing with management, the annual financial statements and auditor's report thereon 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 (c) of sub-section 3 of section 134 of the Companies Act, 2013.
   - Any change in accounting policies and practices and reasons for the same.
   - 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 statement,
   - Disclosure of any related party transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

4. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

5. Reviewing with management, performance of statutory and internal auditors, the adequacy of internal control systems.

6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

7. Discussion with internal auditors any significant findings and follow up thereon.

8. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

9. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.

10. Approval or any subsequent modification of transactions of the Company with related parties;

11. Scrutiny of inter-corporate loans and investments;

12. Valuation of undertakings or assets of the company wherever it is necessary;

13. Reviewing of quarterly reports of complaints under Whistle Blower Policy;

14. Reviewing the follow-up action on the audit observations of the C&AG audit.

15. Reviewing the company's financial and risk management policies.

16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder (in case of non- payment of declared dividends) and creditors.

17. Defining the significant related party transactions.

18. Any other matter as may be referred by Board from time to time

During the financial year 2017-18, Seven meetings of the Audit Committee were held on the following dates:

| | | | | |
|---|---|---|---|---|
| 20th May, 2017 | 9th June, 2017 | 26th July, 2017 | 1st September, 2017 | 23rd October, 2017 |
| 8th February, 2018 | 28th March, 2018 | | | |

**Attendance at the Audit Committee Meetings during the financial year 2017-18:**

| Name of the members | No of Meetings attended | % age thereof [out of 7 nos. meeting held] | Attendance at the last Annual General Meeting |
|---|---|---|---|
| Shri Rajkumar Sharma | 7 | 100 | Attended |
| Shri Ravi Capoor [upto 24.10.2017] | 1 | 20 | Attended |
| Shri B. J. Phukan | 7 | 100 | Attended |
| Smt. Sneh Lata Kumar [w.e.f. 24.10.2017] | 2 | 100 | NA |

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

## 4. Nomination and Remuneration Committee

NRL has a 'Nomination and 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.

As on 31st March, 2018, the Nomination and Remuneration Committee was represented by Shri Rajkumar Sharma, Independent Director as Chairman, Shri Ravi Capoor and Shri Utpal Bora, Directors as Member.

Director (HR), BPCL and all three functional Directors including 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 coordinator and the Company Secretary acts as 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 2017-18, one meeting of the 'Nomination and Remuneration Committee' was held on 1st September, 2017 where all the Members and Permanent invitees were present.

## 5. Remuneration to Directors

NRL being a Government 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 (Non-Official) Directors i.e. Independent Directors received sitting fees of ₹40,000 for each Board/Audit Committee meeting and ₹20,000 for each of the other Committee meetings attended by them during the FY 2017-18.

Details of remuneration paid/payable to the Whole-time Directors during the financial year 2017-18 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 P. Padmanabhan Managing Director [upto 31.10.2017] | **1,41,26,838.09** | Fixed Com: **1,05,47,583.83** PRP : **29,29,620.00** | **6,49,634.26** | Superannuated on 31.10.2017 |

| | | | | |
|---|---|---|---|---|
| Shri S. K. Barua Managing Director w.e.f. 31.01.2018 and holding additional charge of Director(Finance) w.e.f. that date.<br>*Prior to that he was Director (Finance) upto 30.01.2018 and was holding addl. charge of Managing Director w.e.f. 01.11.2017 to 30.01.2018* | **62,89,785.18** | Fixed Com: **37,15,031.75**<br>PRP : **19,20,375.00** | **6,54,378.43** | Appointed till the date of his superannuation i.e. 31.01.2022 or until further orders which ever is earlier.<br>Notice period: Three months |
| Shri B. J. Phukan Director (Technical) | **59,15,484.03** | Fixed Com: **40,93,778.99**<br>PRP : **11,53,602.00** | **6,68,103.04** | Appointed for a period of five years w.e.f. 01-02-2017.<br>Present contract shall expire on 31-01-2022.<br>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 Rajkumar Sharma | 6,60,000/- |
| Sneh Lata Kumar (w.e.f. 08.09.2017) | 3,20,000/- |

## 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** |
|---|---|---|
| 22nd Annual General Meeting | 4th September, 2015 at 3.00 P.M. | Hotel Brahmaputra Ashok,<br>M.G. Road, Guwahati-781001 |
| 23rd Annual General Meeting | 9th September, 2016 at 3.00 P.M. | Hotel Brahmaputra Ashok,<br>M.G. Road, Guwahati-781001 |
| 24th Annual General Meeting | 8th September, 2017 at 3.00 P.M. | Numaligarh Refinery Limited, 122A,<br>G. S. Road, Christianbasti<br>Guwahati - 781005 |

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

c) Postal Ballot:

Being the number of Member is below 200, the Company is not required to transact any business by way of Postal ballot pursuant to Section 110 of the Companies Act,2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

## 8. Brief Resumes of Directors seeking appointment:

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

### i) Shri Utpal Bora

Shri Utpal Bora, Chairman and Managing Director, OIL India Limited was appointed as a Director by the Shareholders of the Company in the 23rd Annual General Meeting held on 9th September, 2016. He has a rich and varied experience of over 35 years in E&P Sector. He served in various capacities at ONGC Ltd. including its JV Company. Prior to his appointment as Chairman and Managing Director, OIL India Limited, he was Executive Director – Asset Manager of ONGC's Mehsana Asset.

Shri Bora holds the degree of Bachelor of Technology in Petroleum Engineering from the prestigious ISM, Dhanbad, an advanced Management Certificate from IIM, Lucknow and has completed a Leadership Development Programme from ISB, Hyderabad.

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

### ii) Smt. Sneh Lata Kumar

Smti. Sneh Lata Kumar, is a 1979 batch IAS officer of Madhya Pradesh cadre, who retired as Secretary to the Government of India, Department of Border Management in the Ministry of Home Affairs. She had more than 36 years of administrative / managerial experience.

She did her graduation in English(Hons) from Punjab University, Chandigarh College for Women and MA in Economics from Punjab University. She holds diploma in French Language from Punjab University. She also holds diploma in Public Administration with specialization in International Relations from IIAP-ENA, Paris. She has undergone two Executive Education Courses in Harvard University. She worked directly under Government of India from 2005 onwards by heading the Rashtriya Mahila Kosh (National Credit Fund for Women) as Executive Director at Joint Secretary level and as Managing Director of TRIFED at additional Secretary level and further as a Secretary to the Govt. of India till 2015.

Smti. Sneh Lata Kumar, who was appointed by the Government as an Independent Director on the Board of the Company w.e.f. 8.9.2017 for a period of three years, was appointed by the Board as an Additional Director with effect from date. Being an Additional Director, she will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice along with deposit of requisite amount under Section 160 of the Companies Act, 2013 from a Member proposing her name as a Director of the Company.

### iii) Dr. Praphullachandra Sharma

Dr. Praphullachandra Sharma, Dy. Secretary(IC), MOP & NG was appointed as Additional Director on the Board of the Company w.e.f. 24th November, 2017 pursuant to Section 161 of the Companies Act, 2013 as per his nomination by the Govt. of India as Director on the Board of NRL. Dr. Sharma is a Bachelor of Ayurvedic Medicine and Surgery from University of Kuvempu, Karnataka. Previously, he served in the Government District Hospital, Shimoga, Karnataka from the year 2001 to 2003 and subsequently, he entered Indian Foreign Service in the year 2006.

He Served in the Ministry of External Affairs on Indo–Srilanka bilateral affairs. He was also posted at the Embassy of India (EOL) Brussels, Belgium. The Eol Brussels covers India's relationship with the European Union, Belgium and Luxembourg apart from several other International Organisation that are located in Brussels such as World Trade Organization and NATO.

Being an Additional Director, he will hold office upto the date of the ensuing Annual General Meeting. The Company has received a Notice along with deposit of requisite amount under Section 160 of the Companies Act, 2013 from a Member proposing his name as a Director of the Company.

## 9. Disclosures and compliance

a. There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.

b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.

c. An expenditure amounting to ₹46.25 Crore was spent on CSR & Sustainability activities during the year.

d. During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.

e. Administrative and office expenses as a percentage of total expenses was 4.56% during the year.

f. 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.

g. A mechanism for Risk Management is in place to identify and mitigate construction phase, financial, operational and other risks.

h. There are no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.

i. During the year under review, there was one case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which was properly investigated and disposed off to the satisfaction of the complainant.

## 10. Code of conduct, Procedure and Disclosures for prevention of Insider Trading and Code of Corporate Disclosure Practice

The Company has a Code of Business Conduct and Ethics for the Board members and the Senior Management Personnel and all the members of the Board and Senior Management personnel have affirmed compliance of the Code of Conduct for the financial ended on 31st March,2018.

Further, NRL being a non-listed company, Procedure and Disclosures for prevention of Insider Trading and Code of Corporate Disclosure Practice is not applicable.

## 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, House Journal, 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 | 25th Annual General Meeting |
| Date and Time | 24th August, 2018 at 3.00 P.M. |
| Venue | Numaligarh Refinery Limited, 122A, G. S. Road, Christianbasti, Guwahati - 781005 |

| | |
|---|---|
| Dividend payment | The Board has recommended final Dividend @ ₹2.50 per share for the consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration. |

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

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

d. Registrars & Share Transfer Agents:
M/s. Data Software Research Co. Pvt. Limited
19, Pycrofts Garden Road
Off. Haddows Road, Nungambakkam
Chennai - 600006
Ph: +91-44-28213738/ 28214487
Fax: +91-44-28214636
Email: dsrcmd@vsnl.com

e. Share Transfer System:

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

f. Shareholding Pattern as on 31-03-2018.

| 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 & Government of Assam | 410/- | 41 | Negligible |
| | Total | **735,63,15,440/-** | **73,56,31,544** | **100.00** |

g. Plant location:
Numaligarh Refinery Limited
Pankagrant, 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

# CORPORATE GOVERNANCE CERTIFICATE

**To**

**The Members,**

**M/s NUMALIGARH REFINERY LIMITED**

**(CIN: U11202AS1993GOI003893)**

**122A, G. S. Road, Christianbasti,**

**Guwahati-781005, Assam**

We have examined the Compliance of Conditions of Corporate Governance by **M/s. NUMALIGARH REFINERY LIMITED** (A Non-Listed PSU) for the year ended on **31st March 2018** as stipulated in the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India in May,2010.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in the above mentioned guidelines which is within the control of the Company except non-compliance of clause 3.1.4 relating to one-third of Board Members should be Independent Directors.

Further, after appointment of one Women Independent Director on the Board by the Government w.e.f. 8th September, 2017, the Company has complied clause 4.1.1/4.4 of the DPE Guidelines pertaining to composition of the Audit Committee w.e.f. 24.10.2017.

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 **Amit Pareek & Associates**
**Company Secretaries**

**Sd/-**
**Amit Pareek**
Proprietor

Date: 14/06/2018 FCS: 5714
Place: GUWAHATI COP: 4289

## Form No. MR-3

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31st March, 2018

***[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]***

To,
The Members,
**M/s NUMALIGARH REFINERY LIMITED,**
**(CIN: U11202AS1993GOI003893)**
122A, G. S. Road, Christianbasti,
Guwahati-781005, Assam

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. NUMALIGARH REFINERY LIMITED** (A Non-Listed PSU). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**We report that:**

a. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.

b. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

c. We have not verified the correctness and appropriateness of the financial statement of the Company.

d. The compliance of the provisions of the Corporate and other applicable Laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verifications of procedures on test basis.

e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st day of March, 2018 ("audit period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. NUMALIGARH REFINERY LIMITED. ("The Company")** for the financial year ended on **31st March, 2018** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Memorandum and Articles of Association of the Company;

(iii) Other Laws specifically applicable to the Company such as – (a) The Petroleum Act,1934 and Petroleum Rules,2002; (b) Factories Acts and Rules; (c) The Energy Conservation Act,2001; (d) The Petroleum & Natural Gas Rules; (e) Gas Cylinder Rules; (f) India Boiler Regulations; (g) The Manufacture, Storage and Import of Hazardous Chemical Rules,1989; (h) The Environment (Protection) Act,1986; (i) Explosives Act,1884; (j) Air (Prevention and Control of Pollution) Act,1981 and (K) The Electricity Act, 2003; etc.

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises of Ministry of Heavy Industries and Public Enterprises, Government of India in May,2010.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1) *During the course of our audit it was observed that the constitution of Board of Directors of the Company was not as per the provision of Section 149 of the Companies Act, 2013 pertaining to non- appointment of Women Director till 7th September, 2017. However, the provision has been complied after appointment of Mrs. Sneh Lata Kumar, Independent Director by the Govt. w.e.f 8th September, 2017.*

2) *Composition of Audit committee with majority members of Independent Directors pertaining to the provision of Section 177 of the Companies Act, 2013 was not followed. However, the Company had complied with this section after appointment of 2nd Independent Director w.e.f 24-10-2017.*

**We further report that:**

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the company had no specific events / actions which is having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.).

**We further report that** during the audit period there were no instances of:

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.

(ii) Redemption / buy-back of securities

(iii) Merger / amalgamation / reconstruction, etc.

For **Amit Pareek & Associates**
**Company Secretaries**

**Sd/-**
**Amit Pareek**
Proprietor
FCS: 5714
COP: 4289

Date: 14/06/2018
Place: GUWAHATI

## Annexure-C

## FORM NO. AOC -2

### (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis : NIL**

**2. Details of contracts or arrangements or transactions at Arm's length basis :**

| Name (s) of the related party & nature of relationship | Nature of contracts /arrangements / transaction | Duration of the contracts / arrangements / transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Date of approval by the Board | Amount paid as advances, if any |
|---|---|---|---|---|---|
| Bharat Petroleum Corporation Limited (Holding Company) | Sale of product | Ongoing transaction | Sale of products by NRL to BPCL at Refinery Transfer price - ₹13,843.34 crore during the year | Not applicable | Nil |
| Oil India Limited (Substantial Holding) | Crude purchase & transportation charges | Ongoing transaction | Purchase of crude by NRL from OIL at market price - ₹5,636.44 crore | Not applicable | Nil |
| Oil India Limited (Substantial Holding) | Natural Gas Purchase | Ongoing transaction | Purchase of natural gas by NRL from OIL at market price - ₹193.84 crore | Not applicable | Nil |
| Oil India Limited (Substantial Holding) | Pipe Line Freight for transport of products | Ongoing transaction | Pipeline Transportation charges paid by NRL to OIL for finished goods transportation - ₹223.04 crore | Not applicable | Nil |
| DNP Limited (Joint Venture) | Natural Gas Transportation | Ongoing transaction | Pipeline Transportation charges paid by NRL to DNP Ltd. for natural gas transportation - ₹92.67 crore | Not applicable | Nil |
| BRAHMAPUTRA CRACKER AND POLYMER LIMITED (Associate Company) | Sale of product | Ongoing transaction | Sale of naphtha by NRL to BCPL at crude equivalent price - ₹183.31 crore during the year | Not applicable | Nil |
| BHARAT PETROLEUM CORPORATION LIMITED (Holding Company) | Availing of services | Ongoing transaction | Charges for various services provided by BPCL to NRL - ₹0.61 crore during the year | Not applicable | Nil |
| BHARAT PETROLEUM CORPORATION LIMITED (Holding Company) | Rendering of Services | Ongoing transaction | Salary and Allowances of employees on deputation - ₹1.75 crore during the year | Not applicable | Nil |
| BHARAT PETROLEUM CORPORATION LIMITED (Holding Company) | Lube Oil Purchase | Ongoing transaction | Purchase of Lube oil by NRL from BPCL at market rate - ₹0.90 crore during the year | Not applicable | Nil |
| OIL INDIA LIMITED (Substantial Holding) | Charges for Facilities availed by OIL at NRL | Ongoing transaction | Charges received by NRL from OIL for various facilities provided by NRL to OIL - ₹5.88 crore | Not applicable | Nil |
| OIL INDIA LIMITED (Substantial Holding) | Sale of product | Ongoing transaction | Sale of HSD by NRL to OIL at market price - ₹1.41 crore during the year | Not applicable | Nil |

## Annexure-D

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 01.01.2018

| Group/Class | Permanent/ Temporary | Total No. of employees | Scheduled Castes | % of total employees | Scheduled Tribes | % of total employees | Remarks |
|---|---|---|---|---|---|---|---|
| Group - A<br>Other than lowest rung of Group - A | Permanent | 366 | 47 | 12.84 | 26 | 7.10 | - |
| Lowest rung of Group-A (02) | Permanent | 62 | 4 | 6.45 | 4 | 6.45 | - |
| Total | | 428 | 51 | 11.91 | 30 | 7.00 | - |
| Group - B | Permanent | - | - | - | - | - | - |
| Group - C | Permanent | 439 | 39 | 8.88 | 63 | 14.35 | - |
| Group - D<br>(Excluding Sweepers) | Permanent | - | - | - | - | - | - |
| Group - D<br>(Sweepers) | Nil | - | - | - | - | - | - |
| Total | | 867 | 90 | 10.38 | 93 | 10.72 | |

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

(a) Position as on 1.1.2018

| 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 | 0 | 0 | 0 | 0 | 0 |
| II | ₹ 9700-16800 | C | 7 | 7 | 2 | 2 | 3 |
| III | ₹ 10350-31200 | C | 11 | 11 | 5 | 2 | 4 |
| IV | ₹ 10900-31500 | C | 10 | 10 | 8 | 0 | 2 |
| V | ₹ 11400-32500 | C | 11 | 11 | 11 | 0 | 0 |
| VI | ₹ 12200-33500 | C | 85 | 85 | 71 | 6 | 8 |
| VII | ₹ 12450-35500 | C | 52 | 52 | 33 | 10 | 9 |
| VIII | ₹ 13150-45000 | C | 96 | 96 | 71 | 6 | 19 |
| IX | ₹ 20000-48000 | C | 167 | 167 | 136 | 13 | 18 |
| | **SUPERVISORY EMPLOYEES** | | | | | | |
| 02 | **₹ 50000 - 160000** | A | 14 | 14 | 12 | 2 | 0 |
| A | **₹ 60000 - 180000** | A | 49 | 49 | 40 | 6 | 3 |
| B | **₹ 70000 - 200000** | A | 59 | 59 | 51 | 6 | 2 |
| C | **₹ 80000 - 220000** | A | 123 | 123 | 95 | 16 | 12 |
| D | **₹ 90000 - 240000** | A | 69 | 69 | 49 | 13 | 7 |
| E | **₹ 100000 - 260000** | A | 67 | 67 | 59 | 6 | 2 |
| F | **₹ 120000 - 280000** | A | 26 | 26 | 22 | 1 | 3 |
| G | **₹ 120000 - 280000** | A | 13 | 13 | 11 | 1 | 1 |
| H | **₹ 120000 - 280000** | A | 8 | 8 | 8 | 0 | 0 |

Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes (During the year 2017-18)

| 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 SCs in the 3rd year of carry forward | After carrying forward for three years | Out of Col 2 | Out of Col 3 | candidates appointed | carried forward from the previous year. | candidates appointed against vacancies reserved for STs in the 3rd year of carry forward | After carrying forward for three years. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Posts filled by Direct Recruitment | | | | | | | | | | | | | | | |
| Group A | 22 | 22 | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | |
| Other than lowest rung of Group-A | NIL | NIL | 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 | NRL do not have Group B posts. | | | | | | | | | | | | |
| Group C | NIL | 1 | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | |
| Group D (Excluding Sweepers) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | |
| Group D (Sweepers) | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | |
| Posts filled by Promotion * | No promotions have taken place which attracts reservation. | | | | | | | | | | | | | | |
| Group A | | | | | | | | | | | | | | | |
| Other than lowest rung of Group-A | | | | | | | | | | | | | | | |
| Lowest rung of Group-A | | | | | | | | | | | | | | | |
| Group- B | No promotions have taken place which attracts reservation. | | | | | | | | | | | | | | |
| Group C | No promotions have taken place which attracts reservation. | | | | | | | | | | | | | | |
| Group-D (Excluding Sweepers) | No promotions have taken place which attracts reservation. | | | | | | | | | | | | | | |

* Reservation is not applicable for promotion in Group 'A', 'C' & 'D' posts.

NUMALIGARH REFINERY LIMITED
A GOVERNMENT OF INDIA ENTERPRISE

**Annexure-E**

# FORM AOC-1

**(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014.**

**Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/ Joint ventures as per Companies Act, 2013**

**PART "A": Subsidiaries : NIL**

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| Name of associates/Joint Ventures | DNP Limited | Brahmaputra Cracker and Polymer Limited |
|---|---|---|
| **1. Latest audited Balance Sheet Date** | 31st March 2018 | 31st March 2018 |
| **2. Shares of Associate/Joint Ventures held by the company on the year end** | | |
| • No. of Equity Shares | 43490000 | 141767000 |
| • Amount of Investment in Associates/Joint Venture | ₹43.49 crore | ₹141.77 crore |
| • Extend of Holding % | 26.00 | 10.11 |
| **3. Description of how there is significant influence** | By virtue of shareholding/ Joint Venture Agreement. | By representation in the Board of Directors |
| **4. Reason why the associate/joint venture is not consolidated** | | Not Applicable |
| **5. Net worth attributable to shareholding as per latest audited Balance Sheet** | ₹59.72 crore | ₹48.84 crore |
| **6. Profit/Loss for the year** | | |
| i. Considered in Consolidation | ₹8.40 crore | ₹(8.13) crore |
| ii. Not Considered in Consolidation | ₹1.09 crore | Not Applicable |

1. Names of associates or joint ventures which are yet to commence operations – Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year – Nil

As per our report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner
Membership No. 064393

Place: Mumbai
Date : 25th May, 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May, 2018

**Annexure-F**

# FORM NO. MGT 9

*Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.*

## EXTRACT OF ANNUAL RETURN

**For the financial year ended on 31st March, 2018**

### I REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN | **U11202AS1993GOI003893** |
| ii | Registration Date | **22/04/1993** |
| iii | Name of the Company | **NUMALIGARH REFINERY LTD** |
| iv | Category of the Company | **PUBLIC COMPANY/LIMITED BY SHARES** |
| v | **Address of the Registered office & contact details** | |
| | Address : | **122A, G. S. ROAD, CHRISTIANBASTI** |
| | Town / City : | **GUWAHATI** |
| | Pin Code: | **781005** |
| | State : | **ASSAM** |
| | Country Name : | **INDIA** |
| | Telephone (with STD Code) : | 0361-2203147 |
| | Fax Number : | 0361-2203152 |
| | Email Address : | **z_comsec@nrl.co.in** |
| | Website, if any: | **www.nrl.co.in** |
| vi | Whether listed company | **No** |
| vii | **Name and Address of Registrar & Transfer Agents ( RTA ):-** | |
| | Name of RTA: | Data Software Research Co. Pvt. Ltd. |
| | Address : | 19, Pycrofts Garden Road, Nungabakkam |
| | Town / City : | Chennai |
| | State : | Tamil Nadu |
| | Pin Code: | 600006 |
| | Telephone : | 044-28213738/28214487 |
| | Fax Number : | 044-28214636 |
| | Email Address : | dsrcmd@vsnl.com |

### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---|---|---|---|
| 1 | MS | Group 192; sub-class: 19201 | 26.52% |
| 2 | High Speed Diesel (HSD) | Group 192; sub-class: 19201 | 64.42% |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

No. of Companies for which information is being filled

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Bharat Petroleum Corporation Limited, Bharat Bhavan, Currimbhoy Road, Ballard Estate, Mumbai-400001 | L23220MH1952GOI008931 | Holding | 61.65% | 2(46) |
| 2 | DNP Limited, Flat No.4, H.No.2, Dinesh Mansion, 2nd Floor, Dr. R.P. Road, Dispur, Guwahati-781006 | U51410AS2007SGC008410 | Associate | 26.00% | 2(6) |
| 3 | Brahmaputra Cracker and Polymer Ltd., H.No. 6, 1st Floor, Bhuban Road, Uzan Bazar, Guwahati-781001 | U11101AS2007GOI008290 | JV | 10% | 2(6) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2017) | | | | No. of Shares held at the end of the year (31.03.2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter s** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.-GoA | Nil | 9,08,21,337 | 9,08,21,337 | 12.35% | - | 9,08,21,337 | 9,08,21,337 | 12.35% | NO CHANGE |
| d) Bodies Corp.-BPCL | - | 45,35,45,964 | 45,35,45,964 | 61.65% | Nil | 45,35,45,964 | 45,35,45,964 | 61.65% | NO CHANGE |
| e) Banks / FI | Nil | - | - | - | - | - | - | - | - |
| f) Any other: Nominee of Promoters (7 Nos. from BPCL/Govt. of Assam) | | | | | | | | | |
| 1. Bharat Petroleum Corporation Ltd (BPCL) jointly with Ramaswamy Rajamani | - | 1 | 1 | - | - | 1 | 1 | - | - |
| 2. BPCL jointly with R. P. Natekar | - | 8 | 8 | - | - | 8 | 8 | - | - |
| 3. BPCL jointly with P. Balasubramanian | - | 8 | 8 | - | - | -- | -- | - | |
| 4. BPCL jointly with K. Sivakumar | - | - | - | - | - | 8 | 8 | - | - |
| 5. S. K. Agrawal jointly with BPCL | - | 8 | 8 | - | - | 8 | 8 | - | - |
| 6. K. Sivakumar jointly with BPCL | - | 8 | 8 | - | - | 8 | 8 | - | |
| 7. M. Venugopal jointly with BPCL | - | 1 | 1 | - | - | 1 | 1 | - | |
| 8. Ravi Capoor (Nominee of Govt. of Assam) | - | 7 | 7 | - | - | 7 | 7 | - | |
| **(2) Foreign** | | | | | | | | | |
| a) NRI - Individual/ | - | - | - | - | - | - | - | - | - |
| b) Other - Individual/ | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Others | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A)** | - | 54,43,67,342 | 54,43,67,342 | 74% | - | 54,43,67,342 | 54,43,67,342 | 74% | NO CHANGE |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | | - | - | - | - | - | - | - | - |
| b) Banks / FI | | - | - | - | - | - | - | - | - |
| c) Central Govt | | - | - | - | - | - | - | - | - |
| d) State Govt(s) | | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | | - | - | - | - | - | - | - | - |
| f) Insurance Companies | | - | - | - | - | - | - | - | - |
| g) FIIs | | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year (01.04.2017) | | | | No. of Shares held at the end of the year (31.03.2018) | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| h) Foreign Venture Capital Funds | | - | - | - | - | - | - | - | - |
| i) Others (specify) | | | | | | | | | |
| Oil India Limited | 19,12,64,202 | Nil | 19,12,64,202 | 26% | 19,12,64,202 | - | 19,12,64,202 | 26% | NO CHANGE |
| **Sub-total (B)(1):** | - | - | - | - | - | - | - | - | - |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian - Oil India Ltd. | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(2):-** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | 19,12,64,202 | Nil | 19,12,64,202 | 26% | 19,12,64,202 | - | 19,12,64,202 | 26% | NO CHANGE |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | 19,12,64,202 | 54,43,67,342 | 73,56,31,544 | 100% | 19,12,64,202 | 54,43,67,342 | 73,56,31,544 | 100% | NO CHANGE |

## ii Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year 2017-18 | | | Share holding at the end of the year 2017-18 | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | Bharat Petroleum Corporation Limited (BPCL) | 45,35,45,964 | 61.65% | - | 45,35,45,964 | 61.65% | - | NO CHANGE |
| 2 | Governor of Assam | 9,08,21,337 | 12.35% | - | 9,08,21,337 | 12.35% | - | NO CHANGE |
| 4 | Nominees of Promoters i.e. BPCL & Govt. of Assam | 41 | Negligible | - | 41 | Negligible | - | NO CHANGE |
| | TOTAL | 54,43,67,347 | 74.00% | - | 54,43,67,342 | 74.00% | - | - |

**iii Change in Promoters' Shareholding: No changes during the financial year 2017-18.**

**iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

**v Shareholding of Directors and Key Managerial Personnel: NIL**

## V INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(In ₹)

| Indebtedness at the beginning of the financial year 2017-18 | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness |
|---|---|---|---|---|
| i) Principal Amount | 492,28,26,238.46 | 16,76,13,126.48 | Nil | 509,04,39,364.94 |
| ii) Interest due but not paid | -- | -- | Nil | -- |
| iii) Interest accrued but not due | 49,90,358.81 | | Nil | 49,90,358.81 |
| **Total (i+ii+iii)** | 492,78,16,597.27 | -- | - | 5,095,429,723.75 |
| **Change in Indebtedness during the financial year 2017-18** | | | | |
| * Addition | 7,35,97,074.55 | 2,44,874.04 | Nil | 7,38,41,948.59 |
| * Reduction | (164,47,84,804.29) | (16,76,13,126.48) | Nil | (181,23,97,930.77) |
| **Net Change** | (157,11,87,729.74) | (16,73,68,252.44) | Nil | (173,85,55,982.18) |
| **Indebtedness at the end of the financial year 2017-18** | | | | |
| i) Principal Amount | 335,22,05,000 | 2,44,874.04 | Nil | 335,24,49,874.04 |
| ii) Interest due but not paid | - | - | Nil | - |
| iii) Interest accrued but not due | 44,23,867.53 | - | - | 44,23,867.53 |
| **Total (i+ii+iii)** | 335,66,28,867.53 | 2,44,874.04 | - | 335,68,73,741.57 |

## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

*Remuneration to Managing Director, Whole-time Directors and/or Manager:*

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---|---|---|---|---|---|
| | | P. Padmanabhan (upto 31.10.2017) | S. K. Barua | Bhaskar Phukan | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,34,77,203.83 | 56,35,406.75 | 52,47,380.99 | 2,43,59,991.57 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 6,49,634.26 | 6,54,378.43 | 6,68,103.04 | 19,72,115.73 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | | - |
| 2 | Stock Option | - | - | | - |
| 3 | Sweat Equity | - | - | | - |
| 4 | Commission | - | - | | - |
| | - as % of profit | - | - | | - |
| | - others, specify | - | - | | - |
| 5 | Others, please specify | - | - | | - |
| | Total (A) | 1,41,26,838.09 | 62,89,785.18 | 59,15,484.03 | 2,63,32,107.30 |
| | Ceiling as per the Act | **Managerial Remuneration amounting to ₹2.63 Crore (approx) is 0.08 % of the Net Profit which is within 11% of the Net Profit as per Section 197 & 198 of Companies Act,2013** | | | |

*Remuneration to other directors:*

| Sl. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|---|---|---|---|---|
| | | A | C | | |
| 1 | **Independent Directors** | **Sneh Lata Kumar** | **Rajkumar Sharma** | | |
| | Fee for attending board committee meetings | 3,20,000 | 6,60,000.00 | | |
| | Commission | - | | | - |
| | Others, please specify | - | | | - |
| | Total (1) | 3,20,000 | 6,60,000.00 | | 9,80,000.00 |
| 2 | **Other Non-Executive Directors** | **NIL** | | | |
| | Fee for attending board committee meetings | - | - | | - |
| | Commission | - | - | | - |
| | Others, please specify | - | - | | - |
| | Total (2) | Nil | | | Nil |
| | Total (B)=(1+2) | 3,20,000 | 6,60,000.00 | | 9,80,000.00 |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | Not Applicable | | | |

**REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | | H K Sarmah, Company Secretary | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 46,41,327.40 | 46,41,327.40 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | 3,25,089.53 | 3,25,089.53 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | - | - |
| 2 | Stock Option | | - | - |
| 3 | Sweat Equity | | - | - |
| 4 | Commission | | - | - |
| | - as % of profit | | - | - |
| | - others, specify... | | - | - |
| 5 | Others, please specify | | - | - |
| | Total | | 49,66,416.93 | 49,66,416.93 |

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** **NONE**

NUMALIGARH REFINERY LIMITED
A GOVERNMENT OF INDIA ENTERPRISE

**Annexure-G**

# Corporate Social Responsibility and Sustainability

With the concern, commitment and contribution towards socio-economic upliftment of the region, NRL has been pursuing definite measures through various CSR initiatives for improving the quality of lives of under privileged people in and around refinery. The community, particularly around the refinery at Numaligarh has witnessed perceptible improvement on socio-economic front on account of initiatives taken by NRL. Such developments have been instrumental in promoting goodwill and ensuring sustainable development of the organisation. However, still there is a long way ahead. The CSR and Sustainability Policy of NRL shall be aligned with stipulations under the Companies Act 2013, the CSR Rules of the Ministry of Corporate Affairs and Guidelines on CSR and Sustainability published by the Department of Public Enterprises (DPE) with effect from 1st April, 2014.

Vision & Mission of NRL CSR & Sustainability policy are as below:

**Vision:** "To pursue CSR and Sustainability activities with a difference for ushering in inclusive development of the community".

**Mission:** "To identify and implement welfare schemes based on genuine needs of the people through baseline survey and in-house assessment, in consultation with village development committee, district authorities, stakeholders, and to access effectiveness of implemented schemes through periodic evaluation".

CSR and Sustainability initiatives of NRL are administered through a three-tier organizational structure, comprising a CSR and Sustainability Committee of the Board at apex level, a committee of senior executives at mid-level and a CSR and Sustainability Steering Committee at execution level. The three member Board Level Committee is headed by an Independent Director. The mid-level committee comprises three senior executives headed by Sr. General Manager (Human Resource). The CSR and Sustainability Steering Committee comprise of 12 cross functional employees as members. This committee is responsible for planning, actual implementation and monitoring of CSR and Sustainability activities. CSR and sustainability initiatives of NRL were updated on quarterly basis at the company's website and highlights for the year including project wise expenditure incurred have been published in the Annual report.

Based on the average net profits of the Company for the last three financial years, total amount to be spent on CSR during the year 2017-18 was ₹4595.10 Lakh against which actual expenditure was ₹4596.24 Lakh, therefore entire CSR budget was fully utilized without carryover for next financial year. Details of NRL's CSR and Sustainability expenditures during 2017-18 are enclosed at **Appendix to Annexure 'G'**. Members of the CSR & Sustainability Committee confirmed that implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company.

For & on behalf of CSR & Sustainability Committee

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **(R Sharma)**<br>**Chairman** | **(S.K. Barua)**<br>**Managing Director and**<br>**Addl. Charge of Director (Finance)** | **(B. J. Phukan)**<br>**Director (Technical)** |

## Appendix to Annexure-G

**Details of CSR & sustainability activities executed during the year 2017-18 (as per provision of Section 135 of the Companies Act 2013**

*(Amount In Lakh)*

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 1 | Project -"Swa Nirbhar" Promoting local entrepreneur, SHG & JLG for setting up various livelihood ventures. | Skill Development and Livelihood (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 139.07 | 55.03 | 55.03 | Direct |
| 2 | Project "Uttoron" to provide skill development training to unemployed youths on various trades such as Ayurvedic Nursing, Geriatric Home Health Aids, Technical training on automatic domain, hospitality management, nursing, General duty medical assistant, welding, fitter, CNC operator, paramedical science etc. | Skill Development and Livelihood (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 440.26 | 212.66 | 212.66 | Direct |
| 3 | Construction of School, hostel building & Operation of VK NRL School of Nursing including lease rental for the plot of land for setting up the School. | Skill Development and Livelihood (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 2,173.29 | 1,743.74 | 1743.74 | Direct |
| 4 | Providing external skill up-gradation Training to Contract Workers in various trades. | Skill Development and Livelihood (Item No. (ii) of Schedule-VII) | Within Assam | 8.34 | 2.57 | 2.57 | Direct |
| 5 | Providing assistance to various Women entrepreneur, SHG, towards empowerment of women. | Contribution to SC/ ST/OBC/Minorities/ Women funds (Item No. (viii) of Schedule-VII) | Within Golaghat District, Assam | 14.31 | 11.79 | 11.79 | Direct |
| 6 | Development of Custom Hiring Centre in nearby villages to promote farm mechanization. Also providing assistance to farmer of nearby localities for traditional and alternate farming by way of providing improve seed, fertilizer, Solar pump etc. | Poverty Alleviation (Item No. (i) of Schedule-VII) | Within Golaghat District, Assam | 79.16 | 54.04 | 54.04 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 7 | Providing support to School Management Committees for setting up 5 nos of after School Coaching Centre under Project "Vidya Sarathi" | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 8.51 | 6.66 | 6.66 | Direct |
| 8 | Scholarship provided to economically weaker section of society to support their education in Sainik School and DPS Numaligarh. | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 3.05 | 3.05 | 3.05 | Direct |
| 9 | Providing financial support for conduction one year Remedial & Mentoring coaching program to 100 numbers students of Class IX to Class XII from nearby School & Colleges through Centre for Social Responsibility & Leadership, New Delhi | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 25.42 | 20.33 | 20.33 | Implementing Agency |
| 10 | Providing financial assistance to district administration for providing Road safety equipment and to conduct STREET PLAYS to promote ROAD SAFETY campaign | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 11.32 | 7.37 | 7.37 | Direct |
| 11 | Operation of Digital Literacy centre at Lattekujan Tea Estate in association with IRDIS, Guwahati to promote computer education among school children and organise an training program on Tally programming. | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 6.50 | 3.52 | 3.52 | Implementing Agency |
| 12 | Financial support to All Assam Students Union for organising a program to facilitate and honour the rank holders of HSLC & HSSLC examination 2016-17. | Education (Item No. (ii) of Schedule-VII) | Within Assam | 10.00 | 10.00 | 10.00 | Implementing Agency |
| 13 | Providing financial assistance to various organisation to conduct seminar workshop, Training, competition etc to promote education. | Education (Item No. (ii) of Schedule-VII) | Within Assam | 15.48 | 12.42 | 12.42 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 14 | Financial Assistance to Vivekananada Kendra Rock Memorial, Kanyakumari for setting up a School and hostel facility at Dibrugarh. | Education (Item No. (ii) of Schedule-VII) | Within Assam | 20.00 | 20.00 | 20.00 | Implementing Agency |
| 15 | Construction and renovation of School Building infrastructures such as class room, boundary wall, auditorium, playground etc. within Golaghat District | Education (Item No. (ii) of Schedule-VII) | Within Assam | 37.24 | 29.25 | 29.25 | Direct |
| 16 | Providing amenities to educational institutes such as furniture, teaching aid, computers, school bag, sports equipment etc for better educational environment | Education (Item No. (ii) of Schedule-VII) | Within Assam | 54.79 | 31.85 | 31.85 | Direct |
| 17 | Promotion of Education by providing scholarship to meritorious students under various schemes such as Gyandeep; Prerona & Dronacharyya and special scholarship covering 939 nos of students. | Education (Item No. (ii) of Schedule-VII) | Within Assam & Near Siliguri (W.B) | 144.63 | 126.62 | 126.62 | Direct |
| 18 | Financial Assistance provided to students from economically weaker section of society to pursue higher education. | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 8.10 | 6.24 | 6.24 | Direct |
| 19 | Setting up school & public Libraries under project Library for All | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 28.53 | 19.12 | 19.12 | Direct |
| 20 | Procurement and distribution of test papers among the HSLC appearing students covering 48 Nos Schools | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 7.63 | 7.02 | 7.02 | Direct |
| 21 | Distribution of Bicycle amongst the school students from BPL families to promote education | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 21.50 | 21.45 | 21.45 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 22 | Financial assistance for awareness program on educating citizen of India about electoral participation and dissemination of information about electoral process to help in national building in connection of celebration of National Voters' Day 2018 | Education (Item No. (ii) of Schedule-VII) | Within Golaghat District, Assam | 2.00 | 2.00 | 2.00 | Implementing Agency |
| 23 | Financial assistance for undertaking "Ride for hope-Save the Rhino" with the motto to create awareness and stop smuggling of Rhino Horns of Assam, from Singapore to Guwahati via Malaysia, Thailand and Myanmar by Para-cyclist Mr. Rakesh Banik | Education (Item No. (ii) of Schedule-VII) | Within Assam | 3.00 | 3.00 | 3.00 | Implementing Agency |
| 24 | Providing Electrification in nearby villages through APDCL, Govt. of Assam | Rural Development (Item No. (x) of Schedule-VII) | Within Golaghat District, Assam | 18.93 | 14.86 | 14.86 | Implementing Agency |
| 25 | Developing 03 nos village - Mazdoor gaon, Napathar Natun Gaon and Chawrabasti as Model Village giving emphasis on development of road infrastructure, sanitation, water supply, electrification, health & hygiene | Rural Development (Item No. (x) of Schedule-VII) | Within Golaghat District, Assam | 128.25 | 136.23 | 136.23 | Direct |
| 26 | Development of village road of nearby villages of Refinery | Rural Development (Item No. (x) of Schedule-VII) | Within Golaghat District, Assam | 38.49 | 26.60 | 26.60 | Direct |
| 27 | Construction of RCC bridge, culvert & all weather road in nearby areas | Rural Development (Item No. (x) of Schedule-VII) | Within Golaghat District, Assam | 36.25 | 32.53 | 32.53 | Direct |
| 28 | Development of rural infrastructures like construction of crematorium, providing boat, waiting shed etc. in nearby villages. | Rural Development (Item No. (x) of Schedule-VII) | Within Golaghat District, Assam | 18.28 | 12.27 | 12.27 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 29 | Providing Solar Home lighting system in 07 nos of un-electrified villages under Golaghat & Karbi Along district covering 290 Household | Rural Development (Item No. (x) of Schedule-VII) | Within Assam | 51.99 | 42.00 | 42.00 | Implementing Agency |
| 30 | "Niramoy" a Project to conduct routine free mobile medical camp in villages in vicinity of Refinery in collaboration with VK NRL Hospital | Health Care (Item No. (i) of Schedule-VII) | Within Golaghat District, Assam | 69.29 | 61.86 | 61.86 | Implementing Agency |
| 31 | Dishtri -A free Eye Screening cum Cataract detection and operation for under privilege section of society and Eye screening of children covering 30 schools in and around Golaghat District | Health Care (Item No. (i) of Schedule-VII) | Within Assam | 11.00 | 3.55 | 3.55 | Implementing Agency |
| 32 | Assistance provided for treatment of critical ailment to the patients from economically weaker section of the society | Health Care (Item No. (i) of Schedule-VII) | Within Assam & Near Siliguri (W.B) | 70.57 | 66.17 | 66.17 | Direct |
| 33 | Financial support to Ramakrishna Mission, Shillong for procurement of Medical equipment to provide services for the patients | Health Care (Item No. (i) of Schedule-VII) | Within Meghalaya | 5.00 | 5.00 | 5.00 | Implementing Agency |
| 34 | Up gradation of PHC at Ponka and Providing Ambulance to cater the medical emergency of nearby villagers | Health Care (Item No. (i) of Schedule-VII) | Arunachal Pradesh & Assam | 23.86 | 16.36 | 16.36 | Direct |
| 35 | Construction of Low Cost Sanitary toilet in villages through DBT mode to ensure better health and hygiene including elimination of open defecation. | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Golaghat District, Assam | 453.70 | 334.03 | 334.03 | Direct |
| 36 | Construct Public Toilets facility in nearby town and public places | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Assam | 97.60 | 54.67 | 54.67 | Direct |
| 37 | "Swacchh Vidyalaya Abhiyan" A project to construct School toilet facility including maintenance within Assam. | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Assam | 155.15 | 94.85 | 94.85 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 38 | Promotion of Awareness on preventive healthcare, sanitation, safe drinking water, gender equality, women empowerment through display of do's & don't in local publications, advertisements in magazine & buying space in public function etc | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Assam | 8.67 | 5.77 | 5.77 | Direct |
| 39 | To Organize various activities such as awareness Campaigns, distribution of Sanitary napkin, cleanliness drive, plantation drive, Installation of Road side waste bin, Drawing & debating competition, street play etc to Swachh Bharat Mission | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Assam | 54.40 | 42.08 | 42.08 | Direct |
| 40 | Installation of 10 nos. Sanitary Napkin Vending Machine, Incinerator along Sanitary Napkins for promoting Menstrual health of woman and adolescent girls by ensuring availability of quality napkins & safe environment friendly disposal through napkin incinerator | Sanitation (Item No. (i) of Schedule-VII of the Companies Act, 2013) | Within Golaghat District, Assam | 6.57 | 6.57 | 6.57 | Direct |
| 41 | Providing safe drinking water facility in various educational institutes located in the neighborhood of Refinery | Drinking Water Supply (Item No. (i) of Schedule-VII) | Within Golaghat District, Assam | 36.98 | 35.97 | 35.97 | Implementing Agency |
| 42 | Providing water Supply facility under Project "Jeevandhara" by reviving existing defunct piped water supply scheme and installation and renovation of hand pump & ring well in nearby villages. | Drinking Water Supply (Item No. (i) of Schedule-VII) | Within Golaghat District, Assam | 59.06 | 39.25 | 39.25 | Direct |
| 43 | "Project Parichannata" A project to provide waste handling equipment to 10 nos of Municipalities and Town Committees / Market Committees to promote Swacchh Bharat Mission. | Environment sustainability (Item No. (iv) of Schedule-VII) | Within Assam | 928.00 | 526.00 | 526.00 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 44 | Relief & Rehabilitation of flood affected people | Relief fund | Within Assam | 14.05 | 13.53 | 13.53 | Direct |
| 45 | NRL Contribution on behalf of Oil Public Sector Enterprises to Assam Chief Minister's Relief Fund on account of Assam Floods during 2017-18. | Prime Minister's National Relief Fund | Within Assam | 100.00 | 100.00 | 100.00 | Direct |
| 46 | Financial Assistance for Repairing & renovation of various Socio cultural organizations such as Community hall , Club etc in the neighborhood of Refinery | Social Welfare (Item No. (iii) of Schedule-VII) | Within Assam | 53.91 | 20.10 | 20.10 | Direct |
| 47 | Provide dead body carrying van to Nabagrah Swashan Committee, Guwahati & Green revolution Society, Bokakhat | Social Welfare (Item No. (iii) of Schedule-VII) | Within Assam | 23.36 | 18.28 | 18.28 | Direct |
| 48 | Financial assistance to Golaghat District Pensioner association | Social Welfare (Item No. (iii) of Schedule-VII) | Within Golaghat District, Assam | 9.68 | 6.00 | 6.00 | Direct |
| 49 | Distribution of free LPG connection to BPL household to promote smokeless village | Social Welfare (Item No. (iii) of Schedule-VII) | Within Golaghat District, Assam | 10.37 | 5.71 | 5.71 | Direct |
| 50 | NRL Helping Hand " A Scheme that support differently-abled people by way of providing aids and appliances; assistance for rehabilitation, to provide free food, Community based rehabilitation program etc. | Supporting Differently-abled & their livelihood Item No.(ii) of Schedule-VII) | Within Golaghat District, Assam | 43.21 | 30.58 | 30.58 | Implementing Agency |
| 51 | Donation for Armed Forces Flag Day Fund And FA to Border Security Force (BSF) Guwahati Frontier for organising BSF Half Marathon | Benefit to armed forces, veterans , War widows and their dependents (Item No. (vi) of Schedule -VII) | Within Assam | 1.80 | 1.80 | 1.80 | Direct |
| 52 | Development & Maintenance of Round about on NH 37 at Khanapara, Guwahati and Nagaon Bypass by developing Landscape Garden as a project under National Green Highway Mission | Environment sustainability (Item No. (iv) of Schedule-VII) | Within Assam | 72.68 | 24.83 | 24.83 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 53 | Development and Protection of Kaliyani River Bank adjacent to Kaliyani Block village towards water body management. | Environment sustainability (Item No. (iv) of Schedule-VII) | Within Golaghat District, Assam | 362.90 | 139.13 | 139.13 | Implementing Agency |
| 54 | Providing various support to District Forest Department by way of providing vehicle, assistance for repairing of beat office vehicle, awareness program, tree plantation etc towards protection of environment. | Forest and Environment, Animal Welfare etc. (Item No. (iv) of Schedule-VII) | Within Golaghat District, Assam | 41.36 | 30.66 | 30.66 | Direct |
| 55 | Distribution of search light in villages in and around refinery for protection against elephant infringement. | Forest and Environment, Animal Welfare etc. (Item No. (iv) of Schedule-VII) | Within Golaghat District, Assam | 5.74 | 4.43 | 4.43 | Direct |
| 56 | Organize 03 nos of Veterinary Vaccination Camp in and around Refinery for animal welfare | Forest and Environment, Animal Welfare etc. (Item No. (iv) of Schedule-VII) | Within Golaghat District, Assam | 4.39 | 1.90 | 1.90 | Direct |
| 57 | Financial support to Asam Sahitya Sabha for preservation and promotion of Art, Literature and culture of Assam and contribution for Mamoni Raisom Award for Fy-2017-18 | Art and Culture, public libraries (Item No. (v) of Schedule-VII) | Within Assam | 15.94 | 11.00 | 11.00 | Direct |
| 58 | Financial assistance for construction of Library at Padmashree Dr. Robin Banerji National History Museum | Art and Culture, public libraries (Item No. (v) of Schedule-VII) | Within Golaghat District, Assam | 12.00 | 3.00 | 3.00 | Direct |
| 59 | Financial Assistance to various organizations for promotion of Art & Culture & literature of Assam | Art and Culture, public libraries (Item No. (v) of Schedule-VII) | Within Assam | 33.90 | 22.90 | 22.90 | Direct |

| Sl. No. | CSR Project/ Activity identified | Sector in which project covered | "Project or Program 1. Local area or others 2. State/Dist where project or program was undertaken " | Amount outlay Project or Program wise | Amount Spent on Project or Program (Sub head:1. Direct expenditure on Project or Program 2. Overhead | Cumulative Expenses upto reporting period | Amount spent Direct or through implementing Agency |
|---|---|---|---|---|---|---|---|
| 60 | Setting up Boxing coaching centre at Golaghat under project "Khel Prashikshan" in association with Golaghat District Amateur Boxing Association | Sports (Item No. (vii) of Schedule-VII) | Within Golaghat District, Assam | 4.98 | 1.84 | 1.84 | Direct |
| 61 | Financial support for coaching of operation of Badminton coaching centre at Golaghat and Furkating under project "Khel Prashikshan" | Sports (Item No. (vii) of Schedule-VII) | Within Golaghat District, Assam | 5.39 | 1.70 | 1.70 | Direct |
| 62 | Assistance provided to various organisations for development of Sports Infrastructure facilities in and around Refinery | Sports (Item No. (vii) of Schedule-VII) | Within Assam | 48.49 | 35.42 | 35.42 | Direct |
| 63 | Financial support to various organizations for promoting sports events including rural sports | Sports (Item No. (vii) of Schedule-VII) | Within Assam | 27.15 | 22.85 | 22.85 | Direct |
| 64 | Operation and maintenance of NRL Football Academy and setting up 7 nos of football feeder centre under project "Khel Prashikhan" | Sports (Item No. (vii) of Schedule-VII) | Within Golaghat District, Assam | 167.09 | 99.02 | 99.02 | Direct |
| 65 | Consultation Charges for preparation & implementation of CSR Projects | Misc activities | | 18.70 | 13.57 | 13.57 | |
| 66 | CSR corporate film/ Brochure | Misc activities | | 10.98 | 5.22 | 5.22 | |
| 67 | To conduct Base line Survey for developing bamboo cluster in four villages under Bokakhat Sub-division for sustainability livelihood generation & balance work related to baseline survey within 5KM radius of refinery | Misc activities | | 7.25 | 2.81 | 2.81 | |
| 68 | Overhead | Misc activities | | 42.03 | 42.03 | 42.03 | |
| | | | **Total** | **6,433.19** | **4,624.64** | **4,624.64** | |

# Independent Auditors' Report

(Standalone)

# Independent Auditors' Report

**To**
**The Members of**
**Numaligarh Refinery Limited**

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of NUMALIGARH REFINERY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements along with the notes thereon, 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act ("the Order"), and on such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

ii) As required by the Section 143(5) of the Act, we give in "Annexure B", a statement on the matters specified by the Comptroller and Auditor-General of India for the Company.

iii) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued thereunder.

e) Provisions of Section 164(2) of the Act regarding director's disqualification is not applicable vide notification no. G.S.R. 463(E) dated 5th June, 2015 of Ministry of Corporate Affairs.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 48 to the standalone Ind AS financial statement.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 54 to the standalone Ind AS financial statement.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May, 2018

# Annexures to Independent Auditors' Report
(Standalone)

# Annexure - A to Independent Auditors' Report

The Annexure referred to in paragraph 5 (i) under the heading "Report on Other Legal and Regulatory requirements" of our Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2018, we report that:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) As per information and explanations given to us, 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 have been physically verified by the management during the year and the discrepancies noticed between book records and physical inventory, though not significant, have been duly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property are held in the name of the Company except Freehold Land of 0.99 Acres whose mutation is still pending and 0.25 Acres of land whose title is under dispute. Gross block & net block of the above land as per Fixed Asset Register as on 31st March 2018 is not ascertainable.

i. As explained to us physical verification of inventories of Finished Goods, Raw Materials and Stores and Spares except those lying with contractors / third parties and goods in transit, if any, has been conducted at reasonable intervals by the management. 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 dealt with in the books of accounts.

ii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

iii. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees, and security the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

iv. The Company has not accepted any deposits from public.

v. 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 148(1) of the Companies Act, 2013 and we are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the same.

   (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us, no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable;

   (b) According to the records of the Company and the information and explanations given to us, following are the details of disputed dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax as on 31st March, 2018:

| Name of the Statute | Nature of Dues | Period to which the amount relates | Amount (₹ in Crore) | Forum where Dispute is Pending |
|---|---|---|---|---|
| The C. Excise Act, 1944 (Excise Duty including Penalty and Interest) | Adoption of lower Transaction Value for OMCs -IOC/HPC/IBP on HSD & MS other than BPCL. | 2002-2004 | 112.76 | CESTAT, Kolkata |
| | Disallowing Cenvat Credit of Refinery Project. | 2002-2003 | 35.00 | CESTAT Kolkata |
| | Adoption of lower transaction value on sales to Oil Marketing Companies (other than BPCL) arises because of conversion difference. | 2005-2008 | 0.70 | CESTAT Kolkata |
| | Interest on Erroneous AED Refund on HSD pertains to 1999 to 2000 | 2000-2001 | 73.16 | CESTAT Kolkata |
| The Service Tax Act | Levy of ST on License Fee Recovery (LFR) received from Retail Outlet Dealers | 2006-2010 | 0.37 | CESTAT Kolkata |
| West Bengal Value Added Tax Act 2003 | Demand against suppressed sale | 2010-2011 | 21.70 | West Bengal Taxation Tribunal |
| Bihar VAT Act 2005 | Demand on account of non-consideration VAT deposited but in wrong head of account | 2010-2011 | 0.25 | Appellate Authority Bihar Commercial Taxes |
| West Bengal Entry Tax Act 2012 | Demand on account of levy of entry tax on SKO, PDS bringing in to the state for sales to oil marketing companies. | 2015-16 | 0.92 | West Bengal Appellate Authority |

viii. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to any financial institution, bank, Government or dues to debenture holders.

ix. The company did not raise moneys by way of initial public offer or further public offer (including debt instrument) and according to the information and explanations given to us, the term loans were applied for the purpose for which those are raised.

x. According to the information and explanations given to us, and representation obtained from the management, no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

xi. The Company being a Government Company is exempted from the applicability of the provisions of Section 197 read with Schedule V of the Companies Act, 2013 vide notification F. No.1/2/2014-CL.V dated 5th June, 2015 of Ministry of Corporate Affairs.

xii. Since the Company is not a Nidhi Company, provisions of clause (xii) of the Order are not applicable.

xiii. According to the information & explanation given to us and based on our examination of the records, all transactions entered into by the Company with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. The Company has not made any preferential allotment for private placement of shares or fully or partly convertible debentures during the year under review.

xv. According to the information and explanations given to us the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. The Company is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934.

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# Annexure- B to Independent Auditors' Report

[Referred to in paragraph 5(ii) under 'Report on Other Legal and Regulatory Requirements in the Independent Auditors' Report of even date on the standalone Ind AS financial statements of Numaligarh Refinery Limited]

## Report pursuant to directions issued by office of C&AG u/s 143(5) of the Companies Act, 2013

<table>
<tr><td>1.</td><td>Area Examined</td><td>Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>The company has clear title deed of freehold and leasehold land except for the following:<br>
<table>
<tr><th>Particulars</th><th>Area (in Acres)</th><th>Remarks</th></tr>
<tr><td>Freehold Land</td><td>0.99</td><td>Mutation is still pending</td></tr>
<tr><td>Freehold Land</td><td>0.25</td><td>Titles are under dispute</td></tr>
</table></td></tr>
<tr><td>2</td><td>Area Examined</td><td>Whether there are any cases of waiver/ write off of debts/loans/ interest etc., if yes, the reasons there for and the amount involved.</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>The details of cases of waiver/ write off of debts/ loans/ interest by the Company during the year as under:<br>
<table>
<tr><th>Particulars</th><th>₹ in Crore</th></tr>
<tr><td>Write off of Loans</td><td>0.01</td></tr>
</table></td></tr>
<tr><td>3.</td><td>Area Examined</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>• As informed by the management and based on records examined, the Company maintains proper records for the inventories lying with third parties.<br>• As informed by the management and based on records examined, the company has not received any gift/ grants from Government or other authorities.</td></tr>
</table>

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# Annexure - C to the Auditors' Report

[Referred to in paragraph 5(f) under 'Report on other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date on the Standalone Ind AS financial statements of Numaligarh Refinery Limited.]

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of NUMALIGARH REFINERY LIMITED ("the Company") as of 31st March 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NUMALIGARH REFINERY LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Numaligarh Refinery Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Numaligarh Refinery Limited for the year ended 31 March 2018. 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.

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

Sd/-
Suparna Deb
Director General of Commercial Audit
& Ex-officio Member, Audit Board - I,
Kolkata

Place : Kolkata
Dated: 12th July 2018

# Balance Sheet as at 31st March 2018

*₹ in Crore*

| | Note No. | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **1 Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 2,448.48 | 2,118.95 |
| (b) Capital work in progress | 3 | 442.72 | 545.65 |
| (c) Other Intangible assets | 4 | 1.64 | 0.60 |
| (d) Financial Assets | | | |
| (i) Investment in Joint venture and Associate | 5 | 187.34 | 186.65 |
| (ii) Loans | 6 | 38.31 | 39.66 |
| (e) Other non-current assets | 7 | 22.04 | 22.78 |
| | | **3,140.53** | **2,914.29** |
| **2 Current assets** | | | |
| (a) Inventories | 8 | 1,807.52 | 1,628.55 |
| (b) Financial Assets | | | |
| (i) Investments | 9 | 454.10 | 312.45 |
| (ii) Trade receivables | 10 | 1,016.11 | 803.51 |
| (iii) Cash and cash equivalents | 11 | 91.82 | 253.30 |
| (iv) Bank Balances other than (iii) above | 12 | 729.00 | 1,224.00 |
| (v) Loans | 13 | 13.14 | 7.45 |
| (vi) Other financial assets | 14 | 29.73 | 53.08 |
| (c) Current Tax Assets (Net) | 15 | 30.11 | 8.68 |
| (d) Other current assets | 16 | 41.28 | 31.02 |
| | | **4,212.81** | **4,322.03** |
| Assets Held for Sale | 17 | **1.17** | **1.17** |
| | | **4,213.98** | **4,323.20** |
| **TOTAL ASSETS** | | **7,354.51** | **7,237.49** |
| **II. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 18 | 735.63 | 735.63 |
| (b) Other Equity | 19 | 4,308.72 | 4,445.01 |
| **Total Equity** | | **5,044.35** | **5,180.64** |
| **Liabilities** | | | |
| **1 Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 162.61 | 334.46 |
| (ii) Other financial liabilities | 21 | 0.66 | 1.07 |
| (b) Provisions | 22 | 180.32 | 125.46 |
| (c) Deferred tax liabilities (Net) | 23 | 271.31 | 229.44 |
| | | **614.90** | **690.43** |
| **2 Current liabilities** | | | |
| (a) Financial Liability | | | |
| (i) Borrowings | 24 | 0.02 | 18.64 |
| (ii) Trade payables | 25 | 1,142.13 | 792.52 |
| (iii) Other financial liability | 26 | 316.53 | 251.87 |
| (b) Other current liabilities | 27 | 225.80 | 208.69 |
| (c) Provisions | 28 | 10.78 | 68.68 |
| (d) Current Tax Liabilities (Net) | 29 | - | 26.02 |
| **TOTAL LIABILITIES** | | **1,695.26** | **1,366.42** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,354.51** | **7,237.49** |
| Significant Accounting Policies | 1 | | |
| Notes forming part of Financial Statements | 42-55 | | |

As per our attached report of even date
**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E
Sd/-
**CA. Neeraj Jain**
Partner
Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

NUMALIGARH REFINERY LIMITED
A GOVERNMENT OF INDIA ENTERPRISE
NRL

# Statement of Profit and Loss for the period ended 31st March 2018

*₹ in Crore*

| | | Note No. | 2017-18 | 2016-17 |
|---|---|---|---|---|
| | **REVENUE** | | | |
| I | Revenue from operations | 30 | 15,923.19 | 13,946.92 |
| II | Other Income | 31 | 129.53 | 370.29 |
| III | **Total Income (I+II)** | | **16,052.72** | **14,317.21** |
| IV | **EXPENSES** | | | |
| | Cost of materials consumed | 32 | 8,643.32 | 7,493.03 |
| | Purchases of Stock-in-Trade | | 176.72 | 112.88 |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | 33 | (36.99) | (282.46) |
| | Excise duty | 34 | 2,693.75 | 2,659.55 |
| | Employee benefits expense | 35 | 308.08 | 212.99 |
| | Finance Costs | 36 | 15.80 | 22.42 |
| | Depreciation and amortisation expense | 37 | 183.60 | 163.63 |
| | Other Expenses | 38 | 926.10 | 787.60 |
| | **Total Expenses (IV)** | | **12,910.38** | **11,169.64** |
| V | **Profit/(loss) before tax (III-IV)** | | **3,142.34** | **3,147.57** |
| VI | **Tax Expense** | 39 | 1,097.69 | 1,047.00 |
| | (1) Current Tax | | 1,054.28 | 926.21 |
| | (2) Deferred Tax | | 43.41 | 120.79 |
| VII | **Profit / (Loss) for the period (V - VI)** | | **2,044.65** | **2,100.57** |
| VIII | **Other comprehensive income** | | | |
| | (i) Items that will not be reclassified to profit or loss re-measurements of defined benefit plan | 40 | (4.43) | (5.88) |
| | (ii) Income tax related to items that will not be reclassified to profit or loss | 40 | 1.55 | 2.03 |
| | Other comprehensive income, net of tax (i+ii) | | (2.88) | (3.85) |
| IX | **Total comprehensive income for the period (VII + VIII)** | | **2,041.77** | **2,096.72** |
| X | **Basic and Diluted Earnings per share (₹)** (Face Value ₹ 10) | 41 | 27.79 | 28.55 |
| Significant Accounting Policies | | 1 | | |
| Notes forming part of Financial Statements | | 42-55 | | |

As per our attached report of even date

For and on behalf of the Board of Directors

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

Sd/-
**CA. Neeraj Jain**
Partner

Membership No. 064393

Place: Mumbai
Date : 25th May 2018

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

Place: Mumbai
Date : 25th May 2018

## Statement of Cash Flows

₹ *in Crore*

| | For the year ended | 31-03-2018 | 31-03-2017 |
|---|---|---|---|
| **A** | **Cash Flow from Operating Activities** | | |
| | Profit (Loss) for the period | 2,044.65 | 2,100.57 |
| | *Adjustments for :* | | |
| | Depreciation & Amortisation expenses | 183.60 | 163.63 |
| | Income Tax Expenses | 1,097.69 | 1,047.00 |
| | Interest | 15.80 | 22.42 |
| | (Profit) / Loss on Sale/Write Off of Property, Plant and Equipment | 0.85 | 0.85 |
| | Foreign Exchange Fluctuation | (2.52) | 5.31 |
| | Income from Investment in Join Venture /Associate Companies | (1.09) | (0.74) |
| | Dividend Received from Current Investment | (26.11) | (19.06) |
| | Interest Income | (85.13) | (134.49) |
| | (Profit)/Loss on sale of investment | | (0.01) |
| | Other Non-Cash Items (Refer explanatory note 4) | 56.48 | 49.15 |
| | **Operating Profit before Working Capital Changes** | **3,284.22** | **3,234.63** |
| | *(Invested in) / Generated from:* | | |
| | Trade receivables | (212.61) | 15.81 |
| | Other receivables | (19.94) | 10.66 |
| | Inventories | (178.97) | (572.99) |
| | Current Liabilities & Provisions | 270.93 | (81.49) |
| | **Cash generated from Operations** | **3,143.63** | **2,606.62** |
| | Direct Taxes Paid | (1,101.37) | (924.34) |
| | **Net Cash from/(used in) Operating Activities** | **2,042.26** | **1,682.28** |
| **B** | **Net Cash Flow from Investing Activities** | | |
| | Purchase of Property, Plant & Equipment /CWIP | (405.53) | (452.76) |
| | Purchase of intangible assets | (2.03) | (0.01) |
| | Sale of Property, Plant and Equipment | 0.21 | 0.12 |
| | Investment in Joint Venture/ Associate Companies | (0.69) | (15.64) |
| | Purchase of / Accretion to Investments | (135.51) | (166.05) |
| | Purchase/ Maturity of Fixed Deposit | 495.00 | 510.00 |
| | Sale of Investments | | 0.01 |
| | Income from Investment in Join Venture /Associate Companies | 1.09 | 0.74 |
| | Dividend Received from Current Investment | 26.10 | 19.06 |
| | Long Term Loans and Advances | 2.09 | (8.14) |
| | Income from Investment | **84.54** | **137.18** |
| | **Net Cash from/(used in) Investing Activities** | **65.27** | **24.48** |
| **C** | **Net Cash Flow from Financing Activities** | | |
| | Repayment of Loan | (169.32) | |
| | Other Long Term Liabilities | 41.46 | 117.82 |
| | Other Long Term Provisions | 54.86 | (354.91) |
| | Interest paid | (16.40) | (22.85) |
| | Dividend Paid | (1,809.65) | (993.10) |
| | Corporate Dividend Tax | (368.40) | (202.16) |

*₹ in Crore*

| | For the year ended | 31-03-2018 | 31-03-2017 |
|---|---|---|---|
| | Realised (loss)/gain of Foreign Exchange Difference | (1.56) | (1.21) |
| | **Net Cash from/(used in) Financing Activities** | **(2,269.01)** | **(1,456.41)** |
| | | | |
| **D** | **Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)** | **(161.48)** | **250.36** |
| **E** | **Cash & Cash Equivalents at beginning of Period: Note 1** | **253.30** | **2.94** |
| **F** | **Cash & Cash Equivalents at end of Period (D+E): Note 1** | **91.82** | **253.30** |

| **1. Cash and Cash equivalents** | **31-03-2018** | **31-03-2017** |
|---|---|---|
| ***Cash & Cash Equivalents at beginning of Period*** | | |
| Cash/cheques in Hand | 0.01 | 0.01 |
| Cash at Bank | 6.29 | 2.93 |
| Fixed Deposits with Banks with original maturity of less than 3 months | 247.00 | |
| | **253.30** | **2.94** |
| | | |
| ***Cash & Cash Equivalents at end of Period*** | | |
| Cash/cheques in Hand | 0.01 | 0.01 |
| Cash at Bank | 11.82 | 6.29 |
| Fixed Deposits with Banks with original maturity of less than 3 months | 80.00 | 247.00 |
| | **91.82** | **253.30** |
| **Net change in Cash and Cash equivalents** | **(161.48)** | **250.36** |

**2. Cash and Non Cash Changes in Borrowings**

*₹ in Crore*

| **Particulars** | **Short Term Borrowings** | **Long Term Borrowings** | **Total Borrowings** |
|---|---|---|---|
| Balance as on 31.03.2017 | **151.83** | **334.46** | **486.29** |
| ***Cash Flow*** | | | |
| Inflow | | | |
| Outflow | | (169.31) | (169.31) |
| ***Non Cash Changes*** | | | |
| Foreign Exchange Movement | | 8.24 | 8.24 |
| Current Maturity of Long Term Borrowing | 10.78 | (10.78) | |
| Fair Valuation Changes | | | |
| **Balance as on 31.03.2018** | **162.61** | **162.61** | **325.22** |

## Explanatory notes to Statement of Cash Flows

1. The Statement of Cash Flow is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
2. In Part-A of the 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, receivables / payables in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. "Other Non-Cash items" comprise of provisions for Stores and Consumable, provision for Claims and provision for Investments / receivables and write back of Provisions.

5. Current Liabilities and Payables may include Payables in respect of Purchase of Property, Plant and Equipment, if any.

As per our attached report of even date

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| **For M C Bhandari & Co**<br>Chartered Accountants<br>ICAI FRN: 303002E | Sd/-<br>**S.K. Barua**<br>Managing Director and<br>additional charge of Director (Finance) | Sd/-<br>**B.J. Phukan**<br>Director (Technical) |
| Sd/-<br>**CA. Neeraj Jain**<br>Partner<br>Membership No. 064393<br>Place: Mumbai<br>Date : 25th May 2018 | Sd/-<br>**H. K. Sarmah**<br>Company Secretary | Place: Mumbai<br>Date : 25th May 2018 |

# Statement of Changes in Equity for the year ended 31st March 2018

*₹ in Crore*

| (a) Equity Share Capital | As at 31-03-2018 | | As at 31-03-2017 | |
|---|---|---|---|---|
| | No of Shares | Amount | No of Shares | Amount |
| Balance at the beginning of the reporting period | 735,631,544 | 735.63 | 735,631,544 | 735.63 |
| Changes in Equity Share Capital during the period | | | | |
| Balance at the end of the reporting period | 735,631,544 | 735.63 | 735,631,544 | 735.63 |

*₹ in Crore*

| (b) Other Equity | Reserve & Surplus | | | Total |
|---|---|---|---|---|
| | Capital Reserve [Note 18] | General Reserve [Note 18] | Retained Earnings [Note 18] | |
| Balance at 31st March 2017 | 100.00 | 3,443.55 | 901.46 | 4,445.01 |
| Profit for the year | - | - | 2,044.65 | - |
| Other Comprehensive Income for the year | - | - | (2.88) | - |
| Dividends | - | - | (1,809.66) | - |
| Corporate Dividend Tax on Dividends | - | - | (368.40) | - |
| Balance as at 31st March 2018 | **100.00** | **3,443.55** | **765.17** | **4,308.72** |
| Balance as at 31st March 2016 | 100.00 | 3,443.55 | 0.01 | 3,543.56 |
| Profit for the year | | | 2,100.57 | |
| Other Comprehensive Income for the year | | | (3.85) | |
| Dividends | | | (993.10) | |
| Corporate Dividend Tax on Dividends | | | (202.16) | |
| Balance as at 31st March 2017 | 100.00 | 3,443.55 | 901.46 | 4,445.01 |

As per our attached report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner

Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# Notes to Financial Statements for the year ended 31st March, 2018

## Corporate Information

Numaligarh Refinery Limited referred to as "NRL" or "the company" was incorporated on 22nd April 1993. NRL is a Government Company, and is a subsidiary of Bharat Petroleum Corporation Limited. The company is engaged in the business of refining of crude oil having its refinery in Golaghat District of Assam.

## 1. Statement of Significant Accounting Policies

### 1.1 Basis for Preparation

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act,2013 ("the Act") read with Companies (Indian Accounting Standards) Rules,2015 ; and the other relevant provisions of the Act and Rules there under.

The Financial Statements have been prepared under the historical cost convention on accrual basis except for certain assets and liabilities measured at fair value. The companies presentation and functional currency is Indian Rupees (₹). All figures appearing in the financial statements are rounded to the nearest crore (₹ crore), except where otherwise indicated.

**Authorisation of Financial Statements:** The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th May, 2018.

### 1.2 Use of Judgment and Estimates

The preparation of financial statements requires management of the company to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimate and judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial Instruments;
- Estimates of useful lives and residual value of Property, Plant and Equipment and Intangible Assets;
- Valuation of Inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

### 1.3 Property, plant and equipment

#### 1.3.1 Tangible Assets

**1.3.1.1** Property, plant and equipment are stated at cost of acquisition (including incidental expenses) net of accumulated depreciation.

**1.3.1.2** Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

# Notes to Financial Statements for the year ended 31st March 2018

**1.3.1.3** Property, plant and equipment used in the Refinery operations are capitalized attaching the components identified. Other assets are identified for componentization in case the unit value of the component is above the threshold limit.

**1.3.1.4** Fixed Bed Catalyst used in the process of Refinery operations has been identified as a separate asset and is being capitalized and depreciated over its useful life from the date it is put to use.

**1.3.1.5** Expenditure on assets, other than plant and machinery, not exceeding the threshold limit are charged to revenue.

**1.3.1.6** Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to the Statement of Profit and Loss on consumption.

**1.3.1.7** An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

**1.3.1.8** Land acquired on outright purchase treated as freehold land.

**1.3.1.9** **Expenditure during construction period:** Direct expenses incurred during construction period on capital projects are capitalized. Other expenses of the project group which are allocated to project costing above a threshold limit are also capitalised.

**1.3.1.10** The company has opted to use the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April 2015).

## 1.3.2 Intangible Assets

**1.3.2.1** Intangible assets are carried at cost less accumulated amortization.

**1.3.2.2** Expenditure incurred for creating/acquiring intangible assets above threshold limit, 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.

**1.3.2.3** In other cases, the expenditure is reflected in the statement of Profit and Loss in the year in which the expenditure is incurred.

**1.3.2.4** The company has opted to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April 2015).

## 1.4 Impairment of Non-financial Assets

**1.4.2** Non-financial assets other than inventories, deferred tax assets and non- current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exits, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

**1.4.2** When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# Notes to Financial Statements for the year ended 31st March 2018

## 1.5 Borrowing Costs

**1.5.1** Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange difference to the extent regarded as an adjustment to the borrowing costs.

**1.5.2** Borrowing cost that are attributable to the acquisition or construction of qualifying assets (i.e. as asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

**1.5.3** Investment income earned on the temporary investment of funds of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

## 1.6 Non-current assets held for sale

**1.6.1** Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

**1.6.2** Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

**1.6.3** Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

## 1.7 Depreciation

**1.7.1** Depreciation on property, plant and equipment is provided over the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 (after retaining the estimated residual value of upto 5%). Identified 'Components' are depreciated over their technically assessed useful lives. The carrying amount of the existing assets for which the useful life is NIL has been charged off to Profit and Loss (after retaining the estimated residual value of upto 5%).

**1.7.2** Computer equipment(under Furniture-on-hire scheme given to employees) are depreciated over a period of 4 years and Mobile phones are depreciated over a period of 2 years based on internal assessments. Furniture provided at the residence of management staff are depreciated over a period of 6 years (previously 7 years) as per internal assessments.

**1.7.3** Premium paid for acquiring leasehold land is amortized over the period of lease.

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

**1.7.5** Items of property, plant and equipment costing not more than the threshold limit are depreciated at 100% in the year of acquisition.

**1.7.6** In the following cases Depreciation on assets has not been charged as per Schedule II of the Companies Act 2013

- Assets given to the employees are depreciated as per company policy.
- Assets costing upto threshold limit are depreciated fully in the year of its purchase/capitalisation.

**1.7.7** Depreciation on spare parts specific to an item of property, plant and equipment is based on the life of the related property, plant and equipment. In other cases, the spare parts are depreciated over the estimated useful life based on the technical assessment.

## 1.8 Leases

**1.8.1 Finance Lease**

Lease Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased assets is transferred to the lessee.

Lease Agreements in respect of land for lease period above threshold limit are classified as a finance lease.

# Notes to Financial Statements for the year ended 31st March 2018

**1.8.2 Operating Lease**

Lease Agreements which are not classified as finance lease are considered as operating lease. Payments made under operating leases are recognised in Statement of Profit and Loss with reference to lease terms and other relevant considerations. Lease incentive received /lease premium paid (if any) are recognised as an integral part of the total lease expense , over the term of the lease. Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

**1.8.3** At the inception of an arrangement, the company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. In case of a finance lease, if the company concludes that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying assets; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the company's incremental borrowing rate.

## 1.9 Investments

**1.9.1** Current investments are valued at fair value through profit and loss account determined on an individual investment basis.

**1.9.2** Long-term investments (equity investment in joint venture and associates) are recorded at cost and reviewed for impairment at each reporting date.

## 1.10 Inventories

**1.10.1** Inventories are stated at cost or net realizable value, whichever is lower. Cost of inventories 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 and are determined on the following basis:

a) Crude oil and Finished products are determined on First in First out basis.

b) The cost of Stock-in-process is determined at raw material cost plus cost of conversion.

**1.10.2** The net realizable value of finished goods are based on the inter-company transfer prices (applicable at the location of stock) for sale to oil marketing companies and the final selling prices for sale to other customers.

**1.10.3** Stores and spares are measured 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. For regular stores and spares necessary provision is made as per threshold limit.

**1.10.4** Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on end use.

**1.10.5** Raw Materials held for use in the production of finished goods are not written down below cost except in cases where raw material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value.

## 1.11 Revenue Recognition

**1.11.1** Sales represent invoiced value of goods supplied net of trade discounts, and includes applicable excise duty benefit (as per CBEC Tariff Notification No : 29/2002 - Central Excise dated 13th May 2002), excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/GST.

**1.11.2** Other claims are booked when there is reasonable certainty of recovery.

**1.11.3** 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.

**1.11.4** Interest income is recognized using effective interest rate (EIR) method.

**1.11.5** Dividend income is recognized when right to receive is established.

## 1.12 Classification of Income / Expenses

**1.12.1** Expenditure on Research, other than capital expenditure, is charged to revenue in the year in which the expenditure is incurred.

**1.12.2** Income/expenditure (net) in aggregate pertaining to prior year (s) above the threshold limit are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts and/or restating the opening Balance Sheet for the earliest prior period presented .

**1.12.3** Prepaid expenses up to threshold limit in each case are charged to revenue as and when incurred.

**1.12.4** Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue in the year of payment.

## 1.13 Employee Benefits

**1.13.1 Short-term employee benefit**

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

**1.13.2 Post-employment benefits**

**Defined Contribution Plans:** Obligations for contributions to defined contribution plan such as pension are recognized as an expense in the Statement of Profit and Loss as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a refund in future payment is available.

**Defined Benefit Plans:**

The company's net obligation in respect of defined benefit plan such as gratuity, other post-employment benefits etc. is calculated separately for each plan by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognized asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement which comprise of actuarial gains and losses, the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability (asset) and the effect of the asset ceiling (if any, excluding amounts included in the net interest on the net defined benefit liability (asset), are recognized in other comprehensive income.

# Notes to Financial Statements for the year ended 31st March 2018

**1.13.3 Other long–term employee benefits**

Liability towards other long term employee benefits – leave encashment and long service awards etc. are determined on actuarial valuation by qualified actuary by using Projected Unit Credit method.

The current service cost of other long term employee benefits, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The interest cost is calculated by applying the discount rate to the balance of the obligation. This cost is included in the employee benefit expense in the Statement of Profit and Loss. Re-measurements are recognized in the Statement of Profit and Loss.

## 1.14 Foreign Currency Transactions & Derivative Transactions

**1.14.1** Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

**1.14.2** Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

**1.14.3** Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2016) are recognized in the Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustments to borrowing costs .

**1.14.4** The company has opted to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2016 i.e. foreign exchange difference arising on settlement or translation of 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.

**1.14.5** Derivatives Instruments are measured at fair value with changes in fair value recognized in Statement of Profit and Loss on the reporting date.

**1.14.6** Non –monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## 1.15 Government Grants

**1.15.1** Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

**1.15.2** When the grant relates to an expense item, it is recognized in the Statement of profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

**1.15.3** Government grants relating to Property, Plant and Equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

## 1.16 Provisions, Contingent Liabilities and Capital Commitments

**1.16.1** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**1.16.2** The expense relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any

**1.16.3** Contingent liabilities are possible obligation whose existence will only be confirmed by future events not wholly within the control of the company, or present obligation where it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured with sufficient reliability.

**1.16.4** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

**1.16.5** Contingent liabilities and Capital commitments disclosed are in respect of items which in each case are above the threshold limit.

## 1.17 Fair value measurement

**1.17.1** The company measures certain financial instruments at fair value at each reporting date.

**1.17.2** Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities.

**1.17.3** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risks.

**1.17.4** While measuring the fair value of an asset or liability, the company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : inputs for the assets or liability that are not based on observable market data (unobservable inputs)

**1.17.5** If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

**1.17.6** The Company regularly reviews significant un observable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuation should be classified.

## 1.18 Financial Assets

**1.18.1 Initial recognition and measurement**

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

**1.18.2 Subsequent measurement**

Subsequent measurement is determined with reference to the classification of the respective financial assets. The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is:

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- Collecting contractual cash flows and selling financial assets and
- Contractual terms of the asset given rise on specified dates to cash flows that are SPPI on the principal amount outstanding

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in other comprehensive Income.

Debt instruments at Fair Value through Profit or Loss (FVTPL)

Fair value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation at amortised cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Statement of Profit and Loss.

**Equity Investment**

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified at Fair Value through Profit or Loss (FVTPL).For all other such equity instrument, the company decides to classify the same either as FVTPL or Fair Value through Other Comprehensive Income (FVOCI). The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends are recognised in Other Comprehensive Income. Dividends on such equity instruments are recognised in the Statement of Profit or Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and loss.

**1.18.3 De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when-

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Statement of Profit and Loss. Gain and Losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gain or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

## 1.19 Financial Liabilities

### 1.19.1 Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of transaction costs that are attributable to the respective liabilities.

### 1.19.2 Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

**Financial Liabilities at fair value through profit or loss (FVTPL)**

A financial liability is classified as at FVTPL, if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit & Loss.

**Financial Liabilities measured at amortised cost**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortisation done using the EIR method is included as finance costs in the Statement of Profit and Loss.

### 1.19.3 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## 1.20 Financial guarantees

Financial guarantee contracts issued by the Corporation are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the fair value initially recognised less cumulative amortisation.

## 1.21 Derivative Financial Instruments

The Company uses derivative financial instruments to manage the exposures on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value with the changes being recognised in the Statement of Profit & Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## 1.22 GST on common capital goods

For GST input tax credit on common capital goods, the Company takes full tax credit and reverses the non GST portion to the respective asset in the month of procurement. In subsequent months, the differential amounts on account of change in the GST - Non GST ratio shall be booked to Statement of Profit and Loss subject to a materiality threshold limit for each per item per month. Beyond the threshold limits, it will be booked to respective assets.

## 1.23 Taxes on Income

1.23.1 Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.Current Tax items are recognized in correlation to the underlying transaction either in the Statement of Profit and Loss, Other Comprehensive Income or directly in Equity.

1.23.2 Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

1.23.3 Deferred tax liabilities are recognized for all taxable temporary differences.

1.23.4 Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

1.23.5 Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

1.23.6 The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each balance sheet date.

1.23.7 Deferred Tax items are recognized in correlation to the underlying transaction either in the Statement of Profit and Loss, Other Comprehensive Income or directly in Equity.

1.23.8 Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 1.24 Earnings per share

1.24.1 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 shareholders by the weighted average number of equity shares outstanding during the period.

1.24.2 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.

## 1.25 Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle (considered at 12 months) and other criteria set out in Schedule III of the Companies Act.

## 1.26 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalent include cash at bank, cash, cheque and draft on hand. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## 1.27 Cash Flows

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

1.28 The Company has adopted the following materiality threshold in the preparation and presentation of financial statements as given below:

| Threshold item | Accounting Policy Reference | Unit | Threshold Limit Value |
|---|---|---|---|
| Componentization of Property, Plant and Equipment | 1.3.1.3 | ₹ Crore | 5 |
| Expenditure on certain items of Property, Plant and Equipment charged to revenue in each case | 1.3.1.5 | ₹ | 1,000 |
| Capitalisation of spare parts meeting the definition of Property, Plant and Equipment in each case | 1.3.1.6 | ₹ Lakh | 10 |
| Allocation of other expenses to projects costing in each case | 1.3.1.8 | ₹ Crore | 5 |
| Expenditure incurred for creating/acquiring other intangible assets in each case | 1.3.2.2 | ₹ Lakh | 50 |
| Depreciation at 100 percent in the year of acquisition | 1.7.5 | ₹ | 5,000 |
| Depreciation on Assets in the year of purchase/ capitalisation | 1.7.6 | ₹ | 5,000 |
| Lease agreements in respect of land | 1.8.1 | Period (years) | 99 |
| Provision for regular stores and spares | 1.10.3 | % | 2 |
| Income/expenditure (net) in aggregate pertaining to prior year (s) | 1.12.2 | ₹ Crore | 10 |
| Prepaid expenses in each case | 1.12.3 | ₹ Lakh | 5 |
| Disclosure of Contingent liabilities and Capital Commitments in each case | 1.16.5 | ₹ Lakh | 5 |
| Differential amounts on account of change in the GST-Non GST ratio for GST input tax credit on common capital goods | 1.22 | ₹ Lakh per item per month | 5 |

# Notes to Financial Statements for the year ended 31st March 2018

## 2 Property, plant and equipment

*₹ in Crore*

| | Gross Block/Cost | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Deductions on account of Retirement/ Reclassifications | As at 31-03-18 | As at 01-04-17 | Addition | Deductions on account of Retirement / Reclassifications | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| | (1) | (2) | (3) | (4)=(1+2–3) | (5) | (6) | (7) | (8)=(5+6+7) | (9)=(4-8) | (10)=(1-5) |
| **LAND** | | | | | | | | | | |
| i) Land Freehold | 31.07 | | (0.20) | 30.87 | | | | | 30.87 | 31.07 |
| ii) Land Leasehold | 0.07 | | | 0.07 | | 0.01 | | 0.01 | 0.06 | 0.07 |
| **BUILDINGS** | | | | | | | | | | |
| i) RCC Frame Structure (other than factory) | 111.20 | 6.84 | (0.56) | 117.48 | 5.18 | 2.44 | 0.02 | 7.63 | 109.85 | 106.02 |
| ii) Non RCC Frame Structure (other than factory) | 6.83 | 66.06 | | 72.89 | 0.57 | 0.52 | | 1.09 | 71.80 | 6.26 |
| iii) FACTORY | 238.83 | 22.14 | (1.47) | 259.50 | 23.22 | 10.57 | (0.46) | 33.33 | 226.16 | 215.61 |
| iv) Fences, Wells and Tube Wells | 0.53 | 1.50 | (0.01) | 2.02 | 0.23 | 0.48 | | 0.71 | 1.31 | 0.30 |
| v) Others (Temporary Structures) | 1.51 | 0.55 | | 2.06 | 0.73 | 0.59 | | 1.32 | 0.73 | 0.78 |
| **BRIDGE, CULVERTS, BUNKERS Etc.** | 22.21 | | | 22.21 | 2.60 | 1.29 | | 3.89 | 18.32 | 19.61 |
| **ROADS** | | | | | | | | | | |
| i) Carpeted Roads-RCC | 7.08 | 0.34 | | 7.42 | 1.82 | 1.01 | | 2.82 | 4.61 | 5.26 |
| ii) Carpeted Roads-Other than RCC | 3.20 | | | 3.20 | 1.31 | 0.10 | | 1.41 | 1.79 | 1.88 |
| iii) Non Capreted Road | 0.32 | 0.26 | | 0.59 | | | | 0.01 | 0.57 | 0.32 |
| **PLANT & MACHINERY** | | | | | | | | | | |
| i) CONTINOUS PROCESS PLANT/Refineries | 1,562.37 | 323.29 | (9.50) | 1,876.16 | 262.05 | 124.87 | (2.75) | 384.17 | 1,491.98 | 1,300.32 |
| ii) Plant and Machinery-Other than Continuous Process Plant | 124.54 | 25.05 | (0.16) | 149.43 | 31.67 | 10.71 | (0.07) | 42.31 | 107.12 | 92.86 |
| iii) Storage Tanks & Related Equipment | 116.94 | 30.42 | (0.41) | 146.95 | 6.34 | 4.70 | (0.07) | 10.97 | 135.98 | 110.60 |
| iv) Plant & Machinery (Captive Power Plants) | 145.86 | 9.10 | (0.10) | 154.86 | 6.23 | 4.69 | (0.13) | 10.78 | 144.08 | 139.63 |
| v) Plant & Machinery Used in Medical and Surgical | 3.39 | 0.03 | (0.03) | 3.39 | 0.66 | 0.32 | (0.02) | 0.96 | 2.43 | 2.73 |
| vi) Heavy Lift Equipment | 2.26 | 9.35 | | 11.61 | 0.28 | 0.17 | | 0.45 | 11.16 | 1.98 |
| **RAILWAY SIDING** | 22.84 | 0.42 | | 23.26 | 10.69 | 1.31 | | 12.00 | 11.25 | 12.14 |
| **FURNITURE** | | | | | | | | | | |
| i) FURNITURE - GENERAL | 4.95 | 1.03 | (0.01) | 5.96 | 1.34 | 0.72 | (0.01) | 2.05 | 3.91 | 3.61 |
| ii) FURNITURE - Others | 2.25 | 1.04 | | 3.28 | 0.76 | 0.41 | | 1.18 | 2.11 | 1.49 |
| iii) FOH-to Employees | 4.71 | 2.16 | (0.13) | 6.74 | 0.64 | 1.89 | (0.19) | 2.34 | 4.40 | 4.07 |
| **OFFICE EQUIPMENT** | | | | | | | | | | |
| i) Office Equipment - General | 8.59 | 2.50 | (0.21) | 10.88 | 4.63 | 1.98 | (0.15) | 6.45 | 4.42 | 3.96 |
| ii) Mobile on Hire-to Employees | 0.55 | 0.17 | (0.05) | 0.67 | 0.16 | 0.38 | (0.04) | 0.49 | 0.18 | 0.37 |

## 2 Property, plant and equipment (contd.)

*₹ in Crore*

| | Gross Block/Cost | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Deductions on account of Retirement/ Reclassifications | As at 31-03-18 | As at 01-04-17 | Addition | Deductions on account of Retirement / Reclassifications | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| **COMPUTERS AND DATA PROCESSING UNITS** | | | | | | | | | | |
| i) Servers and Network | 10.27 | 7.23 | | 17.50 | 3.43 | 2.44 | | 5.87 | 11.64 | 6.84 |
| ii) End User Devices-Desktop, Laptops, Printers etc. | 3.89 | 1.34 | (0.12) | 5.11 | 1.40 | 2.12 | (0.07) | 3.45 | 1.66 | 2.49 |
| iii) PC on Hire-To Employees | 0.70 | 0.56 | (0.19) | 1.07 | 0.09 | 0.59 | (0.17) | 0.51 | 0.56 | 0.61 |
| **ELECTRICAL EQUIPMENT** | 40.64 | 6.62 | (0.01) | 47.26 | 9.34 | 5.91 | | 15.25 | 32.01 | 31.31 |
| **LABORATORY EQUIPMENT** | 14.81 | 1.45 | (0.28) | 15.98 | 2.10 | 1.56 | | 3.66 | 12.32 | 12.71 |
| **VEHICLES** | | | | | | | | | | |
| i) Motor cycles, scooters & other mopeds | 0.13 | | | 0.13 | 0.03 | 0.04 | | 0.08 | 0.05 | 0.10 |
| ii) Motor buses, motor lorries, motor cars and motor taxis | 0.96 | 0.63 | (0.22) | 1.37 | 0.15 | 0.35 | (0.09) | 0.41 | 0.95 | 0.81 |
| iii) Trucks / heavy vehicles, harvesting combines | 3.12 | 1.87 | | 4.99 | 0.89 | 0.67 | | 1.55 | 3.43 | 2.23 |
| iv) Electrically operated vehicles | 1.15 | | | 1.15 | 0.26 | 0.14 | | 0.40 | 0.76 | 0.89 |
| **Total** | **2,497.77** | **521.95** | **(13.66)** | **3,006.07** | **378.80** | **182.98** | **(4.20)** | **557.58** | **2,448.48** | **2,118.95** |
| **Previous Year Figures** | **2,307.40** | **209.83** | **(19.46)** | **2,497.77** | **216.81** | **163.00** | **(1.01)** | **378.80** | **2,118.95** | **2,090.59** |

**Additional information in respect of Note No. 2**

a) Total freehold land held by NRL is 1438.49 acres (1440.98 acres) which includes 0.99 acres (13.34 acres) of land for which the process of registration is on. Out of the total freehold land 0.25 acres (0.25 acres) is disputed i.e under litigation.

b) Additions to Gross Block includes capitalisation of borrowing costs of ₹ Nil crore (₹0.53 crore).

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

(i) ₹0.64 crore (₹0.53 crore) on account of Write off of Physical Verification discrepencies.

(ii) ₹13.02 crore (₹18.93 crore) on account of sale, retirement, deletions and reclassifications.

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

(i) Charged to Profit & Loss Account ₹182.61 crore (₹162.74 crore).

(ii) Charged to project expenses ₹0.37 crore (₹0.26 crore).

(iii) Depreciation on assets given to employees has been charged as per company policy based on life of the asset envisaged as per the buy-back scheme and not as per Schedules II of Companies Act 2013. The impact of this deviation results in higher depreciation by an amount of ₹0.97 crore (₹0.38 crore) for the year.

(iv) Assets costing up to ₹5000 are depreciated fully in the year of purchase / capitalisation as per company's accounting policy and are not as per the rates prescribed by Schedule II of Companies Act 2013. The impact of this deviation results in higher depreciation by an amount of ₹0.10 crore (₹0.05 crore) for the year.

e) Deduction from Depreciation (Column 7) includes :

(i) Withdrawal of depreciation of ₹3.79 crore (₹0.51 crore) on account of sale, deletions, retirement & reclassification.

(ii) ₹0.41 crore (₹0.50 Crore) on account of Write off of Physical Verification discrepancies.

# Notes to Financial Statements for the year ended 31st March 2018

## 3 Capital work in progress

*₹ in Crore*

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Capital work in progress | | |
| Opening Work-in-progress | 549.50 | 409.84 |
| Addition during the year | 416.35 | 349.49 |
| Less : Allocated to Assets during the year | 521.95 | 209.83 |
| | 443.90 | 549.50 |
| Less : Provision for Capital Losses | (23.94) | (19.90) |
| | 419.96 | 529.60 |
| Capital Stores | 5.21 | 3.59 |
| Capital goods in transit | 0.74 | 0.84 |
| | **425.91** | **534.03** |
| **Construction period expenses pending allocation** | | |
| Opening balance | 11.63 | 6.94 |
| Add: Expenditure during the period | | |
| Establishment charges | 4.05 | 5.01 |
| Depreciation | 0.37 | 0.26 |
| Finance Cost including ECB Fluctuation | 8.78 | (10.68) |
| | 24.83 | 1.53 |
| Less : Allocated to assets during the year | 8.02 | (10.10) |
| Closing balance | **16.81** | **11.63** |
| | **442.72** | **545.65** |

## 4 Intangible Assets

*₹ in Crore*

| | Gross Block/Cost | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Disposal/ adjustments | As at 31-03-18 | As at 01-04-17 | Addition | Disposal/ adjustments | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| Computer Software | 1.18 | 1.14 | | 2.32 | 1.15 | 0.24 | | 1.39 | 0.93 | *0.03* |
| (Aspen PIMS) | | | | | | | | | | - |
| Licenses - SAP Upgradation | 1.76 | 0.89 | | 2.65 | 1.19 | 0.75 | | 1.94 | 0.71 | *0.57* |
| (For SAP upgradation, Process plants, etc) | | | | | | | | | | |
| **Total** | **2.94** | **2.03** | | **4.97** | **2.34** | **0.99** | | **3.33** | **1.64** | **0.60** |

Amortisation for the year includes:

(i) Charged to the Statement of Profit & Loss ₹ 0.99 Crore

## Notes to Financial Statements for the year ended 31st March 2018

### 5 Investment in Joint venture and Associates

₹ *in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Investment in Joint Ventures (unquoted)** | | |
| DNP Limited* | 43.49 | 43.49 |
| **Investment in Associates (unquoted)** | | |
| Brahmaputra Cracker and Polymer Ltd.** | 141.77 | 141.77 |
| Fair valuation of financial guarantee commission | 2.09 | 1.39 |
| | **187.34** | **186.65** |

| | 31-Mar-18 | | 31-Mar-2017 | |
|---|---|---|---|---|
| | Number of Shares | Face Value (₹) | Number of Shares | Face Value (₹) |
| **DNP Limited** | 43,490,000 | 10 | 43,490,000 | 10 |
| **Brahmaputra Cracker and Polymer Ltd.** | 141,767,000 | 10 | 141,767,000 | 10 |

*DNP Limited is a joint venture between Assam Gas Company Ltd.(AGCL), Numaligarh Refinery Ltd (NRL) and Oil India Ltd. (OIL). NRL holds 26% shares in DNP Limited.

**NRL holds 10.11% share in Brahmaputra Cracker and Polymer Limited (BCPL)

### 6 Loans (Considered good unless otherwise stated)

₹ *in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Loans to employees including accrued interest (Secured) [Refer Note no 45 (b) and 46] | 31.88 | 33.87 |
| Security and other deposits | 6.43 | 5.79 |
| | **38.31** | **39.66** |

### 7 Other non-current assets (Unsecured, considered good unless otherwise stated)

₹ *in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Capital advances | 1.52 | 6.11 |
| Prepaid Employee cost | 19.97 | 15.87 |
| Prepaid Transportation cost | 0.55 | 0.80 |
| | **22.04** | **22.78** |

# Notes to Financial Statements for the year ended 31st March 2018

## 8 Inventories

₹ in Crore

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Raw Materials | 507.88 | 379.31 |
| Work-in-progress | 129.42 | 133.13 |
| Finished goods | 1,057.58 | 1,016.88 |
| Stock in transit | 0.45 | 2.42 |
| Consumables, Stores & Spares and others | 203.13 | 187.54 |
| Less: Provision for Losses | (90.94) | (90.73) |
| | **1,807.52** | **1,628.55** |

## 9 Investments

₹ in Crore

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Investment in Mutual Funds at FVTPL | 1.01 | 312.45 |
| Investment in Government of India Treasury Bill at Amortised cost | 453.09 | |
| | **454.10** | **312.45** |

## 10 Trade receivables

₹ in Crore

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Current** | | |
| Unsecured (unless otherwise stated) | | |
| - Considered Good | 1,016.11 | 803.51 |
| - Considered Doubtful | 0.08 | - |
| | 1,016.19 | 803.51 |
| Less : Provision for Bad and Doubtful Debts | 0.08 | |
| | **1,016.11** | **803.51** |

## 11 Cash and cash equivalents

₹ in Crore

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Cash on hand | 0.01 | 0.01 |
| **Balances with Banks** | | |
| On Current Accounts | 11.22 | 6.20 |
| On Deposit Accounts with original maturity of less than 3 months | 80.00 | 247.00 |
| Other earmarked balances with bank | 0.60 | 0.09 |
| **Cash and cash equivalents** | **91.82** | **253.30** |

## 12 Bank Balances Other than Cash and Cash Equivalent

₹ in Crore

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Fixed deposits with banks with original maturity of 3-12 months | 729.00 | 1,224.00 |
| | **729.00** | **1,224.00** |

# Notes to Financial Statements for the year ended 31st March 2018

## 13 Loans & Advances (Considered good unless otherwise stated)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Loans to employees including accrued interest [Refer note no 45 (b) and 46] | 3.73 | 3.76 |
| Other Advances | | |
| Considered good | 6.08 | 0.25 |
| Considered doubtful | 1.08 | 1.24 |
| Less: Provision for doubtful advances | (1.08) | (1.24) |
| | 6.08 | 0.25 |
| Security and other deposits | 3.33 | 3.44 |
| | **13.14** | **7.45** |

## 14 Other financial assets

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Interest accrued but not due on Bank Deposits | 14.81 | 20.35 |
| Other Receivables | 14.92 | 32.73 |
| | **29.73** | **53.08** |

## 15 Assets for Current tax (Net)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Advance payment of Income Tax (net of provision) | 30.11 | 8.68 |
| | **30.11** | **8.68** |

## 16 Other current assets

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Deposits with Customs, Excise, etc.(net) | 33.12 | 25.76 |
| Claim Receivables: | | |
| Considered Good | 1.81 | 1.87 |
| Considered doubtful | 3.27 | 2.19 |
| Less: Provision for doubtful claims | (3.27) | (2.19) |
| Prepaid expenses - current | 1.15 | 1.89 |
| Prepaid employee cost - current | 1.71 | 1.25 |
| Gold coins * | 0.25 | 0.25 |
| Others | 3.24 | |
| | **41.28** | **31.02** |

*The company has 133 nos of gold coins which consists of 100 nos. of 5 gm coins, 32 nos. of 10 gm coins and 1 no. of 20 gm coins.

# Notes to Financial Statements for the year ended 31st March 2018

## 17 Assets held for sale

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Asset Held for sale * | 1.44 | 1.44 |
| Less: Provision against assets held for sale | (0.27) | (0.27) |
| | **1.17** | **1.17** |

*Asset held for sale consists of items like land, boundary walls etc which have been identified for disposal due to discontinuance of retail marketing activities. The aforesaid assets were held for disposal since last one year, however due to certain procedural reasons beyond the control of management, the actual sale could not be crystalised.

## 18 Equity share capital

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Share capital | | |
| 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-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| Equity Shares | Number | ₹ Crore | Number | ₹ Crore |
| Shares outstanding at the beginning of the year | 735,631,544 | 735.63 | 735,631,544 | 735.63 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 735,631,544 | 735.63 | 735,631,544 | 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 final dividend if any proposed by the board of directors is subject to the approval of the shareholders in the ensuing general meeting.

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 Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| 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 |

# Notes to Financial Statements for the year ended 31st March 2018

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

| | 31-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| | Number | % of Holding | Number | % of Holding |
| Name of Shareholder | | | | |
| Bharat Petroleum Corporation Limited | 453,545,998 | 61.65% | 453,545,998 | 61.65% |
| Oil India Limited | 191,264,202 | 26.00% | 191,264,202 | 26.00% |
| Governor of Assam | 90,821,344 | 12.35% | 90,821,344 | 12.35% |

## 19 Other Equity

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Reserve and Surplus** | | |
| Capital Reserve | | |
| As per last Account | **100.00** | **100.00** |
| **General reserve** | | |
| As per last Account | 3,443.55 | 3,443.55 |
| Add: Transfer from Statement of Profit & Loss | | |
| | **3,443.55** | **3,443.55** |
| Surplus/ (deficit) in the statement of profit and loss | | |
| As per last Account | 901.46 | 0.01 |
| Add: profit/(loss) for the year | 2,041.77 | 2,096.72 |
| Less: Interim Dividend paid | (1,177.01) | (735.63) |
| Less: Final Dividend paid | (632.65) | (257.47) |
| Less: Corporate Dividend Tax | (368.40) | (202.16) |
| Less: Transfer to General Reserve | | |
| | 765.17 | 901.46 |
| | **4,308.72** | **4,445.01** |

**Capital reserve**

Capital Reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve. Capital Reserve represents grant of ₹100.00 crore received in the year 1999-2000 from the Government of India.

**General reserve**

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

| Proposed Dividend on Equity Shares not recognised | 2017-18 | 2016-17 |
|---|---|---|
| Final Dividend for the year ended ₹2.50 per share (Previous year : ₹8.60 per share) | 183.91 | 632.64 |
| Dividend Distribution Tax on Proposed Dividend | 37.44 | 128.79 |
| **Total** | **221.35** | **761.43** |

# Notes to Financial Statements for the year ended 31st March 2018

## 20 Borrowings

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Secured (External Commercial Borrowings) | 162.61 | 334.46 |
| | **162.61** | **334.46** |

External Commercial Borrowing carries interest at 3 months LIBOR plus 1.85% Margin. The loan is repayable in 3 equal yearly installments 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 first ranking pari-passu charged and hypothecation of Plant & Equipment both present and future.

## 21 Other financial liabilities

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Security and Earnest Money Deposits | 0.66 | 1.07 |
| | **0.66** | **1.07** |

## 22 Provisions

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Long Service Award | 4.28 | 4.24 |
| Resettlement Allowance [Refer Note No 43] | 3.23 | 2.86 |
| Contingencies for probable obligations [Refer note no 49] | 172.81 | 118.36 |
| | **180.32** | **125.46** |

## 23 Movement in deferred tax balances

*₹ in Crore*

| | | | | | | | | *31-Mar-18* | |
|---|---|---|---|---|---|---|---|---|---|
| | Net balance April 1, 2017 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | Acquired in business combinations | Other | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | | | | |
| Retirement Benefits | 6.08 | (1.56) | 1.55 | | | | 6.07 | 6.07 | |
| 43B items | 91.25 | 10.92 | | | | | 102.18 | 102.18 | |
| PPE WDV | (328.11) | (53.10) | | | | | (381.21) | | (381.21) |
| Other items DTA | 1.34 | 0.32 | | | | | 1.66 | 1.66 | |
| **Tax assets (Liabilities)** | **(229.44)** | **(43.41)** | **1.55** | **-** | **-** | **-** | **(271.31)** | **109.90** | **(381.21)** |

**Movement in deferred tax balances**

| | | | | | | | | *31-Mar-17* | |
|---|---|---|---|---|---|---|---|---|---|
| | Net balance April 1, 2016 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | Acquired in business combinations | Other | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | | | | |
| Retirement Benefits | 4.47 | (0.43) | 2.03 | | | | 6.08 | 6.08 | |
| Sec 43B of I T Act | 207.10 | (115.84) | | | | | 91.25 | 91.25 | |
| PPE WDV | (326.12) | (1.99) | | | | | (328.11) | | (328.11) |
| Other items DTA | 3.86 | (2.53) | | | | | 1.34 | 1.34 | |
| Tax assets (Liabilities) | (110.69) | (120.79) | 2.03 | | | | (229.44) | 98.67 | (328.11) |

## Notes to Financial Statements for the year ended 31st March 2018

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing whether the deferred income tax assets will be realized, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognized deductible differences and tax loss carry forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

## 24 Borrowings

*₹ in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Secured Working capital loans from banks - Cash credit | 0.02 | 1.88 |
| Un-Secured (Overdraft) | - | 16.76 |
| | **0.02** | **18.64** |

Cash Credit from State Bank of India carries interest @ 8.15% 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, book debts and other current assets of the company and second charge on Plant & Machinery and other Fixed Assets of the company excluding land and building.

## 25 Trade payables

*₹ in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Dues to Micro, Small and Medium Enterprises | 2.38 | 1.08 |
| Due to others | 1,139.75 | 791.44 |
| | **1,142.13** | **792.52** |

To the extent, the Company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

| | | |
|---|---|---|
| **Amount Due and Payable at the year end** | | |
| Principal | 2.38 | 1.08 |
| Interest on above Principal | - | - |
| **Payment made during the year after the due date** | - | - |
| Principal | - | - |
| Interest | - | - |
| Interest due and payable for Principal already paid | - | - |
| Total Interest accrued and remained unpaid at year end | - | - |

# Notes to Financial Statements for the year ended 31st March 2018

## 26 Other financial liabilities

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Current maturities of long-term debt (External Commercial Borrowings) | 162.61 | 151.83 |
| Interest accrued but not due on borrowings | 0.44 | 0.50 |
| Derivative Liability | 0.03 | 4.11 |
| Other Deposits & Retention | 99.65 | 75.39 |
| Deposit From Customers | 4.76 | 3.33 |
| Employee Related Liability | 49.04 | 16.71 |
| | **316.53** | **251.87** |

## 27 Other current liabilities

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Customers advances | 17.27 | 10.52 |
| Statutory Liabilities | 208.39 | 198.05 |
| Other liabilities | 0.14 | 0.12 |
| | **225.80** | **208.69** |

## 28 Provisions

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity | - | 1.15 |
| Leave Encashment | - | 58.20 |
| Pension | - | 2.96 |
| Long Service Award | 0.49 | 0.17 |
| Resettlement Allowance [Refer note no 43] | 0.14 | 0.13 |
| Post Retirement Medical Benefit [Refer note no 43] | 10.15 | 6.06 |
| Other Short-term Employee Benefits | | 0.01 |
| | **10.78** | **68.68** |

## 29 Current tax liabilities (Net)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Current Tax liabilities (net of Tax paid) | - | 26.02 |
| | **-** | **26.02** |

## Notes to Financial Statements for the year ended 31st March 2018

### 30 Revenue from Operations

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **A. Sales** | | |
| Petroleum Products # | 15,921.96 | 13,945.15 |
| **B. Other operating revenue** | 1.23 | 1.77 |
| **Total** | **15,923.19** | **13,946.92** |

# Sales of Petroleum Products includes applicable excise duty benefit. Financial impact for the current year is ₹ 2719.56 crore (previous year : ₹ 2,647.30 Crore)

### 31 Other Income

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Interest Income** | | |
| On Bank Deposits | 78.12 | 134.49 |
| On Instruments measured at amortised cost | 6.14 | |
| Others | 0.87 | 3.74 |
| **Dividend Income** | | |
| Dividend Income from Current Investment measured at FVTPL | 26.11 | 19.06 |
| Dividend Income - Joint Ventures and Associates | 1.09 | 0.74 |
| Profit/(Loss) on sale of current investments | 0.00 | 0.01 |
| Write back of liabilities/provisions no longer required | 3.42 | 196.52 |
| Other Non operating income | 9.01 | 14.95 |
| Foreign Exchange Fluctuations (net) | 4.08 | |
| Guarantee commission | 0.69 | 0.78 |
| **Total** | **129.53** | **370.29** |

### 32 Cost of materials consumed

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Raw Material Stocks at the Commencement of the Year | 379.31 | 110.21 |
| Add : Purchases | 8,771.89 | 7,762.13 |
| | 9,151.20 | 7,872.34 |
| Less: Raw Material Stocks at the Close of the Year | 507.88 | 379.31 |
| Total Cost of Raw Material Consumed | **8,643.32** | **7,493.03** |
| **Details of raw material consumed** | | |
| Crude Oil | 7,757.72 | 6,788.01 |
| MTBE, Reformate, Py. Gas, Naphtha & Octane Booster | 780.65 | 620.99 |
| Natural Gas | 104.95 | 84.03 |
| | **8,643.32** | **7,493.03** |

# Notes to Financial Statements for the year ended 31st March 2018

## 33 Changes in inventories of finished goods, stock in trade and work in progress

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Opening Stock :** | | |
| Finished Goods | 1,016.88 | 807.79 |
| Work In Progress | 133.13 | 59.76 |
| | 1,150.01 | 867.55 |
| **Closing Stock :** | | |
| Finished Goods | 1,057.58 | 1,016.88 |
| Work In Progress | 129.42 | 133.13 |
| | 1,187.00 | 1,150.01 |
| **Changes in inventories of finished goods and work in progress** | **(36.99)** | **(282.46)** |

## 34 Excise Duty

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Excise Duty | 2,691.18 | 2,699.91 |
| Excise duty (inventory differential) | 2.57 | (40.36) |
| | **2,693.75** | **2,659.55** |

## 35 Employee benefit expense

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Salaries and wages [Refer note no 47] | 210.64 | 159.40 |
| Contribution to provident fund and other funds | 54.58 | 23.94 |
| Welfare expenses | 42.86 | 29.65 |
| **Employee benefit expense** | **308.08** | **212.99** |

## 36 Finance Costs

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Interest expense on loans | 13.44 | 13.06 |
| Interest expense others | 2.16 | 9.13 |
| Other borrowing costs | 0.20 | 0.23 |
| **Finance Costs** | **15.80** | **22.42** |

## 37 Depreciation and Amortisation Expense

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Depreciation | 182.61 | 162.75 |
| Amortization | 0.99 | 0.88 |
| **Depreciation and Amortisation Expense** | **183.60** | **163.63** |

## Notes to Financial Statements for the year ended 31st March 2018

### 38 Other Expenses

₹ *in Crore*

| Particulars | *2017-18* | *2016-17* |
|---|---|---|
| Transportation | 209.41 | 178.03 |
| Other Duties and taxes | 163.07 | 139.60 |
| **Repairs and maintenance** | | |
| Machinery | 20.12 | 37.57 |
| Building & Others | 84.45 | 73.96 |
| **Sub Total** | **104.57** | **111.53** |
| Power and Fuel | 179.45 | 185.58 |
| Less: Consumption of fuel out of own production | (0.12) | (17.69) |
| Power and Fuel consumed (net) | **179.33** | **167.89** |
| Stores, spares and materials | 12.33 | 19.14 |
| **Office Administration, Selling and Other expenses** | | |
| Rent /Lease | 4.63 | 4.03 |
| Insurance | 8.78 | 7.87 |
| Rates and taxes | 1.09 | 1.93 |
| **Utilities** | 5.41 | 4.87 |
| Facility hire charges | 0.17 | 0.17 |
| Communication expenses | 1.19 | 1.38 |
| Travelling and conveyance | 20.98 | 18.46 |
| **Remuneration to auditors** | | |
| Audit Fees | 0.07 | 0.07 |
| Fees for other services - Certification | 0.01 | 0.00 |
| Reimbursement of out of pocket expenses | 0.01 | 0.01 |
| **Sub-Total** | 0.09 | 0.08 |
| Loss on sale/write off of Property Plant and Equipment (net) | 0.85 | 0.85 |
| Provision for Stores | 0.21 | 4.23 |
| Expenses on CSR activities | 46.25 | 20.70 |
| Loss on sale of Stores (net) | - | 0.01 |
| Foreign Exchange Fluctuations (net) | 1.56 | 5.32 |
| Provision Against Capital Work in Progress | 4.04 | 19.90 |
| Provision for Doubtful Debts, Advances and Claims | 0.66 | 0.18 |
| Bad debts and claims written off | 0.01 | 0.00 |
| Provision for Litigation cases | 54.45 | 28.87 |
| Charity and donation | 1.00 | 1.00 |
| Others | 106.05 | 51.57 |
| | **926.10** | **787.60** |

# Notes to Financial Statements for the year ended 31st March 2018

## 39 Tax Expense

### (a) Amounts recognised in profit and loss

*₹ in Crore*

| | *2017-18* | *2016-17* |
|---|---|---|
| **Current tax expense** | **1,054.28** | **926.21** |
| Current year | 1,093.74 | 968.26 |
| Changes in estimates relating to prior years | (39.46) | (42.05) |
| | | |
| **Deferred tax expense** | **43.41** | **120.79** |
| Origination and reversal of temporary differences | 43.41 | 120.79 |
| **Tax expense recognised in the income statement** | **1,097.69** | **1,047.00** |

### (b) Amounts recognised in other comprehensive income

*₹ in Crore*

| | *2017-18* | | | *2016-17* | | |
|---|---|---|---|---|---|---|
| | **Before tax** | **Tax (expense) benefit** | **Net of tax** | **Before tax** | **Tax (expense) benefit** | **Net of tax** |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of the defined benefit plans | (4.43) | 1.55 | (2.88) | (5.88) | 2.03 | (3.84) |
| | (4.43) | 1.55 | (2.88) | (5.88) | 2.03 | (3.84) |

### (c) Reconciliation of effective tax rate

*₹ in Crore*

| | *2017-18* | | *2016-17* | |
|---|---|---|---|---|
| | % | *₹ in Crore* | % | *₹ in Crore* |
| **Profit before tax** | | 3,142.34 | | 3,147.57 |
| Tax using the Company's domestic tax rate | 34.61% | 1,087.50 | 34.61% | 1,089.31 |
| **Tax effect of:** | | | | |
| Provision for CSR expenditure | 0.51% | 16.00 | 0.23% | 7.16 |
| Provision for CWIP | 0.04% | 1.40 | 0.22% | 6.89 |
| Tax-exempt income | -0.30% | (9.41) | -0.22% | (6.85) |
| Income Tax interest provision | 0.05% | 1.68 | 0.10% | 3.00 |
| DTA impact on change in tax rate | 0.08% | 2.52 | - | - |
| Changes in tax estimates relating to prior years | -1.26% | (39.46) | -1.34% | (42.05) |
| Others | 1.19% | 37.46 | -0.33% | (10.47) |
| **Income Tax Expense** | **34.93%** | **1,097.70** | **33.26%** | **1,047.00** |

## Notes to Financial Statements for the year ended 31st March 2018

### 40 Other comprehensive income

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Items that will not be reclassified to profit or loss | | |
| Re-measurements of defined benefit liability (asset) | (4.43) | (5.88) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 1.55 | 2.03 |
| | **(2.88)** | **(3.85)** |

### 41 Earning Per Share (EPS)

**i. Profit attributable to Equity holders of NRL**

| | 2017-18 | 2016-17 |
|---|---|---|
| Profit attributable to equity holders of the company for basic and diluted earnings per share | 2,044.65 | 2,100.57 |

**ii. Weighted average number of ordinary shares**

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Issued ordinary shares at April 1 (In Crore) | 73.56 | 73.56 |
| Weighted average number of shares at March 31 for basic and diluted earnings per shares | 73.56 | 73.56 |
| **Basic and Diluted earnings per share (₹)** | **27.79** | **28.55** |

### 42 Leases

**Operating leases**

**A. Leases as lessee**

The Company enters into cancellable/non-cancellable operating lease arrangements for tanks, warehouses, office premises, staff quarters and others. The lease rentals paid/ received for the same are charged to the Statement of Profit and Loss.

**i. Future minimum lease payments**

The future minimum lease payments under non-cancellable leases were receivable as follows.

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Less than one year | 13.32 | 12.70 |
| Between one and five years | 4.29 | 13.18 |
| More than five years | | 0.36 |
| | **17.61** | **26.24** |

**ii. Amounts recognised in profit or loss**

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Lease expense | 4.63 | 4.03 |
| | **4.63** | **4.03** |

# Notes to Financial Statements for the year ended 31st March 2018

## 43 Employee Benefits

**[A] Post Employment Benefit Plans:**

**Pension:**

Company has New Pension Scheme effective from 1st January 2007. Company contributes at a defined percentage of the employee salary out of the total entitlements on account of superannuation benefits under this scheme. This fund is maintained under a trust.

**Defined Contribution Plan**

The Company has the following Defined Benefit Plans

**Gratuity:**

The Company has a defined gratuity plan managed by a trust. The Trustees administer contributions made to the trust, investments thereof, etc. Based on actuarial valuation, the contribution is paid to the trust which is invested with LICI. Gratuity is paid to employee who has put in a minimum qualifying period of 5 years of continuous service, on superannuation, resignation, termination or to his nominee on death.

**Other Defined Benefits:**

These are :

(a) Post Retirement Medical Benefit Scheme (managed by a trust) to employees, spouse, dependent children and dependent parents.

(b) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

**a. Disclosure as per requirements of IND AS 19 -"Employee Benefits"** ***₹ in Crore***

| Reconciliation of balances of Defined Benefit Obligations | Gratuity : Funded | | Post Retirement Medical Benefit : Funded | | Resettlement Allowance : Non Funded | |
|---|---|---|---|---|---|---|
| | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 |
| Defined Obligations at the beginning of the year | 32.47 | 28.98 | 29.76 | 23.30 | 2.99 | 2.54 |
| Interest Cost | 2.40 | 2.33 | 2.20 | - | 0.22 | 0.20 |
| Current Service Cost | 0.38 | 0.35 | 1.78 | 1.88 | 0.38 | 0.31 |
| Past Service cost | 23.17 | - | - | 1.48 | - | - |
| Benefits paid | (0.21) | (0.85) | (0.37) | (0.27) | (0.13) | (0.33) |
| Actuarial (Gains)/ Losses on Financial Assumption | (1.83) | 1.89 | (0.74) | 4.23 | (0.12) | 0.26 |
| Actuarial (Gains)/ Losses on obligations | 0.21 | (0.23) | 8.79 | (0.86) | 0.03 | 0.01 |
| **Defined Obligations at the end of the year** | **56.58** | **32.47** | **41.43** | **29.76** | **3.37** | **2.99** |

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

| Particulars | Gratuity : Funded | | Post Retirement Medical Benefit : Funded | | Resettlement Allowance : Non Funded | |
|---|---|---|---|---|---|---|
| | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 |
| Fair Value at the beginning of the Year | 31.33 | 29.67 | 23.93 | 19.91 | - | - |
| Expected Return | 2.32 | 2.39 | 1.77 | 1.60 | - | - |
| Actual return on Plan assets excluding Interest Income | 0.37 | 0.12 | 1.54 | (0.70) | - | - |
| Contribution by employer | 23.69 | - | 4.41 | 3.39 | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| Benefits paid | (0.21) | (0.85) | (0.37) | (0.27) | - | - |
| **Fair Value of Plan Assets at the end of the year** | **57.50** | **31.33** | **31.27** | **23.93** | **-** | **-** |
| **Amount recognised in Balance Sheet (a-b)** | (0.92) | 1.14 | 10.15 | 5.83 | 3.37 | 2.99 |
| **Amount recognised in P&L** | | | | | | |
| Current Service Cost | 0.38 | 0.35 | 1.78 | 1.48 | 0.38 | 0.31 |
| Past Service cost | 23.16 | - | - | - | - | - |
| Interest Cost | 0.08 | (0.05) | 0.43 | 0.27 | 0.22 | 0.20 |
| **Expenses for the period** | **23.62** | **0.30** | **2.21** | **1.75** | **0.60** | **0.51** |
| **Amount recognised in Other Comprehensive Income** | | | | | | |
| Actuarial (Gains)/ Losses on obligations for the period | (1.62) | 1.66 | 8.05 | 3.37 | (0.09) | 0.27 |
| Actual return on Plan assets excluding Interest Income | (0.37) | (0.12) | (1.54) | 0.70 | - | - |
| **Net (Income)/ Expenses recognised in OCI** | (2.00) | 1.54 | 6.52 | 4.07 | (0.09) | 0.27 |

| **Major Actuarial Assumptions** | **31-03-18** | **31-03-17** | **31-03-18** | **31-03-17** | **31-03-18** | **31-03-17** |
|---|---|---|---|---|---|---|
| Discount Rate | 7.73% | 7.39% | 7.73% | 7.39% | 7.73% | 7.39% |
| Salary Escalation | 8.00% | 8.00% | | | 8.00% | 8.00% |
| Future Benefit cost inflation | | | 7.00% | 7.00% | | |
| Attrition Rate | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Expected Return on Plan Assets | 7.73% | 7.39% | 7.73% | 7.39% | N.A | N.A |
| **Investment pattern for Fund as on 31.03.2018** | **Insured Fund** | | **Insured Fund** | | **Not Funded** | |

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority,promotion and other element factors.

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

### Sensitivity analysis

Sensitivity analysis for each significant actuarial assumption as stated above, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2018 is as below:

***₹ in Crore***

| **Sensitivity analysis** | **Gratuity : Funded** | | | |
|---|---|---|---|---|
| | **31-03-18** | | **31-03-17** | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (4.91) | 5.66 | (2.84) | 3.29 |
| Future salary growth (1% movement) | 1.35 | (1.59) | 0.34 | (0.38) |
| Future Employee Turnover (1% movement) | 1.66 | (1.88) | 1.77 | (1.97) |

***₹ in Crore***

| **Sensitivity analysis** | **PRMB : Funded** | | | |
|---|---|---|---|---|
| | **31-03-18** | | **31-03-17** | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (8.15) | 10.95 | (6.05) | 8.19 |
| Future Benefit Cost inflation ( 1% Movement) | 10.97 | (8.23) | 8.21 | (6.11) |
| Future Employee Turnover (1% movement) | (4.62) | 5.45 | (3.55) | 4.22 |

## Notes to Financial Statements for the year ended 31st March 2018

***₹ in Crore***

| Sensitivity analysis | Resettlement Allowance : Non Funded | | | |
|---|---|---|---|---|
| | 31-03-18 | | 31-03-17 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (0.32) | 0.37 | (0.30) | 0.35 |
| Future Employee Turnover (1% movement) | (0.36) | 0.41 | (0.33) | 0.39 |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation keeping all other actuarial assumptions constant.

**Maturity analysis**

The expected future cash flows as at 31st March 2018 were as follows: ***₹ in Crore***

| Expected contribution | Gratuity - Funded | PRMB : Funded | Resettlement Allowance: Funded |
|---|---|---|---|
| **Projected benefits payable in future years from the date of reporting** | | | |
| 1st following year | 3.10 | 0.38 | 0.14 |
| 2nd following year | 2.63 | 0.35 | 0.10 |
| 3rd following year | 2.45 | 0.43 | 0.06 |
| 4th following year | 3.99 | 0.48 | 0.21 |
| 5th following year | 4.17 | 0.43 | 0.25 |
| Years 6 to 10 | 21.30 | 3.49 | 1.08 |

**Other details as at 31.03.2018**

| Particulars | Gratuity - Funded | PRMB : Funded | Resettlement Allowance : Funded |
|---|---|---|---|
| Weighted average duration of the Projected Benefit Obligation(in years) | 10 | 25 | 11 |
| Prescribed contribution for next year (₹ in Crore) | 0.30 | 13.33 | 3.83 |

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date

***₹ in Crore***

| | 31-03-18 | 31-03-17 |
|---|---|---|
| **Total employee benefit liabilities** | | |
| Non-current | 3.22 | 2.86 |
| Current | 9.37 | 7.34 |

**B. Provident Fund:**

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

## 44.Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

***₹ in Crore***

| 31st March 2018 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | |
| Investment in Debt Instruments-Mutual Funds | 9 | 1.01 | | | 1.01 | 1.01 | | | 1.01 |
| Investment in Government of India Treasury Bills | 9 | | | 453.09 | 453.09 | | | | |
| Cash and cash equivalents | 11 | | | 91.82 | 91.82 | | | | |
| Bank Balances other than cash and cash equivalents | 12 | | | 729.00 | 729.00 | | | | |
| Loans - Non current | 6 | | | 38.31 | 38.31 | | 34.30 | | 34.30 |
| Loans - Current | 13 | | | 13.14 | 13.14 | | 3.73 | | 3.73 |
| Trade receivables | 10 | | | 1,016.11 | 1,016.11 | | | | |
| Others- Current | 14 | | | 29.73 | 29.73 | | | | |
| | | 1.01 | - | 2,371.20 | 2,372.22 | - | - | - | - |
| **Financial liabilities** | | | | | | | | | |
| Borrowings - Current | 24 | | | 0.02 | 0.02 | | | | |
| Borrowings - Non current | 20 | | | 162.61 | 162.61 | | | | |
| Trade and other payables | 25 | | | 1,142.13 | 1,142.13 | | | | |
| Other current liabilities | 26 | | | 316.50 | 316.50 | | | | |
| Derivative Liability on forwards | 26 | 0.03 | | | 0.03 | | 0.03 | | |
| Other Non-Current financial liabilities | 21 | | | 0.66 | 0.66 | | | | |
| | | **0.03** | **-** | **1,621.93** | **1,621.96** | **-** | **-** | **-** | **-** |

| 31st March 2017 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | |
| Investment in Debt Instruments-Mutual Funds | 9 | 312.45 | | | 312.45 | 312.45 | | | |
| Cash and cash equivalents | 11 | | | 253.30 | 253.30 | | | | |
| Bank Balances other than cash and cash equivalents | 12 | | | 1,224.00 | 1,224.00 | | | | |
| Loans - Non current | 6 | | | 39.66 | 39.66 | | 36.07 | | |
| Loans - Current | 13 | | | 7.45 | 7.45 | | 3.76 | | |
| Others - Current | 10 | | | 53.08 | 53.08 | | | | |
| Trade receivables | 10 | | | 803.51 | 803.51 | | | | |
| | | 312.45 | - | 2,381.00 | 2,693.45 | - | - | - | - |

## Notes to Financial Statements for the year ended 31st March 2018

*₹ in Crore*

| 31st March 2017 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities** | | | | | | | | | |
| Borrowings - Current | 24 | | | 18.64 | 18.64 | | | | |
| Borrowings - Non current | 20 | | | 334.46 | 334.46 | | | | |
| Trade and other payables | 25 | | | 792.52 | 792.52 | | | | |
| Othet current liabilities | 26 | | | 247.76 | 247.76 | | | | |
| Derivative Liability on forwards | 26 | 4.11 | | | 4.11 | | 4.11 | | |
| Other Non-Current financial liabilities | 21 | | | 1.07 | 1.07 | | | | |
| | | **4.11** | **-** | **1,394.45** | **1,398.56** | **-** | **-** | **-** | **-** |

**B. Measurement of fair values**

Valuation techniques

The following tables show the valuation techniques used in measuring Level 2 fair values, for financial instruments measured at fair value in the Balance Sheet.

**Financial instruments measured at fair value**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Derivative instruments - forward exchange contracts | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date. | Not applicable | Not applicable |
| Non current financial assets and liabilities measured at amortised cost | Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates. | Not applicable | Not applicable |

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

• Credit risk;

• Liquidity risk; and

• Market risk

**i. Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Steering Committee (the Committee), which is responsible for developing and monitoring the Company's risk management policies. The Committee reports annually to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to maintain a disciplined and constructive control environment in which all the role holders listed in the Risk Management Charter understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit reviews the controls and procedures in place, the results of which are reported to the audit committee.

**Financial instruments – Fair values and risk management (continued)**

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. However the company has very limited exposure to credit risk as the major customers are OMCs. Sale to direct customers are generally against advance payment or LCs.

The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As at March 31, 2018, the Company's most significant customer accounted for ₹955.68 crore of the trade and other receivables carrying amount (March 31, 2017 : ₹727.74 crore).

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

*₹ in Crore*

| As at 31st March 2018 | Gross carrying amount | Weighed average loss rate - range | Loss allowance |
|---|---|---|---|
| Neither past due nor impaired | 1,014.14 | - | - |
| Less than 90 days | 0.22 | - | - |
| More than 90 days | 1.75 | 4.63% | 0.08 |
| | 1,016.11 | 0.01% | 0.08 |

*₹ in Crore*

| As at 31st March 2017 | Gross carrying amount | Weighed average loss rate - range | Loss allowance |
|---|---|---|---|
| Neither past due nor impaired | 792.94 | | - |
| Less Than 90 days | 9.43 | | - |
| More than 90 days | 1.14 | | - |
| | 803.51 | - | - |

The company does not provide for any loss allowance on trade receivables where risk of default is negligible such as receivables from other oil marketing companies, if any. Loss rates are based on actual credit loss experience over the past three years.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹91.82 crore at 31st March 2018 (31st March 2017 : ₹253.30 crore). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing.

**Derivatives**

The derivatives are entered into with bank and financial institution counterparties with good credit ratings. Further exposure to counter-parties are closely monitored and kept within the approved limits.

**Investment in debt securities**

The Company limits its exposure to credit risk by generally investing in liquid securities that have a good credit rating.

## Notes to Financial Statements for the year ended 31st March 2018

₹ *in Crore*

**Financial instruments – Fair values and risk management (continued)**

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

**iii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As on 31st March 2018, the Company had working capital of ₹2,518.67 crore, including cash and cash equivalents of ₹91.82 crore, investments in term deposits (having original maturities of more than 3 months) of ₹729 crore, and investments in mutual funds ₹1.01 crore and investments in Government of India Treasury Bills of ₹453.09 crore.

As on 31st March 2017, the Company had working capital of ₹2956.78 crore, including cash and cash equivalents of ₹253.30 crore, investments in term deposits (having original maturities of more than 3 months) of ₹1224 crore, and investments in mutual funds of ₹312.45 crore.

**Exposure to liquidity risk** ₹ *in Crore*

| 31st March 2018 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **INR** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| External Commercial Borrowings | 325.22 | 325.32 | 162.71 | 162.61 | | |
| Short Term Borrowings | 0.02 | 0.02 | 0.02 | | | |
| Trade payables | 1,142.13 | 1,142.13 | 1,142.13 | | | |
| Other Non-Current financial liabilities | 0.66 | 0.66 | 0.66 | | | |
| Other financial liabilities | 153.92 | 153.92 | 153.92 | | | |
| Financial guarantee contracts | 64.70 | 64.70 | 64.70 | | | |
| | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts | - | - | | | | |
| *Inflows* | | | | | | |
| Outflows | | | | | | |

**Financial instruments – Fair values and risk management (continued)** ₹ *in Crore*

| 31st March 2017 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **INR** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| External Commercial Borrowings | 486.29 | 509.06 | 174.34 | 334.46 | | |
| Short Term Borrowings | 18.64 | 18.64 | 18.64 | - | | |
| Trade Payables | 792.52 | 792.52 | 792.52 | - | | |
| Other Non-Current financial liabilities | 1.07 | 1.07 | 1.07 | - | | |
| Other financial liabilities | 100.03 | 100.03 | 100.03 | - | | |
| Financial guarantee contracts* | 72.71 | 72.71 | 72.71 | - | | |
| | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts | - | - | - | - | | |
| *Inflows* | | | | | | |
| Outflows | | | | | | |

* Guarantees issued by the Company on behalf of BCPL (associate) is with respect to borrowings raised by the respective entity from OIDB. This amount will be payable on default by the concerned entity. As on the reporting date, the associate has not defaulted and hence, the Company does not have any present obligation for BCPL in relation to this guarantee.

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk.

**Currency risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company uses derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates.

Company do not use derivative financial instruments for trading or speculative purposes.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at 31st March 2018 and 31st March 2017 are as below:

₹ *in Crore*

| | Total | 31-03-18 | 31-03-18 | 31-03-18 |
|---|---|---|---|---|
| | | INR | USD | EURO |
| **Financial assets** | | | | |
| Investment in Mutual Fund | 1.01 | 1.01 | | |
| Investment in Government of India Treasury Bills | 453.09 | 453.09 | | |
| Derivative instruments - Forwards | | | | |
| Cash and cash equivalents | 91.82 | 91.82 | | |

# Notes to Financial Statements for the year ended 31st March 2018

**Financial instruments – Fair values and risk management (continued)**

| | | | | |
|---|---|---|---|---|
| Bank Balances other than cash and cash equivalents | 729.00 | 729.00 | | |
| Loans - Non current | 38.31 | 38.31 | | |
| Loans - Current | 13.14 | 13.14 | | |
| Trade receivables | 1,016.11 | 1,014.57 | 1.54 | |
| Others - Current | 29.73 | 29.73 | | |
| Net exposure for assets | **2,372.22** | **2,370.67** | **1.54** | - |
| **Financial liabilities** | | | | |
| Borrowings - Current | 0.02 | 0.02 | | |
| Borrowings - Non current | 162.61 | | 162.61 | |
| Derivative instruments - Forwards | 0.03 | | 0.03 | |
| Trade and other payable | 1,142.13 | 1,141.93 | 0.09 | 0.11 |
| Others - Current | 316.50 | 153.89 | 162.61 | |
| Others - Non-Current | 0.66 | 0.66 | | |
| | 1,621.96 | 1,296.51 | 325.34 | 0.11 |
| Less: Foreign currency forward exchange contracts | | | | |
| Net exposure for liabilities | 1,621.96 | 1,296.51 | 325.34 | 0.11 |
| Net exposure (Assets - Liabilities) | **750.26** | **1,074.16** | **(323.79)** | **(0.11)** |

***₹ in Crore***

| | Total | 31-03-17 INR | 31-03-17 USD | 31-03-17 EURO |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investment in Mutual Funds | 312.45 | 312.45 | | |
| Cash and cash equivalents | 253.30 | 253.30 | | |
| Bank Balances other than cash and cash equivalents | 1,224.00 | 1,224.00 | | |
| Loans - Non | 39.66 | 39.66 | | |
| Loans - Current | 7.45 | 7.45 | | |
| Trade receivables | 803.51 | 797.46 | 6.05 | |
| Others - Current | 53.08 | 53.08 | | |
| Net exposure for assets | **2,693.45** | **2,687.40** | **6.05** | - |
| **Financial liabilities** | | | | |
| Borrowings - Current | 18.64 | 18.64 | | |
| Borrowings - Non current | 334.46 | - | 334.46 | |
| Derivative instruments - Forwards | 4.11 | - | 4.11 | |
| Trade and other payables | 792.52 | 791.95 | 0.55 | 0.02 |
| Others - current | 247.75 | 95.92 | 151.83 | |
| Other - Non-Current | 1.07 | 1.07 | | |
| | 1,398.56 | 907.59 | 490.95 | 0.02 |
| Less: Foreign currency forward exchange contracts | | | | |
| Net exposure for liabilities | **1,398.56** | **907.59** | **490.95** | **0.02** |
| Net exposure (Assets - Liabilities) | **1,294.88** | **1,779.81** | **(484.90)** | **(0.02)** |

## Notes to Financial Statements for the year ended 31st March 2018

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

| | **Profit or loss** | |
|---|---|---|
| **Effect in INR (before tax)** | Strengthening | Weakening |
| **31-Mar-18** | | |
| **1% movement** | | |
| USD | (12.95) | 12.95 |
| | **(12.95)** | **12.95** |

| | **Profit or loss** | |
|---|---|---|
| **Effect in INR (before tax)** | Strengthening | Weakening |
| **31-Mar-17** | | |
| **1% movement** | | |
| USD | (19.40) | 19.40 |
| | **(19.40)** | **19.40** |

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows :

| | ***₹ in Crore*** | |
|---|---|---|
| | **31-03-18** | **31-03-17** |
| **Fixed-rate instruments** | | |
| Financial assets - measured at fair value through profit or loss | - | - |
| Financial assets - measured at amortised cost | - | - |
| Financial liabilities - measured at amortised cost | | |
| | - | - |
| **Variable-rate instruments** | | |
| Financial liabilities - measured at amortised cost (ECB) | 325.22 | 486.29 |
| Financial liabilities - measured at amortised cost (Working capital loans from banks - Cash credit) | 0.02 | 1.88 |
| **Total** | 325.24 | 488.17 |

# Notes to Financial Statements for the year ended 31st March 2018

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. In cases where the related interest rate risk is capitalised to fixed assets , the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets.

| Cash flow sensitivity (net) | Profit or loss | |
|---|---|---|
| **INR** | **100 bp increase** | **100 bp decrease** |
| **31-Mar-18** | | |
| Variable-rate instruments | (4.53) | 4.53 |
| **Cash flow sensitivity (net)** | **(4.53)** | **4.53** |
| **31-Mar-17** | | |
| Variable-rate instruments | (5.22) | 5.22 |
| Cash flow sensitivity (net) | **(5.22)** | **5.22** |

## 45 Related party transactions

The disclosure of related party transactions is presented on an aggregate basis for shareholders and companies controlled by shareholders, joint ventures and associates. In addition, there may be additional disclosures of certain significant transactions (balances and turnover) with certain related parties.

**a) Names of the Related parties**

**Joint Venture of Holding Companies:**

Bharat Oman Refineries Limited

**Key Management Personnel :**

Shri P.Padmanabhan Managing Director (upto 31.10.2017)

Shri S.K.Barua Managing Director (w.e.f. 31.01.2018) and holding additional charge of Director(Finance) w.e.f. that date. Prior to that he was Director (Finance) upto 30.01.2018 and was holding additional charge of Managing Director w.e.f. 01.11.2017 to 30.01.2018

Shri S.R.Medhi Director (Technical) (upto 31.01.2017)

Shri B.J.Phukan Director (Technical) Appointed (w.e.f. 01.02.2017)

Shri S. Varadarajan Chairman (up to 30.09.2016)

Shri D.Rajkumar Chairman Appointed (w.e.f. 07.10.2016)

Shri R.T.Jindal, Director (representing Govt. of Assam) (upto 07.09.2016)

Shri Ravi Capoor, Director (representing Govt. of Assam) (w.e.f. 14.09.2016)

Shri Nalin Kumar Srivastava, Director (representing Govt. of India) (upto 12.01.2017)

Shri Alok Tripathi, Director (representing Govt. of India ) upto 05.10.2017

Shri Praphullachandra Sharma (representing Govt. of India) w.e.f 24.11.2017

Shri Utpal Bora, Director (representing Oil India Limited) w.e.f. 19.08.2016)

Shri I.Rynjah Independent Director (Upto 27.06.2016)

Shri B.P.Rao Independent Director (Upto 27.06.2016)

Shri Raj Kumar Sharma , Independent Director (w.e.f. 31.01.2017)

Smti Sneh Lata Kumar, Independent Director (w.e.f. 08.09.2017)

## Notes to Financial Statements for the year ended 31st March 2018

**Following are the related party transactions entered by the Corporation during the year:**

*₹ in Crore*

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| | Joint Venture of Holding Companies: | Joint Venture of Holding Companies: |
| **Revenues and income** | | |
| Sale of goods | | |
| Dividend income received | | |
| Services given | | |
| Lease rental received | | |
| Finance income | | |
| Other income | | |
| | | |
| **Costs and expenses** | | |
| Production and operating expenses | | |
| Purchases of goods | 278.27 | 90.31 |
| Financial expenses | | |
| Other expenses | | |
| | | |
| **Other operations** | | |
| Investment in equity shares | | |
| Advances against equity given/ Share application money pending allotment | | |
| Loans given | | |
| Loans repaid | | |

**b) Outstanding balance with related parties**

| | 31-03-18 | | 31-03-17 | |
|---|---|---|---|---|
| | **KMPs** | **Others** | **KMPs** | **Others** |
| Loans given | 0.09 | | 0.23 | |
| Loans taken | | | | |
| Trade receivables | | | | |
| Trade payables | | | | |

**c) In the course of its ordinary business, the Company enters into transactions with other Government controlled entities. The Company has transactions with other government-controlled entities,including but not limited to the followings:**

- Sales and purchases of goods and ancillary materials;
- Rendering and receiving services;
- Lease of assets;
- Depositing and borrowing money; and
- Uses of public utilities.

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not government controlled entities.

# Notes to Financial Statements for the year ended 31st March 2018

**d) Key management personnel compensation**

| | 31-03-18 | 31-03-17 |
|---|---|---|
| Short-term employee benefits | 2.06 | 1.32 |
| Post-employee benefits | 0.37 | 0.27 |
| Other long-term benefits | 0.37 | 0.43 |
| Total | **2.80** | **2.02** |

**46** Dues from officers is ₹1.22 crs (31st March 2017 : ₹0.94 crs)

**47** During the FY 2017-18, provision has been made under employee benefit in respect of pay revision dues (including retirement dues) to employees (unionised staff) w.e.f. 1st January 2017 at an estimated amount of ₹18.45 crore based on the available information and judgement.

## 48 Contingent Liabilities and Capital Commitments

***₹ in Crore***

| | | 31-03-18 | 31-03-17 |
|---|---|---|---|
| **(a) Contingent Liabilities :** | | | |
| | Claims against the Company not acknowledged as debts : | | |
| | Excise matters | 221.62 | 242.75 |
| | Service Tax matters | 0.37 | 0.36 |
| | Sales tax matters | 21.95 | 24.16 |
| | Entry Tax Matters | 0.92 | 33.86 |
| | Land Acquisition cases for higher compensation | - | - |
| | Claim by contractors Arbitration cases/other extra claims on capital account | 63.78 | 71.49 |
| | Others | 11.25 | 1.86 |
| | | | |
| **(b) Capital Commitments :** | | | |
| | i) Estimated amount of contracts remaining to be executed on capital account and not provided for | 259.02 | 209.77 |
| | | | |
| **(c ) Guarantees:** | | | |
| | i) Guarantees in favour of Oil Industry Development Board (OIDB) for long term loans for capital project extended to BCPL Ltd. by OIDB | 64.70 | 72.71 |
| | ii) Bank Guarantee in favour of suppliers | 14.67 | 15.11 |
| | iii) Letter of Credit issued | 39.91 | 34.62 |

The Company currently does not have any Contingent Assets

## 49 In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

*₹ in Crore*

| Nature | Opening balance | Additions during the year | Utilisation during the year | Reversals during the year | Closing balance |
|---|---|---|---|---|---|
| Excise | 75.86 | 33.32 | | | 109.19 |
| Service Tax | 1.42 | 0.08 | | | 1.51 |
| VAT/ Sales Tax/ Entry Tax | 31.07 | 15.79 | | | 46.86 |
| Legal cases | 10.00 | 5.25 | | | 15.25 |
| Total | 118.36 | 54.45 | | | 172.81 |
| Previous year | 474.30 | 28.87 | 189.58 | 195.23 | 118.36 |

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

## 50 Disclosure in respect of Expenditure on Corporate Social Responsibility Activities

*₹ in Crore*

| | | 2017-18 | 2016-17 |
|---|---|---|---|
| a) | Unspent CSR Expenditure carried forward from previous year | 4.96 | 1.66 |
| b) | Amount required to be spent by the company during the year | 40.98 | 24.00 |
| c) | Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company) | 46.25* | 20.70 * |
| d) | Closing Balance | | 4.96 |

* Including payables of ₹ 1.42 crore (Previous Year ₹ 0.19 crore) as on 31.03.2018.

## 51 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The weighted-average interest rate computed as interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.79% (31st March 2017: 1.31%).

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings as reduced by cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio at 31st March 2018 was as follows.

*₹ in Crore*

| | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Total liabilities | 2,310.16 | 2,056.85 |
| Less : Cash and cash equivalent | 91.82 | 253.30 |
| **Adjusted net debt** | **2,218.34** | **1,803.55** |
| Total equity | **5,044.35** | **5,180.64** |
| Adjusted net debt to adjusted equity ratio | **0.44** | **0.35** |

# Notes to Financial Statements for the year ended 31st March 2018

## 52 Segment Reporting

**A. Basis for segmentation**

NRL has one reportable segment. Details of the segments is as follows:

- Downstream Petroleum engaged in refining and marketing of petroleum products.

**B. Geographic information**

The geographic information analyses NRL's revenue and non-current assets by the country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic selling location and segments assets were based on the geographic location of the respective non-current assets.

| Geography | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **I Revenue** | | |
| India | 15,923.19 | 13,946.92 |
| Others Countries | - | - |
| **Total Revenue** | **15,923.19** | **13,946.92** |
| **II Non-current Assets *** | | |
| India | 2,914.88 | 2,687.98 |
| Others Countries | - | - |
| **Total Non-current Assets** | **2,914.88** | **2,687.98** |

*non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising from insurance contracts.

**C. Information about major customers**

Revenues from one customer (BPCL) of the Downstream Petroleum segment represented approximately ₹ 13,843.34 Crore (previous year - ₹ 12,176.72 Crore)

**53** The company has sale transaction with an associate company and the balance as on 31st March 2018 is subject to confirmation/reconciliation. Adjustments, if any arising therefrom is not likely to be material and shall be accounted for as and when settled.

## 54 Derivative Instruments and un-hedged foreign currency exposure:

**a. Derivatives outstanding as at the reporting date**

| Particulars | Purpose | 31-03-18 | | 31-03-17 | |
|---|---|---|---|---|---|
| | | USD million | ₹ Crore | USD million | ₹ Crore |
| Forward contracts to buy USD | ECB Loan (short term) Repayable within 12 months | 1.25 | 8.23 | 15.00 | 97.26 |

**b. Particulars of un-hedged foreign currency exposures as at reporting date**

| Particulars | USD million | ₹ Crore | USD million | ₹ Crore |
|---|---|---|---|---|
| External Commercial Borrowing | 48.75 | 317.09 | 60.00 | 389.00 |

**c. Mark-to-Market losses**

| Particulars | USD million | ₹ Crore | USD million | ₹ Crore |
|---|---|---|---|---|
| Mark-to-Market losses provided for | | | | 4.11 |

## 55 Previous year figures

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

Signature to Notes '1' to '55'

As per our attached report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner
Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# Independent Auditors' Report

(Consolidated)

# Independent Auditors' Report

**To**
**The Members of**
**Numaligarh Refinery Limited**

## 1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of NUMALIGARH REFINERY LIMITED("the Company") and its associate and joint venture (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## 2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

## 3. Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated financial position of the Group, as at 31st March, 2018, and its consolidated financial performance including other comprehensive income, its consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended.

## 5. Other Matters

We did not audit the Ind AS financial statements / financial information of a joint venture (DNP Limited) and an associate (Brahmaputra Cracker and Polymer Limited, BCPL) whose Ind AS financial statements / financial information reflect total share of net assets of ₹108.56 crore as at 31st March, 2018, total revenue amounting to ₹ Nil and net cash flow amounting to ₹ Nil for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the JV's (DNPL) share of net profit of ₹7.09 crore and associate's (BCPL) share of loss of ₹9.79 crore (Net financial impact is profit of ₹2.70 crore) for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statements, whose financial statements have not been audited by us. These financial statements have been consolidated on the basis of management certified unaudited Ind AS financial statements/financial information of the joint venture (DNPL) and of associate company (BCPL) as furnished to us (Refer Note 56 to the consolidated Ind AS financial statements). Our opinion on the consolidated Ind AS financial statements, insofar as it relates to the amounts and disclosures in respect of the joint venture and the associate, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid joint venture and associate, is solely based on the management certified Ind AS financial statements.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information as certified by the respective management of the said associate and joint venture companies.

## 6. Report on Other Legal and Regulatory Requirements

I. As required by Section 143(3) of the Act, we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

e) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 48 to the consolidated Ind AS financial statements;

   ii) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts - Refer Note 54 to the consolidated Ind AS financial statements;

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

II. As required by the Section 143(5) of the Act, we give in "Annexure B", a statement on the matters specified by the Comptroller and Auditor-General of India for the Company.

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# Annexures to Independent Auditors' Report

(Consolidated)

## Annexure - A to the Auditors' Report

[Referred to in paragraph 6(e) under 'Report on other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date on the Consolidated Ind AS financial statements of Numaligarh Refinery Limited.]

### Report on the Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act 2013

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Numaligarh Refinery Limited ("the Company") and its joint venture (DNPL) and its associate (BCPL) subject to 'Other Matters' paragraph below which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Company and its associates and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate, subject to our observation in the 'Other Matters' paragraph below, to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company and its associate and joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively subject to our observation in the 'Other Matters' paragraph below, as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

## Other Matters

Our aforesaid report under section 143(3) (i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls over financial reporting as it relates to the joint venture (DNPL) and associate (BCPL) companies, we are unable to comment on the issue as we have not received the auditor's report on Internal Financial Control for the Joint Venture (DNPL) and also of associate (BCPL) company.

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# Annexure- B to Independent Auditors' Report

[Referred to in paragraph 6 (II) under 'Report on Other Legal and Regulatory Requirements in the Independent Auditors' Report of even date on the Consolidated Ind AS financial statements of Numaligarh Refinery Limited]

## Report pursuant to directions issued by office of C&AG u/s 143(5) of the Companies Act, 2013

<table>
<tr><td>1.</td><td>Area Examined</td><td>Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>Numaligarh Refinery Limited<br>The company has clear title deed of freehold and leasehold land except for the following:
<table>
<tr><th>Particulars</th><th>Area (in Acres)</th><th>Remarks</th></tr>
<tr><td>Freehold Land</td><td>0.99</td><td>Mutation is still pending</td></tr>
<tr><td>Freehold Land</td><td>0.25</td><td>Titles are under dispute</td></tr>
</table>
Joint Venture (DNPL) :<br>In the absence of Statutory Audit Report we are unable to comment on the issue.<br><br>Associate (BCPL):<br>In the absence of Statutory Audit Report we are unable to comment on the issue.</td></tr>
<tr><td>2</td><td>Area Examined</td><td>Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>The details of cases of waiver/ write off of debts/ loans/ interest by the Company during the year as under:
<table>
<tr><th>Particulars</th><th>₹ in Crore</th></tr>
<tr><td>Write off of Loans</td><td>0.01</td></tr>
</table>
Joint Venture (DNPL):<br>In the absence of Audit Report we are unable to comment on the issue.<br><br>Associate (BCPL):<br>In the absence of Audit Report we are unable to comment on the issue.</td></tr>
<tr><td>3.</td><td>Area Examined</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.</td></tr>
<tr><td></td><td>Observation/ Findings</td><td>Numaligarh Refinery Limited:
<ul>
<li>As informed by the management and based on records examined, the Company maintains proper records for the inventories lying with third parties</li>
<li>As informed by the management and based on records examined, the company has not received any gift/ grants from Government or other authorities.</li>
</ul>
Joint Venture (DNPL):<br>In the absence of Statutory Audit Report we are unable to comment on the issue.<br><br>Associate (BCPL):<br>In the absence of Statutory Audit Report we are unable to comment on the issue.</td></tr>
</table>

For **M. C. Bhandari & Co.**
**Chartered Accountants**
ICAI FRN : 303002E

**CA. Neeraj Jain**
(Partner)
(Membership No. 064393)

Place: Mumbai
Date: 25th May 2018

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NUMALIGARH REFINERY LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of consolidated financial statements of Numaligarh Refinery Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent and it in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 May 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of Numaligarh Refinery Limited for the year ended 31 March 2018. We conducted a supplementary audit of the financial statements of Numaligarh Refinery Limited and its associate company Brahmaputra Cracker and Polymer Limited, but did not conduct supplementary audit of the financial statements of its joint venture company DNP Limited for the year ended on that date. This supplementary audit has been carried out independently with out access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-
Suparna Deb
Director General of Commercial Audit
& Ex-officio Member, Audit Board - I,
Kolkata

Place : Kolkata
Dated: 12th July 2018

# Consolidated Balance Sheet as at 31st March 2018

***₹ in Crore***

| | Note No. | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **1 Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 2,448.48 | 2,118.95 |
| (b) Capital work in progress | 3 | 442.72 | 545.65 |
| (c) Other Intangible assets | 4 | 1.64 | 0.60 |
| (d) Financial Assets | | | |
| (i) Investment in Joint venture and Associate | 5 | 110.65 | 112.65 |
| (ii) Loans | 6 | 38.31 | 39.66 |
| (e) Other non-current assets | 7 | 22.04 | 22.78 |
| | | **3,063.84** | **2,840.29** |
| **2 Current assets** | | | |
| (a) Inventories | 8 | 1,807.52 | 1,628.55 |
| (b) Financial Assets | | | |
| (i) Investments | 9 | 454.10 | 312.45 |
| (ii) Trade receivables | 10 | 1,016.11 | 803.51 |
| (iii) Cash and cash equivalents | 11 | 91.82 | 253.30 |
| (iv) Bank Balances other than (iii) above | 12 | 729.00 | 1,224.00 |
| (v) Loans | 13 | 13.14 | 7.45 |
| (vi) Other financial assets | 14 | 29.73 | 53.08 |
| (c) Current Tax Assets (Net) | 15 | 30.11 | 8.68 |
| (d) Other current assets | 16 | 41.28 | 31.02 |
| | | **4,212.81** | **4,322.03** |
| Assets Held for Sale | 17 | **1.17** | **1.17** |
| | | **4,213.98** | **4,323.20** |
| **TOTAL ASSETS** | | **7,277.82** | **7,163.49** |
| **II. EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 18 | 735.63 | 735.63 |
| (b) Other Equity | 19 | 4,232.03 | 4,371.00 |
| **Total Equity** | | **4,967.66** | **5,106.63** |
| **Liabilities** | | | |
| **1 Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 20 | 162.61 | 334.46 |
| (ii) Other financial liabilities | 21 | 0.66 | 1.07 |
| (b) Provisions | 22 | 180.32 | 125.46 |
| (c) Deferred tax liabilities (Net) | 23 | 271.31 | 229.44 |
| | | **614.90** | **690.43** |
| **2 Current liabilities** | | | |
| (a) Financial Liability | | | |
| (i) Borrowings | 24 | 0.02 | 18.64 |
| (ii) Trade payables | 25 | 1,142.13 | 792.52 |
| (iii) Other financial liability | 26 | 316.53 | 251.87 |
| (b) Other current liabilities | 27 | 225.80 | 208.69 |
| (c) Provisions | 28 | 10.78 | 68.68 |
| (d) Current Tax Liabilities (Net) | 29 | - | 26.02 |
| **TOTAL LIABILITIES** | | **1,695.26** | **1,366.42** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,277.82** | **7,163.49** |
| Significant Accounting Policies | 1 | | |
| Notes forming part of Financial Statements | 42-57 | | |

As per our attached report of even date
**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner
Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# Consolidated Statement of Profit and Loss for the year ended 31st March 2018

*₹ in Crore*

| | | Note No. | 2017-18 | 2016-17 |
|---|---|---|---|---|
| | **REVENUE** | | | |
| I | Revenue from operations | 30 | 15,923.19 | 13,946.92 |
| II | Other Income | 31 | 129.53 | 370.29 |
| III | **Total Revenue (I+II)** | | **16,052.72** | **14,317.21** |
| IV | **EXPENSES** | | | |
| | Cost of materials consumed | 32 | 8,643.32 | 7,493.03 |
| | Purchases of Stock-in-Trade | | 176.72 | 112.88 |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | 33 | (36.99) | (282.46) |
| | Excise duty | 34 | 2,693.75 | 2,659.55 |
| | Employee benefits expense | 35 | 308.08 | 212.99 |
| | Finance Costs | 36 | 15.80 | 22.42 |
| | Depreciation and amortisation expense | 37 | 183.60 | 163.63 |
| | Other Expenses | 38 | 926.10 | 787.60 |
| | **Total Expenses (IV)** | | **12,910.38** | **11,169.64** |
| V | **Profit/(loss) from continuing operation before share of profit of equity accounted investee and income tax (III-IV)** | | **3,142.34** | **3,147.57** |
| VI | Share of profit of equity accounted investee (net of income tax) | | (2.70) | (50.74) |
| VII | Profit from continuing operations before income tax (V+VI) | | 3,139.64 | 3,096.83 |
| VIII | **Tax Expense** | 39 | 1,097.69 | 1,047.00 |
| | (1) Current Tax | | 1,054.28 | 926.21 |
| | (2) Deferred Tax | | 43.41 | 120.79 |
| IX | **Profit / (Loss) for the period (V - VI)** | | **2,041.95** | **2,049.83** |
| X | **Other comprehensive income** | | | |
| | (i) Items that will not be reclassified to profit or loss re-measurements of defined benefit plan | 40 | (4.43) | (5.88) |
| | (ii) Income tax related to items that will not be reclassified to profit or loss | 40 | 1.55 | 2.03 |
| | **Other comprehensive income, net of tax (i+ii)** | | **(2.88)** | **(3.85)** |
| XI | **Total comprehensive income for the period (IX + X)** | | **2,039.07** | **2,045.98** |
| XII | **Basic and Diluted Earnings per share (₹)** (Face Value ₹ 10) | 41 | 27.76 | 27.86 |
| | Significant Accounting Policies | 1 | | |
| | Notes forming part of Financial Statements | 42-57 | | |

As per our attached report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner

Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# Consolidated Statement of Cash Flows

₹ *in Crore*

| | For the year ended | 31-03-2018 | 31-03-2017 |
|---|---|---|---|
| **A** | **Cash Flow from Operating Activities** | | |
| | Profit (Loss) for the period | 2,041.95 | 2,049.83 |
| | *Adjustments for :* | | |
| | Depreciation & Amortisation expenses | 183.60 | 163.63 |
| | Income Tax Expenses | 1,097.69 | 1,047.00 |
| | Interest | 15.80 | 22.42 |
| | (Profit) / Loss on Sale/Write Off of Property, Plant and Equipment | 0.85 | 0.85 |
| | Foreign Exchange Fluctuation | (2.52) | 5.31 |
| | Income from Investment in Join Venture /Associate Companies | (1.09) | (0.74) |
| | Dividend Received from Current Investment | (26.11) | (19.06) |
| | Interest Income | (85.13) | (134.49) |
| | (Profit)/Loss on sale of investment | | (0.01) |
| | Other Non-Cash Items (Refer explanatory note 4) | 56.48 | 49.15 |
| | **Operating Profit before Working Capital Changes** | **3,281.53** | **3,183.90** |
| | *(Invested in) / Generated from:* | | |
| | Trade receivables | (212.61) | 15.81 |
| | Other receivables | (19.94) | 10.66 |
| | Inventories | (178.97) | (572.99) |
| | Current Liabilities & Provisions | 270.93 | (81.49) |
| | **Cash generated from Operations** | **3,140.94** | **2,555.89** |
| | Direct Taxes Paid | (1,101.37) | (924.34) |
| | **Net Cash from/(used in) Operating Activities** | **2,039.57** | **1,631.55** |
| **B** | **Net Cash Flow from Investing Activities** | | |
| | Purchase of Property, Plant & Equipment /CWIP | (405.53) | (452.76) |
| | Purchase of intangible assets | (2.03) | (0.01) |
| | Sale of Property, Plant and Equipment | 0.21 | 0.12 |
| | Investment in Joint Venture/ Associate Companies | 2.01 | 35.10 |
| | Purchase of / Accretion to Investments | (135.51) | (166.05) |
| | Purchase/ Maturity of Fixed Deposit | 495.00 | 510.00 |
| | Sale of Investments | | 0.01 |
| | Income from Investment in Join Venture /Associate Companies | 1.09 | 0.74 |
| | Dividend Received from Current Investment | 26.10 | 19.06 |
| | Long Term Loans and Advances | 2.09 | (8.14) |
| | Income from Investment | **84.54** | **137.18** |
| | **Net Cash from/(used in) Investing Activities** | **67.97** | **75.23** |
| **C** | **Net Cash Flow from Financing Activities** | | |
| | Repayment of Loan | (169.32) | |
| | Other Long Term Liabilities | 41.46 | 117.82 |
| | Other Long Term Provisions | 54.86 | (354.91) |
| | Interest paid | (16.40) | (22.85) |
| | Dividend Paid | (1,809.65) | (993.10) |
| | Corporate Dividend Tax | (368.40) | (202.16) |

₹ *in Crore*

| | | For the year ended | 31-03-2018 | 31-03-2017 |
|---|---|---|---|---|
| | Realised (loss)/gain of Foreign Exchange Difference | | (1.56) | (1.21) |
| | **Net Cash from/(used in) Financing Activities** | | **(2,269.01)** | **(1,456.41)** |
| | | | | |
| **D** | **Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)** | | **(161.48)** | **250.37** |
| **E** | **Cash & Cash Equivalents at beginning of Period: Note 1** | | **253.30** | **2.94** |
| **F** | **Cash & Cash Equivalents at end of Period (D+E): Note 1** | | **91.82** | **253.30** |

| **1. Cash and Cash equivalents** | **31-Mar-18** | **31-Mar-17** |
|---|---|---|
| ***Cash & Cash Equivalents at beginning of Period*** | | |
| Cash/cheques in Hand | 0.01 | 0.01 |
| Cash at Bank | 6.29 | 2.93 |
| Fixed Deposits with Banks with original maturity of less than 3 months | 247.00 | |
| | **253.30** | **2.94** |
| | | |
| ***Cash & Cash Equivalents at end of Period*** | | |
| Cash/cheques in Hand | 0.01 | 0.01 |
| Cash at Bank | 11.82 | 6.29 |
| Fixed Deposits with Banks with original maturity of less than 3 months | 80.00 | 247.00 |
| | **91.82** | **253.30** |
| **Net change in Cash and Cash equivalents** | **(161.48)** | **250.36** |

**2. Cash and Non Cash Changes in Borrowings**

₹ *in Crore*

| **Particulars** | **Short Term Borrowings** | **Long Term Borrowings** | **Total Borrowings** |
|---|---|---|---|
| Balance as on 31.03.2017 | **151.83** | **334.46** | **486.29** |
| ***Cash Flow*** | | | |
| Inflow | | | |
| Outflow | - | (169.31) | (169.31) |
| ***Non Cash Changes*** | | | |
| Foreign Exchange Movement | - | 8.24 | 8.24 |
| Current Maturity of Long Term Borrowing | 10.78 | (10.78) | - |
| Fair Valuation Changes | | | |
| **Balance as on 31.03.2018** | **162.61** | **162.61** | **325.22** |

## Explanatory notes to Statement of Cash Flows

1. The Statement of Consolidated Cash Flow is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
2. In Part-A of the Consolidated 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, receivables/payables in foreign currency is furnished under the head "Foreign Exchange Fluctuations.

4. "Other Non-Cash items" comprise of provisions for Stores and Consumables, provision for Claims and provision for Investments / receivables and write back of Provisions.

5. Current Liabilities and Payables may include Payables in respect of Purchase of Property, Plant and Equipment, if any.

| As per our attached report of even date | For and on behalf of the Board of Directors | |
|---|---|---|
| **For M C Bhandari & Co**<br>Chartered Accountants<br>ICAI FRN: 303002E | Sd/-<br>**S.K. Barua**<br>Managing Director and<br>additional charge of Director (Finance) | Sd/-<br>**B.J. Phukan**<br>Director (Technical) |
| Sd/-<br>**CA. Neeraj Jain**<br>Partner<br>Membership No. 064393<br>Place: Mumbai<br>Date : 25th May 2018 | Sd/-<br>**H. K. Sarmah**<br>Company Secretary | Place: Mumbai<br>Date : 25th May 2018 |

# Consolidated Statement of Changes in Equity for the year ended 31st March 2018

*₹ in Crore*

| (a) Equity Share Capital | As at 31-03-2018 | | As at 31-03-2017 | |
|---|---|---|---|---|
| | No of Shares | Amount | No of Shares | Amount |
| Balance at the beginning of the reporting period | 735,631,544 | 735.63 | 735,631,544 | 735.63 |
| Changes in Equity Share Capital during the period | | | | |
| Balance at the end of the reporting period | 735,631,544 | 735.63 | 735,631,544 | 735.63 |

*₹ in Crore*

| (b) Other Equity | Reserve & Surplus | | | Total |
|---|---|---|---|---|
| | Capital Reserve [Note 18] | General Reserve [Note 18] | Retained Earnings [Note 18] | |
| Balance at 31st March 2017 | 100.00 | 3,420.28 | 850.73 | 4,371.00 |
| Profit for the year | | | 2,041.95 | |
| Other Comprehensive Income for the year | | | (2.88) | |
| Dividends | | | (1,809.66) | |
| Corporate Dividend Tax on Dividends | | | (368.40) | |
| Balance as at 31st March 2018 | 100.00 | 3,420.28 | 711.74 | 4,232.03 |
| Balance as at 31st March 2016 | 100.00 | 3,420.28 | 0.01 | 3,520.29 |
| Profit for the year | | | 2,049.83 | |
| Other Comprehensive Income for the year | | | (3.85) | |
| Dividends | | | (993.10) | |
| Corporate Dividend Tax on Dividends | | | (202.16) | |
| Balance as at 31st March 2017 | 100.00 | 3,420.28 | 850.73 | 4,371.00 |

As per our attached report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner

Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and
additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# Notes to consolidated financial statements for the year ended 31st March 2018

## 1. Statement of Significant Accounting Policies

The consolidated financial statements relate to Numaligarh Refinery Limited (NRL) and its Joint Venture Company DNP Limited (DNPL) and Associate Company Brahmaputra Cracker and Polymer Limited (BCPL). The company and its joint venture and associates are together referred to as "Group".

## 1.1 Basis for Preparation

The Consolidated Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act,2013 ("the Act") read with Companies (Indian Accounting Standards) Rules,2015 ; and the other relevant provisions of the Act and Rules thereunder.

The Financial Statements of the Joint Venture Companies (JVCs) and the Associates used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of NRL i.e. 31st March 2018.

The Consolidated Financial Statements have been prepared under the historical cost convention on accrual basis except for certain assets and liabilities measured at fair value.

The functional currency of the company and its JVCs and Associates is Indian Rupees (₹). All figures appearing in the consolidated financial statements are rounded to the nearest Crore (₹ crore), except where otherwise indicated.

In case of Joint Venture and Associates, certain accounting policies are different from that of NRL, the impact of which is not expected to be material.

**Authorisation of Financial Statements:** The Consolidated Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th May 2018.

The percentage of ownership interest of the company in the JVCs and Associates as on 31st March 2018 are as under:

| Particulars | Country of Incorporation | Percentage (%) of actual ownership interest as on | |
|---|---|---|---|
| | | 31/03/2018 | 31/03/2017 |
| **Joint Venture Company** | | | |
| DNP Limited | India | 26.00 | 26.00 |
| **Associate Company** | | | |
| Brahmaputra Cracker and Polymer Limited | India | 10.11 | 10.11 |

## 1.2 Basis of consolidation

### 1.2.1 Joint Venture and Associates

A joint venture is an arrangement in which the Company has joint control and has rights to the net assets of the arrangement, rather than the rights to its assets and obligation for its liabilities. An associate is an entity in which the Company has significant influence, but no control or joint control over the financial and operating policies.

Interest in joint ventures and associates are accounted for using the equity method.

## 1.3 Use of Judgment and Estimates

The preparation of financial statements requires management of the company to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Group continuously evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimate and judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial Instruments;
- Estimates of useful lives and residual value of Property, Plant and Equipment and Intangible Assets;
- Valuation of Inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the Consolidated Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

## 1.4 Property, plant and equipment

### 1.4.1 Tangible Assets

**1.4.1.1** Property, plant and equipment are stated at cost of acquisition (including incidental expenses) net of accumulated depreciation.

**1.4.1.2** Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**1.4.1.3** Property, plant and equipment used in the Refinery operations are capitalized attaching the components identified. Other assets are identified for componentization in case the unit value of the component is above the threshold limit.

**1.4.1.4** Fixed Bed Catalyst used in the process of Refinery operations has been identified as a separate asset and is being capitalized and depreciated over its useful life from the date it is put to use.

**1.4.1.5** Expenditure on assets, other than plant and machinery, not exceeding the threshold limit are charged to revenue.

**1.4.1.6** Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part are inventoried on procurement and charged to the Statement of Profit and Loss on consumption.

**1.4.1.7** An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

**1.4.1.8** Land acquired on outright purchase treated as freehold land.

**1.4.1.9** **Expenditure during construction period:** Direct expenses incurred during construction period on capital projects are capitalized. Other expenses of the project group which are allocated to project costing above a threshold limit are also capitalised.

**1.4.1.10** The Group has opted to use the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April 2015).

### 1.4.2 Intangible Assets

**1.4.2.1** Intangible assets are carried at cost less accumulated amortization.

**1.4.2.2** Expenditure incurred for creating/acquiring intangible assets above threshold limit, 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.

**1.4.2.3** In other cases, the expenditure is reflected in the consolidated statement of Profit and Loss in the year in which the expenditure is incurred.

**1.4.2.4** The Group has opted to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (01st April 2015).

## 1.5 Impairment of Non-financial Assets

**1.5.1** Non-financial assets other than inventories, deferred tax assets and non- current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exits, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

**1.5.2** When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 1.6 Borrowing Costs

**1.6.1** Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange difference to the extent regarded as an adjustment to the borrowing costs.

**1.6.2** Borrowing cost that are attributable to the acquisition or construction of qualifying assets (i.e. as asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Consolidated Statement of Profit and Loss.

**1.6.3** Investment income earned on the temporary investment of funds of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

## 1.7 Non-current assets held for sale

**1.7.1** Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

**1.7.2** Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

**1.7.3** Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

## 1.8 Depreciation

**1.8.1** Depreciation on property, plant and Equipment is provided over the useful life of the assets prescribed under Schedule II of the Companies Act, 2013 (after retaining the estimated residual value of upto 5%). Identified 'Components' are depreciated over their technically assessed useful lives. The carrying amount of the existing assets for which the useful life is NIL has been charged off to Profit and Loss (after retaining the estimated residual value of upto 5%).

**1.8.2** Computer equipment (under Furniture-on-hire scheme given to employees) are depreciated over a period of 4 years and Mobile phones are depreciated over a period of 2 years based on internal assessments. Furniture provided at the residence of management staff are depreciated over a period of 6 years (previously 7 years) as per internal assessments. No such policy exists for Joint Venture company DNPL Ltd. and Associate company BCPL.

**1.8.3** Premium paid for acquiring leasehold land is amortized over the period of lease.

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

**1.8.5** Items of property, plant and equipment costing not more than the threshold limit are depreciated at 100% in the year of acquisition.

**1.8.6** In the following cases Depreciation on assets has not been charged as per Schedule II of the Companies Act 2013

- Assets given to the employees are depreciated as per company policy.

- Assets costing upto threshold limit are depreciated fully in the year of its purchase/capitalisation.

**1.8.7** Depreciation on spare parts specific to an item of property, plant and equipment is based on the life of the related property, plant and equipment. In other cases, the spare parts are depreciated over the estimated useful life based on the technical assessment.

## 1.9 Leases

### 1.9.1 Finance Lease

Lease Agreements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased assets is transferred to the lessee.

Lease Agreements in respect of land for lease period above threshold limit are classified as a finance lease.

### 1.9.2 Operating Lease

Lease Agreements which are not classified as finance lease are considered as operating lease. Payments made under operating leases are recognised in Consolidated Statement of Profit and Loss with reference to lease terms and other relevant considerations. Lease incentive received /lease premium paid (if any) are recognised as an integral part of the total lease expense , over the term of the lease. Payments made under Operating Leases are generally recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

**1.9.3** At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, they separate payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. In case of a finance lease, if it is concluded that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying assets; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the entity's incremental borrowing rate.

## 1.10 Investments

**1.10.1** Current investments are valued at fair value through profit and loss account determined on an individual investment basis.

**1.10.2** Long-term investments (equity investment in joint venture and associates) are recorded at cost and reviewed for impairment at each reporting date.

## 1.11 Inventories

**1.11.1** Inventories are stated at cost or net realizable value, whichever is lower. Cost of inventories 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 and are determined on the following basis:

a) Crude oil and Finished products are determined on First in First out basis.

b) The cost of Stock-in-process is determined at raw material cost plus cost of conversion.

However in the case of its Associate company BCPL and Joint Venture Company DNPL the inventories are determined at weighted average cost.

1.11.2 The net realizable value of finished goods are based on the inter-company transfer prices (applicable at the location of stock) for sale to oil companies and the final selling prices for sale to other customers.

1.11.3 Stores and spares are measured 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. For regular stores and spares necessary provision is made as per threshold limit. In case of joint venture company DNPL project surplus material are provided @ 95% of their value.

1.11.4 Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on end use.

1.11.5 Raw Materials held for use in the production of finished goods are not written down below cost except in cases where raw material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value.

## 1.12 Revenue Recognition

1.12.1 Sales represent invoiced value of goods supplied net of trade discounts, and includes applicable excise duty benefit (as per CBEC Tariff Notification No : 29/2002 - Central Excise dated 13th May 2002), excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/GST.

In case of its Joint Venture company DNPL, revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured and revenue from services rendered is recognized net of Service Tax/GST on performance of service based on agreements/ arrangements with the concerned parties. In case of Associate company BCPL, revenue(net of tax) is recognised on transfer of significant risk of reward of ownership to the buyer and no significant uncertainty exits regarding the amount of consideration.

1.12.2 Other claims are booked when there is reasonable certainty of recovery.

1.12.3 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.

1.12.4 Interest income is recognized using effective interest rate (EIR) method. In case of Joint venture company DNPL same is recognized on EIR basis, however in case of Associate company BCPL, interest income is recognized on time proportion basis.

1.12.5 Dividend income is recognized when right to receive is established.

1.12.6 Liquidated damages in case of its Joint Venture company DNPL are accounted for as and when recovery is affected and the matter is considered settled by the Management. Liquidated damages If settled after capitalisation of the assets and upto a threshold limit in each case are charged to revenue, otherwise adjusted against the cost of the relevant assets.

## 1.13 Classification of Income / Expenses

1.13.1 Expenditure on Research, other than capital expenditure, is charged to revenue in the year in which the expenditure is incurred. No such policy exists in case of its Joint Venture company DNPL but expenses are accounted for on accrual basis and provision is made for all known liabilities.

1.13.2 Income/expenditure (net) in aggregate pertaining to prior year (s) above the threshold limit are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts and/or restating the opening Balance Sheet for the earliest prior period presented.

1.13.3 Prepaid expenses up to threshold limit in each case are charged to revenue as and when incurred.

1.13.4 Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue in the year of payment.

## 1.14 Employee Benefits

**1.14.1 Short-term employee benefit**

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

**1.14.2 Post employment benefits**

**Defined Contribution Plans:**

Obligations for contributions to defined contribution plan such as pension are recognized as an expense in the Statement of Profit and Loss as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a refund in future payment is available.

**Defined Benefit Plans:**

The net obligation in respect of defined benefit plan such as gratuity, other post-employment benefits etc. is calculated separately for each plan by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the entity, the recognized asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The current service cost of the defined benefit plan, recognized in the Consolidated Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Consolidated Statement of Profit and Loss. The net increase is calculated by applying the discounted rate to the net balance of the defined obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Re-measurement which comprise of actuarial gains and losses, the return on plan assets (excluding amounts included in the net interest on the net defined benefit liability (asset) and the effect of the asset ceiling (if any, excluding amounts included in the net interest on the net defined benefit liability (asset), are recognized in other comprehensive income.

### 1.14.3 Other long–term employee benefits

Liability towards other long term employee benefits – leave encashment, long service awards etc. are determined on actuarial valuation by qualified actuary by using Projected Unit Credit method.

The current service cost of other long term employee benefits, recognized in the Consolidated Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Consolidated Statement of Profit and Loss. The interest cost is calculated by applying the discount rate to the balance of the obligation. This cost is included in the employee benefit expense in the Consolidated Statement of Profit and Loss. Re-measurements are recognized in the Consolidated Statement of Profit and Loss.

## 1.15 Foreign Currency Transactions & Derivative Transactions

**1.15.1** Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

**1.15.2** Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

**1.15.3** Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2016) are recognized in the Consolidated Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustments to borrowing costs.

**1.15.4** The Group has opted to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2016 i.e. foreign exchange difference arising on settlement or translation of 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.

**1.15.5** Derivatives Instruments are measured at fair value with changes in fair value recognized in Consolidated Statement of Profit and Loss on the reporting date.

**1.15.6** Non –monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## 1.16 Government Grants

**1.16.1** Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

**1.16.2** When the grant relates to an expense item, it is recognized in the Consolidated Statement of profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

**1.16.3** Government grants relating to Property, Plant and Equipment are presented as deferred income and are credited to the Consolidated Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

**1.16.4** In the case of Associate company BCPL Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, the cost of the asset is shown at gross value and grant thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

## 1.17 Provisions, Contingent Liabilities and Capital Commitments

**1.17.1** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**1.17.2** The expense relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any

**1.17.3** Contingent liabilities are possible obligation whose existence will only be confirmed by future events not wholly within the control of the company, or present obligation where it is not probable that an outflow of resources will be required or the amount of obligation cannot be measured with sufficient reliability.

**1.17.4** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

**1.17.5** Contingent liabilities Capital commitments disclosed are in respect of items which in each case are above the threshold limit.

**1.17.6** Contingent Assets are neither recognized nor disclosed in financial statements.

## 1.18 Fair value measurement

**1.18.1** The Group measures certain financial instruments at fair value at each reporting date.

**1.18.2** Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities.

**1.18.3** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risks.

**1.18.4** While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3 : inputs for the assets or liability that are not based on observable market data (unobservable inputs)

**1.18.5** If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

**1.18.6** The Group regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then they assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuation should be classified.

## 1.19 Financial Assets

### 1.19.1 Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

### 1.19.2 Subsequent measurement

Subsequent measurement is determined with reference to the classification of the respective financial assets. The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is:

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

**Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)**

A ‘debt instrument’ is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both:

- Collecting contractual cash flows and selling financial assets and
- Contractual terms of the asset given rise on specified dates to cash flows that are SPPI on the principal amount outstanding

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Consolidated Statement of Profit and Loss. Other net gains and losses are recognised in other comprehensive Income.

**Debt instruments at Fair Value through Profit or Loss (FVTPL)**

Fair value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation at amortised cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Consolidated Statement of Profit and Loss.

**Equity Investment**

All equity investments within the scope of Ind AS 109 are measured at fair value. Such equity instruments which are held for trading are classified at Fair Value through Profit or Loss (FVTPL).For all other such equity instrument, the Group decides to classify the same either as FVTPL or Fair Value through Other Comprehensive Income (FVOCI). The company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends are recognised in Other Comprehensive Income. Dividends on such equity instruments are recognised in the Consolidated Statement of Profit or Loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and loss.

**1.19.3 De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from entity's Company's Balance Sheet) when

The rights to receive cash flows from the asset have expired, or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the Consolidated Statement of Profit and Loss. Gain and Losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to profit or loss on de-recognition. Gain or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to profit or loss on de-recognition.

## 1.20 Financial Liabilities

**1.20.1 Initial recognition and measurement**

All financial liabilities are recognised initially at fair value net of transaction costs that are attributable to the respective liabilities.

**1.20.2 Subsequent measurement**

Subsequent measurement is determined with reference to the classification of the respective financial liabilities.

**Financial Liabilities at fair value through profit or loss (FVTPL)**

A financial liability is classified as at FVTPL, if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in the Consolidated Statement of Profit & Loss.

**Financial Liabilities measured at amortised cost**

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The amortisation done using the EIR method is included as finance costs in the Consolidated Statement of Profit and Loss.

**1.20.3 De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

## 1.21 Financial guarantees

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the fair value initially recognised less cumulative amortisation.

## 1.22 Derivative Financial Instruments

The Group uses derivative financial instruments to manage the exposures on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value with the changes being recognised in the Consolidated Statement of Profit & Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## 1.23 GST on common capital goods

In case of NRL for GST input tax credit on common capital goods, the Group takes full tax credit and reverses the non GST portion to the respective asset in the month of procurement. In subsequent months, the differential amounts on account of change in the GST - Non GST ratio shall be booked to Consolidated Statement of Profit and Loss subject to a materiality threshold limit for each per item per month. Beyond the threshold limits, it will be booked to respective assets.

## 1.24 Taxes on Income

**1.24.1** Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Current Tax items are recognized in correlation to the underlying transaction either in the Consolidated Statement of Profit and Loss, Other Comprehensive Income or directly in Equity.

**1.24.2** Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**1.24.3** Deferred tax liabilities are recognized for all taxable temporary differences.

**1.24.4** Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

**1.24.5** Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

**1.24.6** The carrying amount of deferred tax assets and unrecognized deferred tax assets are reviewed at each balance sheet date.

**1.24.7** Deferred Tax items are recognized in correlation to the underlying transaction either in the Consolidated Statement of Profit and Loss, Other Comprehensive Income or directly in Equity.

**1.24.8** Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 1.25 Earnings per share

**1.25.1** 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 shareholders by the weighted average number of equity shares outstanding during the period.

**1.25.2** 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.

## 1.26 Classification of Assets and Liabilities as Current and Non-Current

All assets and liabilities are classified as current or non-current as per the normal operating cycle (considered at 12 months) and other criteria set out in Schedule III of the Companies Act.

## 1.27 Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalent include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## 1.28 Cash Flows

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

## 1.29 The Company has adopted the following materiality threshold in the preparation and presentation of financial statements as given below:

| Threshold item | Accounting Policy Reference | Unit | Threshold Limit Value |
|---|---|---|---|
| Componentization of Property, Plant and Equipment | 1.4.1.3 | ₹ Crore | 5 |
| Expenditure on certain items of Property, Plant and Equipment charged to revenue in each case | 1.4.1.5 | ₹ | 1,000 |
| Capitalisation of spare parts meeting the definition of Property, Plant and Equipment in each case | 1.4.1.6 | ₹ Lakh | 10 |
| Allocation of other expenses to projects costing in each case | 1.4.1.8 | ₹ Crore | 5 |
| Expenditure incurred for creating/acquiring other intangible assets in each case | 1.4.2.2 | ₹ Lakh | 50 |
| Depreciation at 100 percent in the year of acquisition | 1.8.5 | ₹ | 5,000 |
| Depreciation on Assets in the year of purchase/ capitalisation | 1.8.6 | ₹ | 5,000 |
| Lease agreements in respect of land | 1.9.1 | Period (years) | 99 |
| Provision for regular stores and spares | 1.11.3 | % | 2 |
| Income/expenditure (net) in aggregate pertaining to prior year (s) | 1.13.2 | ₹ Crore | 10 |
| Prepaid expenses in each case | 1.13.3 | ₹ Lakh | 5 |
| Disclosure of Contingent liabilities and Capital Commitments in each case | 1.17.5 | ₹ Lakh | 5 |
| Differential amounts on account of change in the GST-Non GST ratio for GST input tax credit on common capital goods | 1.23 | ₹ Lakh per item per month | 5 |

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## 2 Property, plant and equipment

₹ *in Crore*

| | Gross Block/Cost | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Deductions on account of Retirement/ Reclassifications | As at 31-03-18 | As at 01-04-17 | Addition | Deductions on account of Retirement / Reclassifications | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| | (1) | (2) | (3) | (4)=(1+2–3) | (5) | (6) | (7) | (8)=(5+6+7) | (9)=(4-8) | (10)=(1-5) |
| **LAND** | | | | | | | | | | |
| i) Land Freehold | 31.07 | | (0.20) | 30.87 | | | | | 30.87 | 31.07 |
| ii) Land Leasehold | 0.07 | | | 0.07 | | 0.01 | | 0.01 | 0.06 | 0.07 |
| **BUILDINGS** | | | | | | | | | | |
| i) RCC Frame Structure (other than factory) | 111.20 | 6.84 | (0.56) | 117.48 | 5.18 | 2.44 | 0.02 | 7.63 | 109.85 | 106.02 |
| ii) Non RCC Frame Structure (other than factory) | 6.83 | 66.06 | | 72.89 | 0.57 | 0.52 | | 1.09 | 71.80 | 6.26 |
| iii) FACTORY | 238.83 | 22.14 | (1.47) | 259.50 | 23.22 | 10.57 | (0.46) | 33.33 | 226.16 | 215.61 |
| iv) Fences, Wells and Tube Wells | 0.53 | 1.50 | (0.01) | 2.02 | 0.23 | 0.48 | | 0.71 | 1.31 | 0.30 |
| v) Others (Temporary Structures) | 1.51 | 0.55 | | 2.06 | 0.73 | 0.59 | | 1.32 | 0.73 | 0.78 |
| **BRIDGE, CULVERTS, BUNKERS Etc.** | 22.21 | | | 22.21 | 2.60 | 1.29 | | 3.89 | 18.32 | 19.61 |
| **ROADS** | | | | | | | | | | |
| i) Carpeted Roads - RCC | 7.08 | 0.34 | | 7.42 | 1.82 | 1.01 | | 2.82 | 4.61 | 5.26 |
| ii) Carpeted Roads-Other than RCC | 3.20 | | | 3.20 | 1.31 | 0.10 | | 1.41 | 1.79 | 1.88 |
| iii) Non Carpeted Road | 0.32 | 0.26 | | 0.59 | | | | 0.01 | 0.57 | 0.32 |
| **PLANT & MACHINERY** | | | | | | | | | | |
| i) CONTINUOUS PROCESS PLANT/Refineries | 1,562.37 | 323.29 | (9.50) | 1,876.16 | 262.05 | 124.87 | (2.75) | 384.17 | 1,491.98 | 1,300.32 |
| ii) Plant and Machinery-Other than Continuous Process Plant | 124.54 | 25.05 | (0.16) | 149.43 | 31.67 | 10.71 | (0.07) | 42.31 | 107.12 | 92.86 |
| iii) Storage Tanks & Related Equipment | 116.94 | 30.42 | (0.41) | 146.95 | 6.34 | 4.70 | (0.07) | 10.97 | 135.98 | 110.60 |
| iv) Plant & Machinery (Captive Power Plants) | 145.86 | 9.10 | (0.10) | 154.86 | 6.23 | 4.69 | (0.13) | 10.78 | 144.08 | 139.63 |
| v) Plant & Machinery Used in Medical and Surgical | 3.39 | 0.03 | (0.03) | 3.39 | 0.66 | 0.32 | (0.02) | 0.96 | 2.43 | 2.73 |
| vi) Heavy Lift Equipment | 2.26 | 9.35 | | 11.61 | 0.28 | 0.17 | | 0.45 | 11.16 | 1.98 |
| **RAILWAY SIDING** | 22.84 | 0.42 | | 23.26 | 10.69 | 1.31 | | 12.00 | 11.25 | 12.14 |
| **FURNITURE** | | | | | | | | | | |
| i) FURNITURE - GENERAL | 4.95 | 1.03 | (0.01) | 5.96 | 1.34 | 0.72 | (0.01) | 2.05 | 3.91 | 3.61 |
| ii) FURNITURE - Others | 2.25 | 1.04 | | 3.28 | 0.76 | 0.41 | | 1.18 | 2.11 | 1.49 |
| iii) FOH-to Employees | 4.71 | 2.16 | (0.13) | 6.74 | 0.64 | 1.89 | (0.19) | 2.34 | 4.40 | 4.07 |
| **OFFICE EQUIPMENT** | | | | | | | | | | |
| i) Office Equipment - General | 8.59 | 2.50 | (0.21) | 10.88 | 4.63 | 1.98 | (0.15) | 6.45 | 4.42 | 3.96 |
| ii) Mobile on Hire - to Employees | 0.55 | 0.17 | (0.05) | 0.67 | 0.16 | 0.38 | (0.04) | 0.49 | 0.18 | 0.37 |

## 3 Property, plant and equipment (contd.)

*₹ in Crore*

| | Gross Block/Cost | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Deductions on account of Retirement/ Reclassifications | As at 31-03-18 | As at 01-04-17 | Addition | Deductions on account of Retirement / Reclassifications | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| **COMPUTERS AND DATA PROCESSING UNITS** | | | | | | | | | | |
| i) Servers and Network | 10.27 | 7.23 | | 17.50 | 3.43 | 2.44 | | 5.87 | 11.64 | 6.84 |
| ii) End User Devices-Desktop, Laptops, Printers etc. | 3.89 | 1.34 | (0.12) | 5.11 | 1.40 | 2.12 | (0.07) | 3.45 | 1.66 | 2.49 |
| iii) PC on Hire-To Employees | 0.70 | 0.56 | (0.19) | 1.07 | 0.09 | 0.59 | (0.17) | 0.51 | 0.56 | 0.61 |
| **ELECTRICAL EQUIPMENT** | 40.64 | 6.62 | (0.01) | 47.26 | 9.34 | 5.91 | | 15.25 | 32.01 | 31.31 |
| **LABORATORY EQUIPMENT** | 14.81 | 1.45 | (0.28) | 15.98 | 2.10 | 1.56 | | 3.66 | 12.32 | 12.71 |
| **VEHICLES** | | | | | | | | | | |
| i) Motor cycles, scooters & other mopeds | 0.13 | | | 0.13 | 0.03 | 0.04 | | 0.08 | 0.05 | 0.10 |
| ii) Motor buses, motor lorries, motor cars and motor taxis | 0.96 | 0.63 | (0.22) | 1.37 | 0.15 | 0.35 | (0.09) | 0.41 | 0.95 | 0.81 |
| iii) Trucks / heavy vehicles, harvesting combines | 3.12 | 1.87 | | 4.99 | 0.89 | 0.67 | | 1.55 | 3.43 | 2.23 |
| iv) Electrically operated vehicles | 1.15 | | | 1.15 | 0.26 | 0.14 | | 0.40 | 0.76 | 0.89 |
| **Total** | **2,497.77** | **521.95** | **(13.66)** | **3,006.07** | **378.80** | **182.98** | **(4.20)** | **557.58** | **2,448.48** | **2,118.95** |
| **Previous Year Figures** | **2,307.40** | **209.83** | **(19.46)** | **2,497.77** | **216.81** | **163.00** | **(1.01)** | **378.80** | **2,118.95** | **2,090.59** |

**Additional Information in respect of Note No. 2:**

a) Total freehold land held by NRL is 1438.49 acres (1440.98 acres) which includes 0.99 acres (13.34 acres) of land for which the process of registration is on. Out of the total freehold land 0.25 acres (0.25 acres) is disputed i.e under litigation.

b) Additions to Gross Block includes capitalisation of borrowing costs of ₹ Nil crore (₹0.53 crore).

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

(i) ₹0.64 crore (₹0.53 crore) on account of Write off of Physical Verification discrepencies.

(ii) ₹13.02 crore (₹18.93 crore) on account of sale, retirement, deletions and reclassifications.

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

(i) Charged to Profit & Loss Account ₹182.61 crore (₹162.74 crore)

(ii) Charged to project expenses ₹0.37 crore ( ₹0.26 crore)

(iii) Depreciation on assets given to employees has been charged as per company policy based on life of the asset envisaged as per the buy-back scheme and not as per Schedules II of Companies Act 2013. The impact of this deviation results in higher depreciation by an amount of ₹0.97 crore (₹0.38 crore) for the year.

(iv) Assets costing up to ₹5000 are depreciated fully in the year of purchase/capitalisation as per company's accounting policy and are not as per the rates prescribed by Schedule II of Companies Act 2013. The impact of this deviation results in higher depreciation by an amount of ₹0.10 crore (₹0.05 crore) for the year.

e) Deduction from Depreciation (Column 7) includes :

(i) Withdrawal of depreciation of ₹3.79 crore (₹0.51 crore) on account of sale, deletions, retirement & reclassification.

(ii) ₹0.41 crore (₹ 0.50 Crore) on account of Write off of Physical Verification discrepencies.

## Notes to consolidated Financial Statements for the year ended 31st March 2018

## 3 Capital work in progress

*₹ in Crore*

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Capital work in progress | | |
| Opening Work-in-progress | 549.50 | 409.84 |
| Addition during the year | 416.35 | 349.49 |
| Less : Allocated to Assets during the year | 521.95 | 209.83 |
| | 443.90 | 549.50 |
| Less : Provision for Capital Losses | (23.94) | (19.90) |
| | 419.96 | 529.60 |
| Capital Stores | 5.21 | 3.59 |
| Capital goods in transit | 0.74 | 0.84 |
| | **425.91** | **534.03** |
| **Construction period expenses pending allocation** | | |
| Opening balance | 11.63 | 6.94 |
| Add: Expenditure during the period | | |
| Establishment charges | 4.05 | 5.01 |
| Depreciation | 0.37 | 0.26 |
| Finance Cost including ECB Fluctuation | 8.78 | (10.68) |
| | 24.83 | 1.53 |
| Less : Allocated to assets during the year | 8.02 | (10.10) |
| Closing balance | **16.81** | **11.63** |
| | **442.72** | **545.65** |

## 4 Intangible Assets

*₹ in Crore*

| | Gross Block/Cost | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-17 | Addition | Disposal/ adjustments | As at 31-03-18 | As at 01-04-17 | Addition | Disposal/ adjustments | As at 31-03-18 | As at 31-03-18 | As at 31-03-17 |
| Computer Software | 1.18 | 1.14 | | 2.32 | 1.15 | 0.24 | | 1.39 | 0.93 | *0.03* |
| (Aspen PIMS) | | | | | | | | | | - |
| Licenses - SAP Upgradation | 1.76 | 0.89 | | 2.65 | 1.19 | 0.75 | | 1.94 | 0.71 | *0.57* |
| (For SAP upgradation, Process plants, etc) | | | | | | | | | | |
| **Total** | **2.94** | **2.03** | - | **4.97** | **2.34** | **0.99** | | **3.33** | **1.64** | **0.60** |

Amortisation for the year includes:

(i) Charged to the Statement of Profit & Loss ₹0.99 Crore

## Notes to consolidated Financial Statements for the year ended 31st March 2018

### 5 Investment in Joint venture and Associates

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Investment in Joint Ventures (unquoted)** | | |
| DNP Limited* | 59.72 | 52.63 |
| **Investment in Associates (unquoted)** | | |
| Brahmaputra Cracker and Polymer Ltd.** | 48.84 | 58.63 |
| Fair valuation of financial guarantee commission | 2.09 | 1.39 |
| | **110.65** | **112.65** |

| | 31-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| | Number of Shares | Face Value (₹) | Number of Shares | Face Value (₹) |
| **DNP Limited** | 43,490,000 | 10 | 43,490,000 | 10 |
| **Brahmaputra Cracker and Polymer Ltd.** | 141,767,000 | 10 | 141,767,000 | 10 |

*DNP Limited is a joint venture between Assam Gas Company Ltd.(AGCL), Numaligarh Refinery Ltd (NRL) and Oil India Ltd. (OIL). NRL holds 26% shares in DNP Limited.

** NRL holds 10.11% share in Brahmaputra Cracker and Polymer Limited (BCPL))

### 6 Loans (Considered good unless otherwise stated)

*₹ in Crore*

| Particulars | 31-03-18 | 31-03-17 |
|---|---|---|
| Loans to employees including accrued interest (Secured) [Refer Note no 45 (b) and 46] | 31.88 | 33.87 |
| Security and other deposits | 6.43 | 5.79 |
| | **38.31** | **39.66** |

### 7 Other non-current assets (Unsecured, considered good unless otherwise stated)

*₹ in Crore*

| Particulars | 31-03-18 | 31-03-17 |
|---|---|---|
| Capital advances | 1.52 | 6.11 |
| Prepaid Employee cost | 19.97 | 15.87 |
| Prepaid Transportation cost | 0.55 | 0.80 |
| | **22.04** | **22.78** |

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## 8 Inventories

₹ *in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Raw Materials | 507.88 | 379.31 |
| Work-in-progress | 129.42 | 133.13 |
| Finished goods | 1,057.58 | 1,016.88 |
| Stock in transit | 0.45 | 2.42 |
| Consumables, Stores & Spares and others | 203.13 | 187.54 |
| Less: Provision for Losses | (90.94) | (90.73) |
| | **1,807.52** | **1,628.55** |

## 9 Investments

₹ *in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Investment in Mutual Funds at FVTPL | 1.01 | 312.45 |
| Investment in Government of India Treasury Bill at Amortised cost | 453.09 | |
| | **454.10** | **312.45** |

## 10 Trade receivables

₹ *in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| **Current** | | |
| Unsecured (unless otherwise stated) | | |
| - Considered Good | 1,016.11 | 803.51 |
| - Considered Doubtful | 0.08 | |
| | 1,016.19 | 803.51 |
| Less : Provision for Bad and Doubtful Debts | 0.08 | |
| | **1,016.11** | **803.51** |

## 11 Cash and cash equivalents

₹ *in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Cash on hand | 0.01 | 0.01 |
| **Balances with Banks** | | |
| On Current Accounts | 11.22 | 6.20 |
| On Deposit Accounts with original maturity of less than 3 months | 80.00 | 247.00 |
| Other earmarked balances with bank | 0.60 | 0.09 |
| **Cash and cash equivalents** | **91.82** | **253.30** |

## 12 Bank Balances Other than Cash and Cash Equivalent

₹ *in Crore*

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Fixed deposits with banks with original maturity of 3-12 months | 729.00 | 1,224.00 |
| | **729.00** | **1,224.00** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

### 13 Loans & Advances (Considered good unless otherwise stated)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Loans to employees including accrued interest [Refer note no 45 (b) and 46] | 3.73 | 3.76 |
| Other Advances | | |
| Considered good | 6.08 | 0.25 |
| Considered doubtful | 1.08 | 1.24 |
| Less: Provision for doubtful advances | (1.08) | (1.24) |
| | 6.08 | 0.25 |
| Security and other deposits | 3.33 | 3.44 |
| | **13.14** | **7.45** |

### 14 Other financial assets

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Interest accrued but not due on Bank Deposits | 14.81 | 20.35 |
| Other Receivables | 14.92 | 32.73 |
| | **29.73** | **53.08** |

### 15 Assets for Current tax (Net)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Advance payment of Income Tax (net of provision) | 30.11 | 8.68 |
| | **30.11** | **8.68** |

### 16 Other current assets

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Deposits with Customs, Excise, etc.(net) | 33.12 | 25.76 |
| Claim Receivables: | | |
| Considered Good | 1.81 | 1.87 |
| Considered doubtful | 3.27 | 2.19 |
| Less: Provision for doubtful claims | (3.27) | (2.19) |
| Prepaid expenses - current | 1.15 | 1.89 |
| Prepaid employee cost - current | 1.71 | 1.25 |
| Gold coins * | 0.25 | 0.25 |
| Others | 3.24 | |
| | **41.28** | **31.02** |

* The company has 133 nos of gold coins which consists of 100 nos. of 5 gm coins, 32 nos. of 10 gm coins and 1 no. of 20 gm coins.

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## 17 Assets held for sale

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Asset Held for sale * | 1.44 | 1.44 |
| Less: Provision against assets held for sale | (0.27) | (0.27) |
| | **1.17** | **1.17** |

*Asset held for sale consists of items like land, boundary walls etc which have been identified for disposal due to discontinuance of retail marketing activities. The aforesaid assets were held for disposal since last one year, however due to certain procedural reasons beyond the control of management, the actual sale could not be crystalised.

## 18 Equity share capital

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Share capital | | |
| 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-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| Equity Shares | Number | ₹ Crore | Number | ₹ Crore |
| Shares outstanding at the beginning of the year | 735,631,544 | 735.63 | 735,631,544 | 735.63 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 735,631,544 | 735.63 | 735,631,544 | 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 final dividend if any proposed by the board of directors is subject to the approval of the shareholders in the ensuing general meeting.

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 Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| 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 |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

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

| | 31-Mar-18 | | 31-Mar-17 | |
|---|---|---|---|---|
| | Number | % of Holding | Number | % of Holding |
| Name of Shareholder | | | | |
| Bharat Petroleum Corporation Limited | 453,545,998 | 61.65% | 453,545,998 | 61.65% |
| Oil India Limited | 191,264,202 | 26.00% | 191,264,202 | 26.00% |
| Governor of Assam | 90,821,344 | 12.35% | 90,821,344 | 12.35% |

## 19 Other Equity

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Reserve and Surplus** | | |
| Capital Reserve | | |
| As per last Account | **100.00** | **100.00** |
| **General reserve** | | |
| As per last Account | 3,420.28 | 3,420.28 |
| Add: Transfer from Statement of Profit & Loss | | |
| | **3,420.28** | **3,420.28** |
| Surplus/ (deficit) in the statement of profit and loss | | |
| As per last Account | 850.73 | 0.01 |
| Add: profit/(loss) for the year | 2,039.07 | 2,045.98 |
| Less: Interim Dividend paid | (1,177.01) | (735.63) |
| Less: Final Dividend paid | (632.64) | (257.47) |
| Less: Corporate Dividend Tax | (368.40) | (202.16) |
| Less: Transfer to General Reserve | | |
| | 711.75 | 850.73 |
| | **4,232.03** | **4,371.00** |

**Capital reserve**

Capital Reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve. Capital Reserve represents grant of ₹100.00 crore received in the year 1999-2000 from the Government of India.

**General reserve**

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

| Proposed Dividend on Equity Shares not recognised | 2017-18 | 2016-17 |
|---|---|---|
| Final Dividend for the year ended ₹2.50 per share (Previous year : ₹8.60 per share) | 183.91 | 632.64 |
| Dividend Distribution Tax on Proposed Dividend | 37.44 | 128.79 |
| **Total** | **221.35** | **761.43** |

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## 20 Borrowings

***₹ in Crore***

| **Proposed Dividend on Equity Shares not recognised** | ***31-Mar-18*** | ***31-Mar-17*** |
|---|---|---|
| Secured (External Commercial Borrowings) | 162.61 | 334.46 |
| | **162.61** | **334.46** |

External Commercial Borrowing carries interest at 3 months LIBOR plus 1.85% Margin. The loan is repayable in 3 equal yearly installments 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 first ranking pari-passu charged and hypothecation of Plant & Equipment both present and future.

## 21 Other financial liabilities

***₹ in Crore***

| **Particulars** | ***31-Mar-18*** | ***31-Mar-17*** |
|---|---|---|
| Security and Earnest Money Deposits | 0.66 | 1.07 |
| | **0.66** | **1.07** |

## 22 Provisions

***₹ in Crore***

| **Particulars** | ***31-Mar-18*** | ***31-Mar-17*** |
|---|---|---|
| Long Service Award | 4.28 | 4.24 |
| Resettlement Allowance [Refer Note No 43] | 3.23 | 2.86 |
| Contingencies for probable obligations [Refer note no 49] | 172.81 | 118.36 |
| | **180.32** | **125.46** |

## 23 Movement in deferred tax balances

***₹ in Crore***

| | | | | | | | | ***31-Mar-18*** | |
|---|---|---|---|---|---|---|---|---|---|
| | Net balance April 1, 2017 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | Acquired in business combinations | Other | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | | | | |
| Retirement Benefits | 6.08 | (1.56) | 1.55 | | | | 6.07 | 6.07 | |
| 43B items | 91.25 | 10.92 | | | | | 102.18 | 102.18 | |
| PPE WDV | (328.11) | (53.10) | | | | | (381.21) | | (381.21) |
| Other items DTA | 1.34 | 0.32 | | | | | 1.66 | 1.66 | |
| **Tax assets (Liabilities)** | **(229.44)** | **(43.41)** | **1.55** | **-** | **-** | **-** | **(271.31)** | **109.90** | **(381.21)** |

**Movement in deferred tax balances**

| | | | | | | | | ***31-Mar-17*** | |
|---|---|---|---|---|---|---|---|---|---|
| | Net balance April 1, 2016 | Recognised in profit or loss | Recognised in OCI | Recognised directly in equity | Acquired in business combinations | Other | Net | Deferred tax asset | Deferred tax liability |
| Deferred tax asset | | | | | | | | | |
| Retirement Benefits | 4.47 | (0.43) | 2.03 | | | | 6.08 | 6.08 | |
| Sec 43B of Income Tax Act | 207.10 | (115.84) | | | | | 91.25 | 91.25 | |
| PPE WDV | (326.12) | (1.99) | | | | | (328.11) | | (328.11) |
| Other items DTA | 3.86 | (2.53) | | | | | 1.34 | 1.34 | |
| **Tax assets (Liabilities)** | **(110.69)** | **(120.79)** | **2.03** | | | | **(229.44)** | **98.67** | **(328.11)** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In assessing whether the deferred income tax assets will be realized, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognized deductible differences and tax loss carry forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

## 24 Borrowings

***₹ in Crore***

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Secured Working capital loans from banks - Cash credit | 0.02 | 1.88 |
| Un-Secured (Overdraft) | - | 16.76 |
| | **0.02** | **18.64** |

Cash Credit from State Bank of India carries interest @ 8.15% 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, book debts and other current assets of the company and second charge on Plant & Machinery and other Fixed Assets of the company excluding land and building.

## 25 Trade payables

***₹ in Crore***

| Particulars | *31-Mar-18* | *31-Mar-17* |
|---|---|---|
| Dues to Micro, Small and Medium Enterprises | 2.38 | 1.08 |
| Due to others | 1,139.75 | 791.44 |
| | **1,142.13** | **792.52** |

To the extent, the Company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

| | | |
|---|---|---|
| **Amount Due and Payable at the year end** | | |
| Principal | 2.38 | 1.08 |
| Interest on above Principal | - | - |
| **Payment made during the year after the due date** | - | - |
| Principal | - | - |
| Interest | - | - |
| Interest due and payable for Principal already paid | - | - |
| Total Interest accrued and remained unpaid at year end | - | - |

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## 26 Other financial liabilities

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Current maturities of long-term debt (External Commercial Borrowings) | 162.61 | 151.83 |
| Interest accrued but not due on borrowings | 0.44 | 0.50 |
| Derivative Liability | 0.03 | 4.11 |
| Other Deposits & Retention | 99.65 | 75.39 |
| Deposit From Customers | 4.76 | 3.33 |
| Employee Related Liability | 49.04 | 16.71 |
| | **316.53** | **251.87** |

## 27 Other current liabilities

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Customers advances | 17.27 | 10.52 |
| Statutory Liabilities | 208.39 | 198.05 |
| Other liabilities | 0.14 | 0.12 |
| | **225.80** | **208.69** |

## 28 Provisions

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity | - | 1.15 |
| Leave Encashment | - | 58.20 |
| Pension | - | 2.96 |
| Long Service Award | 0.49 | 0.17 |
| Resettlement Allowance [Refer note no 43] | 0.14 | 0.13 |
| Post Retirement Medical Benefit [Refer note no 43] | 10.15 | 6.06 |
| Other Short-term Employee Benefits | | 0.01 |
| | **10.78** | **68.68** |

## 29 Current tax liabilities (Net)

*₹ in Crore*

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Current Tax liabilities (net of Tax paid) | - | 26.02 |
| | **-** | **26.02** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

### 30 Revenue from Operations

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **A. Sales** | | |
| Petroleum Products # | 15,921.96 | 13,945.15 |
| **B. Other operating revenue** | 1.23 | 1.77 |
| **Total** | **15,923.19** | **13,946.92** |

# Sales of Petroleum Products includes applicable excise duty benefit. Financial impact for the current year is ₹2719.56 crore (previous year : ₹2,647.30 Crore)

### 31 Other Income

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Interest Income** | | |
| On Bank Deposits | 78.12 | 134.49 |
| On Instruments measured at amortised cost | 6.14 | - |
| Others | 0.87 | 3.74 |
| **Dividend Income** | | |
| Dividend Income from Current Investment measured at FVTPL | 26.11 | 19.06 |
| Dividend Income - Joint Ventures and Associates | 1.09 | 0.74 |
| Profit/(Loss) on sale of current investments | 0.00 | 0.01 |
| **Write back of liabilities/provisions no longer required** | 3.42 | 196.52 |
| Other Non operating income | 9.01 | 14.95 |
| Foreign Exchange Fluctuations (net) | 4.08 | - |
| Guarantee commission | 0.69 | 0.78 |
| **Total** | **129.53** | **370.29** |

### 32 Cost of materials consumed

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Raw Material Stocks at the Commencement of the Year | 379.31 | 110.21 |
| Add : Purchases | 8,771.89 | 7,762.13 |
| | 9,151.20 | 7,872.34 |
| Less: Raw Material Stocks at the Close of the Year | 507.88 | 379.31 |
| Total Cost of Raw Material Consumed | 8,643.32 | 7,493.03 |
| **Details of raw material consumed** | | |
| Crude Oil | 7,757.72 | 6,788.01 |
| MTBE, Reformate, Py. Gas, Naphtha & Octane Booster | 780.65 | 620.99 |
| Natural Gas | 104.95 | 84.03 |
| | **8,643.32** | **7,493.03** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

## 33 Changes in inventories of finished goods, stock in trade and work in progress

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Opening Stock :** | | |
| Finished Goods | 1,016.88 | 807.79 |
| Work In Progress | 133.13 | 59.76 |
| | **1,150.01** | **867.55** |
| **Closing Stock :** | | |
| Finished Goods | 1,057.58 | 1,016.88 |
| Work In Progress | 129.42 | 133.13 |
| | 1,187.00 | 1,150.01 |
| **Changes in inventories of finished goods and work in progress** | **(36.99)** | **(282.46)** |

## 34 Excise Duty

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Excise Duty | 2,691.18 | 2,699.91 |
| Excise duty (inventory differential) | 2.57 | (40.36) |
| | **2,693.75** | **2,659.55** |

## 35 Employee benefit expense

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Salaries and wages [Refer note no 47] | 210.64 | 159.40 |
| Contribution to provident fund and other funds | 54.58 | 23.94 |
| Welfare expenses | 42.86 | 29.65 |
| **Employee benefit expense** | **308.08** | **212.99** |

## 36 Finance Costs

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Interest expense on loans | 13.44 | 13.06 |
| Interest expense others | 2.16 | 9.13 |
| Other borrowing costs | 0.20 | 0.23 |
| **Finance Costs** | **15.80** | **22.42** |

## 37 Depreciation and Amortisation Expense

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Depreciation | 182.61 | 162.75 |
| Amortization | 0.99 | 0.88 |
| **Depreciation and Amortisation Expense** | **183.60** | **163.63** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

### 38 Other Expenses

*₹ in Crore*

| Particulars | *2017-18* | *2016-17* |
|---|---|---|
| Transportation | 209.41 | 178.03 |
| Other Duties and taxes | 163.07 | 139.60 |
| **Repairs and maintenance** | | |
| Machinery | 20.12 | 37.57 |
| Building & Others | 84.45 | 73.96 |
| **Sub Total** | **104.57** | **111.53** |
| Power and Fuel | 179.45 | 185.58 |
| Less: Consumption of fuel out of own production | (0.12) | (17.69) |
| **Power and Fuel consumed (net)** | **179.33** | **167.89** |
| Stores, spares and materials | 12.33 | 19.14 |
| **Office Administration, Selling and Other expenses** | | |
| Rent /Lease | 4.63 | 4.03 |
| Insurance | 8.78 | 7.87 |
| Rates and taxes | 1.09 | 1.93 |
| Utilities | 5.41 | 4.87 |
| Facility hire charges | 0.17 | 0.17 |
| Communication expenses | 1.19 | 1.38 |
| Travelling and conveyance | 20.98 | 18.46 |
| **Remuneration to auditors** | | |
| Audit Fees | 0.07 | 0.07 |
| Fees for other services - Certification | 0.01 | 0.00 |
| Reimbursement of out of pocket expenses | 0.01 | 0.01 |
| **Sub-Total** | 0.09 | 0.08 |
| Loss on sale/write off of Property Plant and Equipment (net) | 0.85 | 0.85 |
| Provision for Stores | 0.21 | 4.23 |
| Expenses on CSR activities | 46.25 | 20.70 |
| Loss on sale of Stores (net) | - | 0.01 |
| Foreign Exchange Fluctuations (net) | 1.56 | 5.32 |
| Provision Against Capital Work in Progress | 4.04 | 19.90 |
| Provision for Doubtful Debts, Advances and Claims | 0.66 | 0.18 |
| Bad debts and claims written off | 0.01 | 0.00 |
| Provision for Litigation cases | 54.45 | 28.87 |
| Charity and donation | 1.00 | 1.00 |
| Others | 106.05 | 51.57 |
| | **926.10** | **787.60** |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

## 39 Tax Expense

**(a) Amounts recognised in profit and loss** *₹ in Crore*

| | *2017-18* | *2016-17* |
|---|---:|---:|
| **Current tax expense** | **1,054.28** | **926.21** |
| Current year | 1,093.74 | 968.26 |
| Changes in estimates relating to prior years | (39.46) | (42.05) |
| | | |
| **Deferred tax expense** | **43.41** | **120.79** |
| Origination and reversal of temporary differences | 43.41 | 120.79 |
| **Tax expense recognised in the income statement** | **1,097.69** | **1,047.00** |

**(b) Amounts recognised in other comprehensive income** *₹ in Crore*

| | *2017-18* | | | *2016-17* | | |
|---|---:|---:|---:|---:|---:|---:|
| | **Before tax** | **Tax (expense) benefit** | **Net of tax** | **Before tax** | **Tax (expense) benefit** | **Net of tax** |
| Items that will not be reclassified to profit or loss | | | | | | |
| Re-measurement of the defined benefit plans | (4.43) | 1.55 | (2.88) | (5.88) | 2.03 | (3.84) |
| | (4.43) | 1.55 | (2.88) | (5.88) | 2.03 | (3.84) |

**(c) Reconciliation of effective tax rate** *₹ in Crore*

| | *2017-18* | | *2016-17* | |
|---|---:|---:|---:|---:|
| | % | *₹ in Crore* | % | *₹ in Crore* |
| **Profit before tax** | | 3,142.34 | | 3,147.57 |
| Tax using the Company's domestic tax rate | 34.61% | 1,087.50 | 34.61% | 1,089.31 |
| **Tax effect of:** | | | | |
| Provision for CSR expenditure | 0.51% | 16.00 | 0.23% | 7.16 |
| Provision for CWIP | 0.04% | 1.40 | 0.22% | 6.89 |
| Tax-exempt income | -0.30% | (9.41) | -0.22% | (6.85) |
| Income Tax interest provision | 0.05% | 1.68 | 0.10% | 3.00 |
| DTA impact on change in tax rate | 0.08% | 2.52 | - | |
| Changes in tax estimates relating to prior years | -1.26% | (39.46) | -1.34% | (42.05) |
| Others | 1.19% | 37.46 | -0.33% | (10.47) |
| **Income Tax Expense** | **34.93%** | **1,097.70** | **33.26%** | **1,047.00** |

## 40 Other comprehensive income

*₹ in Crore*

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Items that will not be reclassified to profit or loss | | |
| re-measurements of defined benefit liability (asset) | (4.43) | (5.88) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | 1.55 | 2.03 |
| | **(2.88)** | **(3.85)** |

## 41 Earning Per Share (EPS)

**i. Profit attributable to Equity holders of NRL**

| | 2017-18 | 2016-17 |
|---|---|---|
| Profit attributable to equity holders of the company for basic and diluted earnings per share | 2,041.95 | 2,049.83 |

**ii. Weighted average number of ordinary shares**

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Issued ordinary shares at April 1 (In Crore) | 73.56 | 73.56 |
| Weighted average number of shares at March 31 for basic and diluted earnings per shares | 73.56 | 73.56 |
| **Basic and Diluted earnings per share (₹)** | **27.76** | **27.86** |

## 42 Leases

**Operating leases**

**A. Leases as lessee**

The Company enters into cancellable/non-cancellable operating lease arrangements for tanks, warehouses, office premises, staff quarters and others. The lease rentals paid/ received for the same are charged to the Statement of Profit and Loss.

**i. Future minimum lease payments**

The future minimum lease payments under non-cancellable leases were receivable as follows.

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Less than one year | 13.32 | 12.70 |
| Between one and five years | 4.29 | 13.18 |
| More than five years | - | 0.36 |
| | **17.61** | **26.24** |

**ii. Amounts recognised in profit or loss**

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| Lease expense | 4.63 | 4.03 |
| | **4.63** | **4.03** |

# 43 Employee Benefits

**[A] Post Employment Benefit Plans:**

**Pension:**

Company has New Pension Scheme effective from 1st January 2007. Company contributes at a defined percentage of the employee salary out of the total entitlements on account of superannuation benefits under this scheme. This fund is maintained under a trust.

**Defined Contribution Plan**

The Company has the following Defined Benefit Plans

**Gratuity:**

The Company has a defined gratuity plan managed by a trust. The Trustees administer contributions made to the trust, investments thereof, etc. Based on actuarial valuation, the contribution is paid to the trust which is invested with LICI. Gratuity is paid to employee who has put in a minimum qualifying period of 5 years of continuous service, on superannuation, resignation, termination or to his nominee on death.

**Other Defined Benefits:**

These are :

(a) Post Retirement Medical Benefit Scheme (managed by a trust) to employees, spouse, dependent children and dependent parents.

(b) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

**a. Disclosure as per requirements of IND AS 19 -"Employee Benefits"** ***₹ in Crore***

| Reconciliation of balances of Defined Benefit Obligations | Gratuity : Funded | | Post Retirement Medical Benefit : Funded | | Resettlement Allowance : Non Funded | |
|---|---|---|---|---|---|---|
| | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 |
| Defined Obligations at the beginning of the year | 32.47 | 28.98 | 29.76 | 23.30 | 2.99 | 2.54 |
| Interest Cost | 2.40 | 2.33 | 2.20 | | 0.22 | 0.20 |
| Current Service Cost | 0.38 | 0.35 | 1.78 | 1.88 | 0.38 | 0.31 |
| Past Service cost | 23.17 | | | 1.48 | | |
| Benefits paid | (0.21) | (0.85) | (0.37) | (0.27) | (0.13) | (0.33) |
| Actuarial (Gains)/ Losses on Financial Assumption | (1.83) | 1.89 | (0.74) | 4.23 | (0.12) | 0.26 |
| Actuarial (Gains)/ Losses on obligations | 0.21 | (0.23) | 8.79 | (0.86) | 0.03 | 0.01 |
| **Defined Obligations at the end of the year** | **56.58** | **32.47** | **41.43** | **29.76** | **3.37** | **2.99** |

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

| Particulars | Gratuity : Funded | | Post Retirement Medical Benefit : Funded | | Resettlement Allowance : Non Funded | |
|---|---|---|---|---|---|---|
| | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 | 31-03-18 | 31-03-17 |
| Fair Value at the beginning of the Year | 31.33 | 29.67 | 23.93 | 19.91 | - | - |
| Expected Return | 2.32 | 2.39 | 1.77 | 1.60 | - | - |
| Actual return on Plan assets excluding Interest Income | 0.37 | 0.12 | 1.54 | (0.70) | - | - |
| Contribution by employer | 23.69 | - | 4.41 | 3.39 | - | - |
| Benefits paid | (0.21) | (0.85) | (0.37) | (0.27) | - | - |
| **Fair Value of Plan Assets at the end of the year** | **57.50** | **31.33** | **31.27** | **23.93** | **-** | **-** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Amount recognised in Balance Sheet (a-b)** | (0.92) | 1.14 | 10.15 | 5.83 | 3.37 | 2.99 |
| **Amount recognised in P&L** | | | | | | |
| Current Service Cost | 0.38 | 0.35 | 1.78 | 1.48 | 0.38 | 0.31 |
| Past Service cost | 23.16 | | | | | |
| Interest Cost | 0.08 | (0.05) | 0.43 | 0.27 | 0.22 | 0.20 |
| **Expenses for the period** | **23.62** | **0.30** | **2.21** | **1.75** | **0.60** | **0.51** |
| **Amount recognised in Other Comprehensive Income** | | | | | | |
| Actuarial (Gains)/ Losses on obligations for the period | (1.62) | 1.66 | 8.05 | 3.37 | (0.09) | 0.27 |
| Actual return on Plan assets excluding Interest Income | (0.37) | (0.12) | (1.54) | 0.70 | | |
| **Net (Income)/ Expenses recognised in OCI** | (2.00) | 1.54 | 6.52 | 4.07 | (0.09) | 0.27 |

| **Major Actuarial Assumptions** | **31-03-18** | **31-03-17** | **31-03-18** | **31-03-17** | **31-03-18** | **31-03-17** |
|---|---|---|---|---|---|---|
| Discount Rate | 7.73% | 7.39% | 7.73% | 7.39% | 7.73% | 7.39% |
| Salary Escalation | 8.00% | 8.00% | | | 8.00% | 8.00% |
| Future Benefit cost inflation | | | 7.00% | 7.00% | | |
| Attrition Rate | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Expected Return on Plan Assets | 7.73% | 7.39% | 7.73% | 7.39% | N.A | N.A |
| **Investment pattern for Fund as on 31.03.2018** | **Insured Fund** | | **Insured Fund** | | **Not Funded** | |

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other element factors.

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

### Sensitivity analysis

Sensitivity analysis for each significant actuarial assumption as stated above, showing how the defined benefit obligation would be affected, considering increase/decrease of 1% as at 31.03.2018 is as below:

*₹ in Crore*

| **Sensitivity analysis** | **Gratuity : Funded** | | | |
|---|---|---|---|---|
| | **31-03-18** | | **31-03-17** | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (4.91) | 5.66 | (2.84) | 3.29 |
| Future salary growth (1% movement) | 1.35 | (1.59) | 0.34 | (0.38) |
| Future Benefit Cost inflation (1% Movement) | | | | |
| Future Employee Turnover (1% movement) | 1.66 | (1.88) | 1.77 | (1.97) |

*₹ in Crore*

| **Sensitivity analysis** | **PRMB : Funded** | | | |
|---|---|---|---|---|
| | **31-03-18** | | **31-03-17** | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (8.15) | 10.95 | (6.05) | 8.19 |
| Future Benefit Cost inflation ( 1% Movement) | 10.97 | (8.23) | 8.21 | (6.11) |
| Future Employee Tourover (1% movement) | (4.62) | 5.45 | (3.55) | 4.22 |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

*₹ in Crore*

| Sensitivity analysis | Resettlement Allowance : Non Funded | | | |
|---|---|---|---|---|
| | 31-03-18 | | 31-03-17 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (0.32) | 0.37 | (0.30) | 0.35 |
| Future Employee Turnover (1% movement) | (0.36) | 0.41 | (0.33) | 0.39 |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation keeping all other actuarial assumptions constant.

**Maturity analysis**

The expected future cash flows as at 31st March 2018 were as follows: *₹ in Crore*

| Expected contribution | Gratuity - Funded | PRMB : Funded | Resettlement Allowance: Non-Funded |
|---|---|---|---|
| **Projected benefits payable in future years from the date of reporting** | | | |
| 1st following year | 3.10 | 0.38 | 0.14 |
| 2nd following year | 2.63 | 0.35 | 0.10 |
| 3rd following year | 2.45 | 0.43 | 0.06 |
| 4th following year | 3.99 | 0.48 | 0.21 |
| 5th following year | 4.17 | 0.43 | 0.25 |
| Years 6 to 10 | 21.30 | 3.49 | 1.08 |

**Other details as at 31.03.2018**

| Particulars | Gratuity - Funded | PRMB : Funded | Resettlement Allowance: Non-Funded |
|---|---|---|---|
| Weighted average duration of the Projected Benefit Obligation(in years) | 10 | 25 | 11 |
| Prescribed contribution for next year (₹ in Crore) | 0.30 | 13.33 | 3.83 |

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date

*₹ in Crore*

| | 31-03-18 | 31-03-17 |
|---|---|---|
| **Total employee benefit liabilities** | | |
| Non-current | 3.22 | 2.86 |
| Current | 9.37 | 7.34 |

**B. Provident Fund:**

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

## 44.Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

*₹ in Crore*

| 31st March 2018 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | |
| Investment in Debt Instruments-Mutual Funds | 9 | 1.01 | | | 1.01 | 1.01 | | | 1.01 |
| Investment in Government of India Treasury Bills | 9 | | | 453.09 | 453.09 | | | | |
| Cash and cash equivalents | 11 | | | 91.82 | 91.82 | | | | |
| Bank Balances other than cash and cash equivalents | 12 | | | 729.00 | 729.00 | | | | |
| Loans - Non current | 6 | | | 38.31 | 38.31 | | 34.30 | | 34.30 |
| Loans - Current | 13 | | | 13.14 | 13.14 | | 3.73 | | 3.73 |
| Trade receivables | 10 | | | 1,016.11 | 1,016.11 | | | | |
| Others- Current | 14 | | | 29.73 | 29.73 | | | | |
| | | 1.01 | | 2,371.21 | 2,372.22 | - | - | - | - |
| **Financial liabilities** | | | | | | | | | |
| Borrowings - Current | 24 | | | 0.02 | 0.02 | | | | |
| Borrowings - Non current | 20 | | | 162.61 | 162.61 | | | | |
| Trade and other payables | 25 | | | 1,142.13 | 1,142.13 | | | | |
| Other current liabilities | 26 | | | 316.50 | 316.50 | | | | |
| Derivative Liability on forwards | 26 | 0.03 | | | 0.03 | | 0.03 | | |
| Other Non-Current financial liabilities | 21 | | | 0.66 | 0.66 | | | | |
| | | **0.03** | | **1,621.93** | **1,621.96** | **-** | **-** | **-** | **-** |

| 31st March 2017 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | |
| Investment in Debt Instruments-Mutual Funds | 9 | 312.45 | | | 312.45 | 312.45 | | | |
| Cash and cash equivalents | 11 | | | 253.30 | 253.30 | | | | |
| Bank Balances other than cash and cash equivalents | 12 | | | 1,224.00 | 1,224.00 | | | | |
| Loans - Non current | 6 | | | 39.66 | 39.66 | | 36.07 | | |
| Loans - Current | 13 | | | 7.45 | 7.45 | | 3.76 | | |
| Others - Current | 10 | | | 53.08 | 53.08 | | | | |
| Trade receivables | 10 | | | 803.51 | 803.51 | | | | |
| | | 312.45 | - | 2,381.00 | 2,693.45 | - | - | - | - |
| **Financial liabilities** | | | | | | | | | |

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## Financial instruments – Fair values and risk management (contd.)

| 31st March 2017 | Note Ref. | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mandatorily at FVTPL | FVTOCI-designated as such | Amotised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Borrowings - Current | 24 | - | - | 18.64 | 18.64 | - | - | - | - |
| Borrowings - Non current | 20 | - | - | 334.46 | 334.46 | - | - | - | - |
| Trade and other payables | 25 | - | - | 792.52 | 792.52 | - | - | - | - |
| Other current liabilities | 26 | - | - | 247.76 | 247.76 | - | - | - | - |
| Derivative Liability on forwards | 26 | 4.11 | - | - | 4.11 | - | 4.11 | - | - |
| Other Non-Current financial liabilities | 21 | - | - | 1.07 | 1.07 | - | - | - | - |
| | | **4.11** | **-** | **1,394.46** | **1,398.57** | **-** | **-** | **-** | **-** |

### B. Measurement of fair values

Valuation techniques

The following tables show the valuation techniques used in measuring Level 2 fair values, for financial instruments measured at fair value in the Balance Sheet.

**Financial instruments measured at fair value**

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Derivative instruments - forward exchange contracts | Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date. | Not applicable | Not applicable |
| Non current financial assets and liabilities measured at amortised cost | Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates. | Not applicable | Not applicable |

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

**i. Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Steering Committee (the Committee), which is responsible for developing and monitoring the Company's risk management policies. The Committee reports annually to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to maintain a disciplined and constructive control environment in which all the role holders listed in the Risk Management Charter understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks

## Financial instruments – Fair values and risk management (contd.)

faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit reviews the controls and procedures in place, the results of which are reported to the audit committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. However the company has very limited exposure to credit risk as the major customers are OMCs. Sale to direct customers are generally against advance payment or LCs.

The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

As at March 31, 2018, the Company's most significant customer accounted for ₹955.68 crore of the trade and other receivables carrying amount (March 31, 2017 : ₹727.74 crore).

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

***₹ in Crore***

| As at 31st March 2018 | Gross carrying amount | Weighed average loss rate - range | Loss allowance |
|---|---|---|---|
| Neither past due nor impaired | 1,014.14 | - | - |
| Less than 90 days | 0.23 | - | - |
| More than 90 days | 1.75 | 4.63% | 0.08 |
| | 1,016.11 | 0.01% | 0.08 |

***₹ in Crore***

| As at 31st March 2017 | Gross carrying amount | Weighed average loss rate - range | Loss allowance |
|---|---|---|---|
| Neither past due nor impaired | 792.94 | | - |
| Less Than 90 days | 9.43 | | - |
| More than 90 days | 1.14 | | - |
| | 803.51 | - | - |

The company does not provide for any loss allowance on trade receivables where risk of default is negligible such as receivables from other oil marketing companies, if any. Loss rates are based on actual credit loss experience over the past three years.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹91.82 crore at 31st March 2018 (31st March 2017 : ₹253.30 crore). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing.

**Derivatives**

The derivatives are entered into with bank and financial institution counterparties with good credit ratings. Further exposure to counter-parties are closely monitored and kept within the approved limits.

# Notes to consolidated Financial Statements for the year ended 31st March 2018

## Financial instruments – Fair values and risk management (contd.)

**Investment in debt securities**

The Company limits its exposure to credit risk by generally investing in liquid securities that have a good credit rating.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

**iii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As on 31st March 2018, the Company had working capital of ₹2,518.67 crore, including cash and cash equivalents of ₹91.82 crore, investments in term deposits (having original maturities of more than 3 months) of ₹729 crore, and investments in mutual funds ₹1.01 crore and investments in Government of India Treasury Bills of ₹453.09 crore.

As on 31st March 2017, the Company had working capital of ₹2956.78 crore, including cash and cash equivalents of ₹253.30 crore, investments in term deposits (having original maturities of more than 3 months) of ₹1224 crore, and investments in mutual funds of ₹312.45 crore.

**Exposure to liquidity risk** *₹ in Crore*

| 31st March 2018 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **INR** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| External Commercial Borrowings | 325.22 | 325.32 | 162.71 | 162.61 | | |
| Short Term Borrowings | 0.02 | 0.02 | 0.02 | | | |
| Trade payables | 1,142.13 | 1,142.13 | 1,142.13 | | | |
| Other Non-Current financial liabilities | 0.66 | 0.66 | 0.66 | | | |
| Other financial liabilities | 153.92 | 153.92 | 153.92 | | | |
| Financial guarantee contracts* | 64.70 | 64.70 | 64.70 | | | |
| | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts | - | - | | | | |
| *Inflows* | | | | | | |
| Outflows | | | | | | |

**Financial instruments – Fair values and risk management (contd.)** *₹ in Crore*

| 31st March 2017 | Carrying amount | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| **INR** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| External Commercial Borrowings | 486.29 | 509.06 | 174.34 | 334.46 | | |
| Short Term Borrowings | 18.64 | 18.64 | 18.64 | | | |
| Trade Payables | 792.52 | 792.52 | 792.52 | | | |
| Other Non-Current financial liabilities | 1.07 | 1.07 | 1.07 | | | |
| Other financial liabilities | 100.04 | 100.03 | 100.03 | | | |
| Financial guarantee contracts* | 72.71 | 72.71 | 72.71 | | | |
| | | | | | | |
| **Derivative financial liabilities** | | | | | | |
| Forward exchange contracts | - | - | | | | |
| *Inflows* | | | | | | |
| Outflows | | | | | | |

* Guarantees issued by the Company on behalf of BCPL (associate) is with respect to borrowings raised by the respective entity from OIDB. This amount will be payable on default by the concerned entity. As on the reporting date, the associate has not defaulted and hence, the Company does not have any present obligation for BCPL in relation to this guarantee.

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk.

**Currency risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

The Company uses derivative instruments, i.e, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange rates.

Company do not use derivative financial instruments for trading or speculative purposes.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at 31st March 2018 and 31st March 2017 are as below:

*₹ in Crore*

| | Total | 31-03-18 | 31-03-18 | 31-03-18 |
|---|---|---|---|---|
| | | INR | USD | EURO |
| **Financial assets** | | | | |
| Investment in Mutual Fund | 1.01 | 1.01 | | |
| Investment in Government of India Treasury Bills | 453.09 | 453.09 | | |
| Derivative instruments - Forwards | | | | |
| Cash and cash equivalents | 91.82 | 91.82 | | |

## Notes to consolidated Financial Statements for the year ended 31st March 2018

**Financial instruments – Fair values and risk management (continued)**

| | Total | 31-03-18 | 31-03-18 | 31-03-18 |
|---|---|---|---|---|
| | | INR | USD | EURO |
| Bank Balances other than cash and cash equivalents | 729.00 | 729.00 | - | - |
| Loans - Non current | 38.31 | 38.31 | - | - |
| Loans - Current | 13.14 | 13.14 | - | - |
| Trade receivables | 1,016.11 | 1,014.57 | 1.54 | - |
| Others - Current | 29.73 | 29.73 | | |
| Net exposure for assets | **2,372.22** | **2,370.68** | **1.54** | **-** |
| **Financial liabilities** | | | | |
| Borrowings - Current | 0.02 | 0.02 | - | - |
| Borrowings - Non current | 162.61 | - | 162.61 | - |
| Derivative instruments - Forwards | 0.03 | - | 0.03 | - |
| Trade and other payables | 1,142.13 | 1,141.93 | 0.09 | 0.11 |
| Others - Current | 316.50 | 153.89 | 162.61 | |
| Others - Non-Current | 0.66 | 0.66 | - | - |
| | 1,621.96 | 1,296.51 | 325.34 | 0.11 |
| Less: Foreign curency forward exchange contracts | | | | |
| Net exposure for liabilities | 1,621.96 | 1,296.51 | 325.34 | 0.11 |
| Net exposure (Assets - Liabilities) | **750.26** | **1,074.17** | **(323.80)** | **(0.11)** |

***₹ in Crore***

| | Total | 31-03-17 | 31-03-17 | 31-03-17 |
|---|---|---|---|---|
| | | INR | USD | EURO |
| **Financial assets** | | | | |
| Investment in Mutual Funds | 312.45 | 312.45 | - | - |
| Cash and cash equivalents | 253.30 | 253.30 | - | - |
| Bank Balances other than cash and cash equivalents | 1,224.00 | 1,224.00 | - | - |
| Loans - Non | 39.66 | 39.66 | - | - |
| Loans - Current | 7.45 | 7.45 | - | - |
| Trade receivables | 803.51 | 797.46 | 6.05 | |
| Others - Current | 53.08 | 53.08 | - | - |
| Net exposure for assets | **2,693.45** | **2,687.40** | **6.05** | **-** |
| **Financial liabilities** | | | | |
| Borrowings - Current | 18.64 | 18.64 | - | - |
| Borrowings - Non current | 334.46 | - | 334.46 | - |
| Derivative instruments - Forwards | 4.11 | - | 4.11 | - |
| Trade and other payables | 792.52 | 791.95 | 0.55 | 0.02 |
| Others - current | 247.76 | 95.93 | 151.83 | - |
| Other - Non-Current | 1.07 | 1.07 | - | - |
| | 1,398.57 | 907.59 | 490.95 | 0.02 |

**Financial instruments – Fair values and risk management (continued)**

| | Total | 31-03-17 INR | 31-03-17 USD | 31-03-17 EURO |
|---|---|---|---|---|
| Less: Foreign currency forward exchange contracts | | | | |
| Net exposure for liabilities | **1,398.57** | **907.59** | **490.95** | **0.02** |
| Net exposure (Assets - Liabilities) | **1,294.88** | **1,779.80** | **(484.90)** | **(0.02)** |

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

| | Profit or loss | |
|---|---|---|
| **Effect in INR (before tax)** | Strengthening | Weakening |
| **31-Mar-18** | | |
| **1% movement** | | |
| USD | (12.95) | 12.95 |
| | **(12.95)** | **12.95** |

| | Profit or loss | |
|---|---|---|
| **Effect in INR (before tax)** | Strengthening | Weakening |
| **31-Mar-17** | | |
| **1% movement** | | |
| USD | (19.40) | 19.40 |
| | **(19.40)** | **19.40** |

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows :

| | *₹ in Crore* | |
|---|---|---|
| | **31-03-18** | **31-03-17** |
| **Fixed-rate instruments** | | |
| Financial assets - measured at fair value through profit or loss | | |
| Financial assets - measured at amortised cost | | - |
| Financial liabilities - measured at amortised cost | | |
| | - | - |

# Notes to consolidated Financial Statements

**Financial instruments – Fair values and risk management (continued)** ***₹ in Crore***

| | | |
|---|---|---|
| **Variable-rate instruments** | | |
| Financial liabilities - measured at amortised cost(ECB) | 325.22 | 486.29 |
| Financial liabilities - measured at amortised cost (Working capital loans from banks - Cash credit) | 0.02 | 1.88 |
| **Total** | 325.24 | 488.17 |

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. In cases where the related interest rate risk is capitalised to fixed assets, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets.

| **Cash flow sensitivity (net)** | **Profit or loss** | |
|---|---|---|
| **INR** | **100 bp increase** | **100 bp decrease** |
| **31-Mar-18** | | |
| Variable-rate instruments | (4.53) | 4.53 |
| | **(4.53)** | **4.53** |
| **31-Mar-17** | | |
| Variable-rate instruments | (5.22) | 5.22 |
| Cash flow sensitivity (net) | **(5.22)** | **5.22** |

## 45 Related party transactions

The disclosure of related party transactions is presented on an aggregate basis for shareholders and companies controlled by shareholders, joint ventures and associates. In addition, there may be additional disclosures of certain significant transactions (balances and turnover) with certain related parties.

**a) Names of the Related parties**

**Joint Venture of Holding Companies:**

Bharat Oman Refineries Limited

**Key Management Personnel :**

Shri P. Padmanabhan Managing Director (upto 31.10.2017)

Shri S.K. Barua Managing Director (w.e.f. 31.01.2018) and holding additional charge of Director(Finance) w.e.f. that date. Prior to that he was Director (Finance) upto 30.01.2018 and was holding Addl. charge of Managing Director w.e.f. 01.11.2017 to 30.01.2018

Shri S.R. Medhi Director (Technical) (upto 31.01.2017)

Shri B.J. Phukan Director (Technical) Appointed (w.e.f. 01.02.2017)

Shri S. Varadarajan Chairman (up to 30.09.2016)

Shri D. Rajkumar Chairman Appointed (w.e.f. 07.10.2016)

Shri R.T. Jindal, Director (representing Govt. of Assam) (upto 07.09.2016)

Shri Ravi Capoor, Director (representing Govt. of Assam) (w.e.f. 14.09.2016)

Shri Nalin Kumar Srivastava, Director (representing Govt. of India) (upto 12.01.2017)

Shri Alok Tripathi, Director (representing Govt. of India) upto 05.10.2017

Shri Praphullachandra Sharma (representing Govt. of India) w.e.f 24.11.2017

Shri Utpal Bora, Director (representing Oil India Limited) w.e.f. 19.08.2016)

Shri I. Rynjah Independent Director (Upto 27.06.2016)

Shri B.P. Rao Independent Director (Upto 27.06.2016)

Shri Raj Kumar Sharma , Independent Director (w.e.f. 31.01.2017)

Smti Sneh Lata Kumar, Independent Director (w.e.f. 08.09.2017)

**Following are the related party transactions entered by the Corporation during the year:**

***₹ in Crore***

| | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| | Joint Venture of Holding Companies: | Joint Venture of Holding Companies: |
| **Revenues and income** | | |
| Sale of goods | | |
| Dividend income received | | |
| Services given | | |
| Lease rental received | | |
| Finance income | | |
| Other income | | |
| | | |
| **Costs and expenses** | | |
| Production and operating expenses | | |
| Purchases of goods | 278.27 | 90.31 |
| Financial expenses | | |
| Other expenses | | |
| | | |
| **Other operations** | | |
| Investment in equity shares | | |
| Advances against equity given/ Share application money pending allotment | | |
| Loans given | | |
| Loans repaid | | |

**b) Outstanding balance with related parties**

| | 31-03-18 | | 31-03-17 | |
|---|---|---|---|---|
| | KMPs | Others | KMPs | Others |
| Loans given | 0.09 | | 0.23 | |
| Loans taken | | | | |
| Trade receivables | | | | |
| Trade payables | | | | |

**c) In the course of its ordinary business, the Company enters into transactions with other Government controlled entities. The Company has transactions with other government-controlled entities,including but not limited to the followings:**

- Sales and purchases of goods and ancillary materials;
- Rendering and receiving services;
- Lease of assets;
- Depositing and borrowing money; and
- Uses of public utilities.

## Notes to consolidated Financial Statements

These transactions are conducted in the ordinary course of business on terms comparable to those with other entities that are not government controlled entities.

**d) Key management personnel compensation**

| | 31-03-18 | 31-03-17 |
|---|---|---|
| Short-term employee benefits | 2.06 | 1.32 |
| Post-employee benefits | 0.37 | 0.27 |
| Other long-term benefits | 0.37 | 0.43 |
| Total | **2.80** | **2.02** |

**46** Dues from officers is ₹1.22 crs (31st March 2017 : ₹0.94 crs)

**47** During the FY 2017-18, provision has been made under employee benefit in respect of pay revision dues (including retirement dues) to employees (unionised staff) w.e.f. 01st January 2017 at an estimated amount of ₹18.45 crore based on the available information and judgement.

## 48 Contingent Liabilities and Capital Commitments

***₹ in Crore***

| | | 31-03-18 | 31-03-17 |
|---|---|---|---|
| **(a) Contingent Liabilities :** | | | |
| | Claims against the Company not acknowledged as debts : | | |
| | Excise matters | 221.62 | 242.75 |
| | Service Tax matters | 0.37 | 0.36 |
| | Sales tax matters | 21.95 | 24.16 |
| | Entry Tax Matters | 0.92 | 33.86 |
| | Land Acquisition cases for higher compensation | | |
| | Claim by contractors Arbitration cases/other extra claims on capital account | 63.78 | 71.49 |
| | Others | 11.25 | 1.86 |
| | | | |
| **(b) Capital Commitments :** | | | |
| | i) Estimated amount of contracts remaining to be executed on capital account and not provided for | 259.02 | 209.77 |
| | | | |
| **(c ) Guarantees:** | | | |
| | i) Guarantees in favour of Oil Industry Development Board (OIDB) for long term loans for capital project extended to BCPL Ltd. by OIDB | 64.70 | 72.71 |
| | ii) Bank Guarantee in favour of Suppliers | 14.67 | 15.11 |
| | iii) Letter of Credit issued | 39.91 | 34.62 |

The Company currently does not have any Contingent Assets

## 49 In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

*₹ in Crore*

| Nature | Opening balance | Additions during the year | Utilisation during the year | Reversals during the year | Closing balance |
|---|---|---|---|---|---|
| Excise | 75.86 | 33.32 | | | 109.19 |
| Service Tax | 1.42 | 0.08 | | | 1.51 |
| VAT/ Sales Tax/ Entry Tax | 31.07 | 15.79 | | | 46.86 |
| Legal cases | 10.00 | 5.25 | | | 15.25 |
| Total | 118.36 | 54.45 | | | 172.81 |
| Previous year | 474.30 | 28.87 | 189.58 | 195.23 | 118.36 |

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

## 50 Disclosure in respect of Expenditure on Corporate Social Responsibility Activities

*₹ in Crore*

| | 2017-18 | 2016-17 |
|---|---|---|
| a) Unspent CSR Expenditure carried forward from previous year | 4.96 | 1.66 |
| b) Amount required to be spent by the company during the year | 40.98 | 24.00 |
| c) Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company) | 46.25* | 20.70* |
| d) Closing Balance | | 4.96 |

* Including payables of ₹1.42 crore (Previous Year ₹0.19 crore) as on 31.03.2018.

## 51 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The weighted-average interest rate computed as interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.79% (31st March 2017: 1.31%).

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings as reduced by cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's policy is to keep the ratio below 2.00. The Company's adjusted net debt to equity ratio at 31st March 2018 was as follows.

*₹ in Crore*

| | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Total liabilities | 2,310.17 | 2,056.87 |
| Less : Cash and cash equivalent | 91.82 | 253.30 |
| **Adjusted net debt** | **2,218.35** | **1,803.57** |
| Total equity | **4,967.66** | **5,106.63** |
| Adjusted net debt to adjusted equity ratio | **0.45** | **0.35** |

# Notes to consolidated Financial Statements

## 52 Segment Reporting

### A. Basis for segmentation

NRL has one reportable segment. Details of the segments is as follows:

- Downstream Petroleum engaged in refining and marketing of petroleum products.

### B. Geographic information

The geographic information analyses NRL's revenue and non-current assets by the country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic selling location and segments assets were based on the geographic location of the respective non-current assets.

| Geography | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| **I Revenue** | | |
| India | 15,923.19 | 13,946.92 |
| Others Countries | - | - |
| **Total Revenue** | **15,923.19** | **13,946.92** |
| **II Non-current Assets *** | | |
| India | 2,914.88 | 2,687.98 |
| Others Countries | - | - |
| **Total Non-current Assets** | **2,914.88** | **2,687.98** |

*non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising from insurance contracts.

### C. Information about major customers

Revenues from one customer (BPCL) of the Downstream Petroleum segment represented approximately ₹13,843.34 Crore (previous year - ₹12,176.72 Crore)

**53** The company has sale transaction with an associate company and the balance as on 31st March 2018 is subject to confirmation/reconciliation. Adjustments, if any arising therefrom is not likely to be material and shall be accounted for as and when settled.

## 54 Derivative Instruments and un-hedged foreign currency exposure:

### a. Derivatives outstanding as at the reporting date

| Particulars | Purpose | 31-03-18 | | 31-03-17 | |
|---|---|---|---|---|---|
| | | USD million | ₹ crore | USD million | ₹ crore |
| Forward contracts to buy USD | ECB Loan (short term) Repayable within 12 months | 1.25 | 8.23 | 15.00 | 97.26 |

### b. Particulars of unhedged foreign currency exposures as at reporting date

| Particulars | USD million | ₹ crore | USD million | ₹ crore |
|---|---|---|---|---|
| External Commercial Borrowing | 48.75 | 317.09 | 60.00 | 389.00 |

### c. Mark-to-Market losses

| Particulars | USD million | ₹ crore | USD million | ₹ crore |
|---|---|---|---|---|
| Mark-to-Market losses provided for | | | | 4.11 |

## 55 Equity accounted Investees

Information of interest of the Corporation in its equity accounted investees:

| | Name of the Investes | 31-Mar-18 | 31-Mar-17 |
|---|---|---|---|
| **Interest in Joint Venture** | DNP Ltd. | 26.00% | 26.00% |
| Interest in Associate | Brahmaputra Cracker and Polymer Ltd. | 10.11% | 10.11% |

The principal place of business of all the entities listed above is the same as their respective country of incorporation.

Note (i) DNP Limited, a Joint Venture Company with AGCL and OIL as the other copromoter, was set up in June, 2007 in India with an authorised capital of ₹170 crore for implementing the project for transportation of Natural Gas (NG) from Duliajan to Numaligarh. The paid up share capital of the Company is ₹167.25 crore. NRL invested ₹43.49 crore in DNP Limited for 26% stake in its equity. DNP Limited is not a listed Company.

Note (ii) BCPL was incorporated on 8th January 2007 in India, for producing petrochemical products using natural gas, naphtha or any petroleum products as feedstock and devising an effective distribution system for the same in North-east region of India. The company has an authorised capital of ₹2000 crore and paid up capital of ₹1174 crore. GAIL (India) Limited is the main promoter having 70% of equity participation and the rest 30% is equally shared by Oil India Ltd (OIL), Numaligarh Refinery Limited (NRL) and Government of Assam. NRL's equity investment in BCPL currently stands at ₹141.77 crore

The following table comprises the financial information of the Company's material Joint Venture and Associate with their respective carrying amount.

| | As at 31/03/2018 | |
|---|---|---|
| | **DNP Ltd. (Unaudited)** | **Brahmaputra Cracker and Polymer Ltd. (Unaudited)** |
| Percentage ownership interest | 26% | 10.11% |
| **Summarised financial information** | | |
| Non Current Assets | 244.91 | 8,234.48 |
| Current Assets (excluding cash and cash equivalent) | 23.64 | 1,067.07 |
| Cash and cash equivalent | 26.04 | 15.04 |
| Less: | | |
| Non Current liabilities ( non current liabilities other than trade payables, other non current liabilities and provisions) | 45.30 | 6,984.77 |
| Current liabilities ( current liabilities other than trade payables. other current liabilities and provisions) | 17.24 | 467.30 |
| Trade Payables, other current liabilities, other non-current liabilities and provisions | 2.37 | 1,381.40 |
| **Net Assets** | 229.68 | 483.11 |
| **Groups share of net assets** | 59.72 | 48.84 |
| **Carrying amount of interest in Investees** | 59.72 | 48.84 |
| | | |
| | **For the year ended 31.03.2018** | |
| | **Unaudited** | **Unaudited** |
| Revenue | 81.49 | 1,946.96 |
| Less: | | |
| Cost of materials consumed | | 1,099.87 |
| Excise Duty on sale of goods | | 43.78 |
| Purchases of Stock-in-Trade | | |

## Notes to consolidated Financial Statements

₹ *in Crore*

| | | |
|---|---|---|
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | | 4.95 |
| Employee Benefits Expense | 2.87 | 80.88 |
| Finance Costs | 2.82 | 274.19 |
| Depreciation and Amortisation | 12.87 | 387.83 |
| Other Expenses | 13.92 | 186.69 |
| Income tax expense | 16.70 | (50.85) |
| **Total Comprehensive Income** | 32.31 | (80.38) |
| **Groups share of profit** | 8.40 | (8.13) |
| **Groups share of OCI** | | |
| **Groups share of total comprehensive Income** | 8.40 | (8.13) |
| **Dividend received from the Investees** | 1.09 | |

| | **As at 31/03/2017** | |
|---|---|---|
| | **DNP Ltd.** | **Brahmaputra Cracker and Polymer Ltd.** |
| Percentage ownership interest | 26% | 10.11% |
| **Summarised financial information** | | |
| Non Current Assets | 257.19 | 8,761.35 |
| Current Assets (excluding cash and cash equivalent) | 18.10 | 734.54 |
| Cash and cash equivalent | 13.36 | 0.04 |
| Less: | | |
| Non Current liabilities ( non current liabilities other than trade payables, other non current liabilities and provisions) | 50.24 | 2,821.50 |
| Current liabilities ( current liabilities other than trade payables. other current liabilities and provisions) | 32.86 | 871.29 |
| Trade Payables, other current liabilities, other non-current liabilities and provisions | 3.15 | 5,223.19 |
| **Net Assets** | 202.41 | 579.95 |
| **Groups share of net assets** | 52.63 | 58.63 |
| **Carrying amount of interest in Investees** | 52.63 | 58.63 |
| | | |
| Revenue | 68.49 | 973.08 |
| Less: | | |
| Cost of materials consumed | | 603.17 |
| Excise Duty on sale of goods | | 91.10 |
| Purchases of Stock-in-Trade | | |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | | |
| Employee Benefits Expense | 3.00 | 76.65 |
| Finance Costs | 5.45 | 302.77 |
| Depreciation and Amortisation | 13.70 | 351.68 |
| Other Expenses | 14.95 | 159.65 |
| Exceptional items | 0.69 | |
| Income tax expense | 17.22 | (64.53) |

## Notes to consolidated Financial Statements

| | As at 31/03/2017 | |
|---|---|---|
| | **DNP Ltd.** | **Brahmaputra Cracker and Polymer Ltd.** |
| Other Comprehensive Income | | 0.19 |
| **Total Comprehensive Income** | 13.49 | (547.60) |
| **Groups share of profit** | 3.51 | (55.36) |
| **Groups share of OCI** | | 0.02 |
| **Groups share of total comprehensive Income** | 3.51 | (55.36) |
| **Dividend received from the Investees** | 0.74 | |

**56** Consolidation of associate company BCPL and Joint venture Company DNP Ltd has been done on the basis of their management certified un-audited accounts.

## 57 Previous year figures

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

Signature to Notes '1' to '57'

As per our attached report of even date

**For M C Bhandari & Co**
Chartered Accountants
ICAI FRN: 303002E

Sd/-
**CA. Neeraj Jain**
Partner
Membership No. 064393

Place: Mumbai
Date : 25th May 2018

For and on behalf of the Board of Directors

Sd/-
**S.K. Barua**
Managing Director and additional charge of Director (Finance)

Sd/-
**B.J. Phukan**
Director (Technical)

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

Place: Mumbai
Date : 25th May 2018

# 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 | | | | |
|---|---|---|---|---|---|
| | 20-30 | 30-40 | 40-50 | Over 50 | Total |
| | | | | | |
| **Technical** | | | | | |
| Executives | 18 | 117 | 142 | 43 | 320 |
| Workmen | 19 | 75 | 248 | 40 | 382 |
| Sub Total | 37 | 192 | 390 | 83 | 702 |
| **Others** | | | | | |
| Executives | 3 | 32 | 56 | 29 | 120 |
| Workmen | 5 | 11 | 20 | 6 | 42 |
| Sub Total | 8 | 43 | 76 | 35 | 162 |
| **Grand Total** | **45** | **235** | **466** | **118** | **864** |
| | **Average age 43 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 risk free rate of return 7.73% (previous year 7.39%)

## Value of Human Resources

*in ₹ Crore*

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| Executives | 1,956.84 | 1,319.17 | 1,194.25 | 1,168.04 | 1,788.66 |
| Workmen | 839.60 | 832.34 | 967.77 | 655.71 | 977.95 |
| | **2,796.44** | **2,151.51** | **2,162.01** | **1,823.75** | **2,766.61** |
| **Human Assets vis-à-vis Total Assets** | | | | | |
| Value of Human Assets | 2,796.44 | 2,151.51 | 2,162.01 | 1,823.75 | 2,766.61 |
| Net Fixed Assets | 2,891.20 | 2,664.60 | 2,386.24 | 2,352.38 | 2,224.79 |
| Net Current Assets | 2,364.02 | 2,662.98 | 2,610.77 | 2,024.00 | 1,605.69 |
| | **8,051.66** | **7,479.09** | **7,159.02** | **6,200.13** | **6,597.09** |
| Profit before tax | 3,142.34 | 3,147.57 | 1,863.85 | 1,134.25 | 562.65 |
| Value Added | 4,383.95 | 4,102.96 | 3,007.98 | 2,213.38 | 1,383.43 |
| **Ratio of :** | | | | | |
| Profit(before tax) to Human Resources | 112% | 146% | 86% | 62% | 20% |
| Value Added to Human Resources | 157% | 191% | 139% | 121% | 50% |
| Human Resources to Total Resources | 35% | 29% | 30% | 29% | 42% |

# Social Accounts

*in ₹ Crore*

| | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| ***I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES*** | | | | | |
| **a) Social Benefits to Employees** | | | | | |
| 1 Welfare facilities | 4.37 | 3.74 | 3.13 | 10.17 | 7.58 |
| 2 Ex-gratia/Awards | 51.53 | 17.84 | 13.82 | 14.04 | 14.13 |
| 3 Medical facilities | 24.10 | 18.12 | 19.15 | 13.63 | 12.39 |
| 4 Retirement Benefits | 44.62 | 14.96 | 11.29 | 16.10 | 6.32 |
| 5 Training and career development | 3.64 | 2.71 | 1.34 | 1.08 | 0.89 |
| 6 Holiday Facilities | 8.69 | 3.55 | 5.16 | 3.20 | 3.00 |
| 7 Transport Facilities | 5.82 | 5.11 | 4.60 | 4.04 | 3.59 |
| 8 Insurance | 1.81 | 0.92 | 1.20 | 1.01 | 1.04 |
| 9 Educational Facilities | 1.00 | 1.50 | 1.00 | 0.89 | 0.75 |
| 10 Township Costs | 5.90 | 5.32 | 5.46 | 4.01 | 4.09 |
| 11 Others | 21.99 | 37.34 | 32.50 | 32.32 | 24.69 |
| **Total (a)** | **173.47** | **111.11** | **98.65** | **100.49** | **78.47** |
| **b) Social Cost to Employees :** | | | | | |
| 1 Out of pocket expenses surrendered | 2.60 | 2.04 | 1.15 | 1.63 | 1.49 |
| **Total (b)** | **2.60** | **2.04** | **1.15** | **1.63** | **1.49** |
| **Net Social Income to Employees (a-b)** | **170.87** | **109.07** | **97.50** | **98.86** | **76.98** |
| ***II SOCIAL BENEFITS TO COMMUNITY*** | | | | | |
| 1 Local Taxes | 1.09 | 1.93 | 0.53 | 0.94 | 0.33 |
| 2 Environment Improvements | 0.32 | 0.09 | 0.42 | 0.59 | 0.69 |
| 3 Expenditure on Corporate Social Responsibility | 46.25 | 20.70 | 11.51 | 7.79 | 5.18 |
| 4 Generation of job potential to local people | 24.44 | 20.37 | 16.57 | 16.57 | 12.95 |
| 5 Generation of business | 471.08 | 422.01 | 404.74 | 436.18 | 387.71 |
| **Total Social income to community** | **543.18** | **465.10** | **433.77** | **461.90** | **406.86** |
| ***III SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC*** | | | | | |
| **a) Benefits to the General Public** | | | | | |
| 1 Taxes paid to State Government | 236.03 | 483.60 | 258.68 | 235.26 | 234.79 |
| 2 Dividend paid to State Government | 223.42 | 122.61 | 68.12 | 14.53 | 9.08 |
| 3 Taxes and Duties paid to Central Government | 4,212.43 | 3,747.26 | 2,757.75 | 1,175.46 | 890.35 |
| **Total (a)** | **4,671.88** | **4,353.47** | **3,084.55** | **1,425.25** | **1,134.22** |
| **b) Costs to the General Public :** | | | | | |
| 1 Purchase of Power | 5.41 | 4.87 | 4.48 | 4.70 | 4.38 |
| **Total (b)** | **5.41** | **4.87** | **4.48** | **4.70** | **4.38** |
| **Net Social Income to the General Public (a-b)** | **4,666.47** | **4,348.60** | **3,080.07** | **1,420.55** | **1,129.84** |
| **Net Social Income to Employees, Community and General Public (I+II+III)** | **5,380.52** | **4,922.77** | **3,611.34** | **1,981.31** | **1,613.68** |

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