

■ Annual Report

2010-2011



raising the performance benchmark beyond expectations



NUMALIGARH  
REFINERY  
LIMITED

# fueling growth strengthening energy

## 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.



# Inside



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# Board of Directors



**Shri R. K. Singh**  
Chairman  
[w.e.f. 14-12-2010]



**Shri S. Radhakrishnan**  
[Chairman from 19-8-10 to 13-12-10  
and Director upto 1-3-11]



**Shri Ashok Sinha**  
Chairman  
[upto 19-8-2010]

## **Bankers**

|                      |                         |
|----------------------|-------------------------|
| State Bank of India  | Canara Bank             |
| HDFC Bank Limited    | UCO Bank                |
| United Bank of India | Standard Chartered Bank |
| Union Bank of India  | Axis Bank Ltd.          |

## **Auditors**

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

## **Refinery Unit**

Pankagrant  
Numaligarh Refinery Complex  
Golaghat District, Assam  
PIN - 785699

## **Co-ordination Office**

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

## **Marketing Office**

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

## **Registered Office**

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



**Shri Dipak Chakravarty**  
Managing Director &  
Director (Technical)  
[w.e.f. 1-4-2011]



**Dr. B. K. Das**  
Managing Director  
[upto 31-3-2011]



**Shri Nilmoni Bhakta**  
Director (Finance)



**Shri J. P. Rajkhowa**  
Director



**Shri H. S. Das**  
Director



**Shri Partha Sarathi Das**  
Director  
[w.e.f. 24-3-2011]



**Shri Manu Srivastava**  
Director  
[upto 18-3-2011]



**Shri S. K. Joshi**  
Director



**Shri K. K. Gupta**  
Director  
[w.e.f. 13-4-2011]



**Shri N. M. Borah**  
Director



**Jatinderbir Singh**  
Director  
[w.e.f. 25-7-2011]



**Shri Ravi Capoor**  
Director  
[upto 13-4-2011]

## Management Team

|                        |                         |                          |                      |
|------------------------|-------------------------|--------------------------|----------------------|
| Mr. V. K. Thakral      | Chief Vigilance Officer | A. K. Senapati           | DGM (Fire & Safety)  |
| Mr. A. K. Bhattacharya | GM (Mktg., BD & CP)     | Aruni Prasad Chakraborty | DGM (Project)        |
| Mr. B. Ekka            | GM (HR)                 | Mr. D. Choudhury         | DGM (Commercial)     |
| Mr. D. Ghosh           | GM (Operation)          | Nikunja Borthakur        | DGM (Cord)           |
| Mr. M. R. Baruah       | GM (Tech. Services)     | Mr. P. K. Barua          | DGM (Internal Audit) |
| Mr. P. K. Bora         | GM (Commercial & CC)    | Pranab Kr. Khaund        | DGM (Mktg. Cord)     |
| Mr. S. R. Medhi        | GM (Finance)            | Mr. S. K. Barua          | DGM (Finance)        |
|                        |                         | Mr. S. Chakraborty       | DGM (MENP)           |

# Notice to the Shareholder

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Shareholders of Numaligarh Refinery Limited will be held at its Registered Office - 122A, G. S. Road, Christianbasti, Guwahati-781005 on Friday, the 9<sup>th</sup> September, 2011 at 3.00 P.M. to transact the following Ordinary and Special Businesses.

**A. Ordinary Business**

1. To receive, consider and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011 along with the Reports of the Statutory Auditors and the Comments of the Comptroller and Auditor General of India.
2. To declare dividend.
3. To appoint a Director in place of Shri H. S. Das, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri H. S. Das, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N. M. Borah, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri N. M. Borah, being eligible, offers himself for re-appointment.

**B. Special Business**

**5. Appointment of Director**

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

“RESOLVED that Shri Partha Sarathi Das, Director (Exploration –II), Ministry of Petroleum & Natural Gas be and is hereby appointed as a Director of the Company.”

**6. Appointment of Director**

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

“RESOLVED that Shri K. K. Gupta, Director (Marketing), Bharat Petroleum Corporation Limited be and is hereby appointed as a Director of the Company.”

Registered Office:  
122A, G. S. Road,  
Christianbasti, Guwahati- 781005  
Date: 16<sup>th</sup> August, 2011

By Order of the Board of Directors  
Sd/-  
**H. K. Sarmah**  
Company Secretary

**Notes:**

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

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

Following are the Explanatory Statements in respect of item No. 5 & 6 of the Special Business indicated in the Notice dated 16<sup>th</sup> August, 2011.

### Item No. 5: Appointment of Director

Shri Partha Sarathi Das, Director (Exploration-II), MOP & NG was appointed as Director on the Board of the Company w.e.f. 24<sup>th</sup> March,2011 in place of Shri Manu Srivastava pursuant to Article 100 of the Articles of Association of the Company read with Section 262 of the Companies Act,1956 in accordance with the intentions of the Govt. of India. Being appointed in casual vacancy, he holds the office upto the date of Annual General Meeting to which Shri Manu Srivastava would have held office as Director, had he not resigned as aforesaid.

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

Except Shri Partha Sarathi Das, no other Director is interested or concerned in the Resolution.

### Item No. 6: Appointment of Director

Shri K. K. Gupta, Director (Marketing), BPCL was appointed as Director on the Board of the Company w.e.f. 13<sup>th</sup> April,2011 as per the provisions of Article 85 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

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

Except Shri K. K. Gupta, no other Director is interested or concerned in the Resolution.

*Registered Office:*  
122A, G. S. Road,  
Christianbasti, Guwahat- 781005  
Date: 16<sup>th</sup> August, 2011

By Order of the Board of Directors  
Sd/-  
**H. K. Sarmah**  
Company Secretary

# Performance Profile

# Performance Profile

|  | 2010-11  | 2009-10  | 2008-09  | 2007-08  | 2006-07  | 2005-06  | 2004-05  | 2003-04  | 2002-03  | 2001-02  |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1 Crude Oil Processed (TMT) :  | 2250     | 2619     | 2251     | 2568     | 2504     | 2133     | 2042     | 2200     | 1879     | 2307     |
| 2 Capacity Utilisation (%) :<br>[Installed capacity 3000 TMT]  | 75%      | 87%      | 75%      | 86%      | 83%      | 71%      | 68%      | 73%      | 63%      | 77%      |
| 3 Production Quantity (TMT) :  | 2012     | 2366     | 2016     | 2302     | 2268     | 1958     | 1873     | 1982     | 1691     | 2060     |
| Light Distillates %  | 13.8%    | 15.7%    | 15.5%    | 15.2%    | 14.7%    | 14.1%    | 14.8%    | 14.5%    | 13.2%    | 12.6%    |
| Middle Distillates %   | 82.2%    | 80.0%    | 80.3%    | 80.4%    | 80.7%    | 80.6%    | 80.4%    | 81.5%    | 81.7%    | 83.0%    |
| Heavy Ends %   | 4.0%     | 4.4%     | 4.2%     | 4.4%     | 4.6%     | 5.3%     | 4.8%     | 4.0%     | 5.1%     | 4.3%     |
| 4 Refinery Fuel and Loss as %<br>of Crude Processed :  | 10.98%   | 9.85%    | 10.72%   | 10.24%   | 10.53%   | 10.30%   | 9.72%    | 9.64%    | 11.06%   | 11.07%   |
| 5 Market Sales (TMT) :   | 2,137    | 2,355    | 2,023    | 2,391    | 2,333    | 1,961    | 1,927    | 1,834    | 1,736    | 2,114    |
| 6 Manpower (Nos.):   | 820      | 820      | 789      | 788      | 718      | 705      | 683      | 674      | 658      | 655      |
| 7 Sales and Earnings (₹ in Crore) :  |          |          |          |          |          |          |          |          |          |          |
| i) Sales Turnover  | 8,972.19 | 7,874.09 | 8,853.35 | 8,764.16 | 7,930.32 | 5,820.37 | 4,298.99 | 3,220.26 | 2,804.74 | 2,261.28 |
| ii) Profit Before Depreciation/<br>Amortisation, Interest & Tax  | 618.44   | 512.27   | 484.02   | 586.00   | 840.55   | 648.14   | 747.97   | 615.43   | 585.40   | 480.46   |
| iii) Depreciation/Amortisation   | 170.17   | 153.64   | 147.96   | 157.62   | 159.74   | 140.60   | 137.75   | 132.67   | 127.37   | 135.63   |
| iv) Interest   | 28.89    | 5.14     | 21.43    | 23.24    | 20.56    | 34.71    | 55.50    | 104.61   | 140.51   | 200.15   |
| v) Adjustment for prior period   | 4.84     | (8.22)   | (4.96)   | (7.96)   | 77.14    | (2.81)   | (2.41)   | 0.93     | 0.52     | 11.37    |
| vi) Profit before tax  | 414.54   | 361.71   | 319.59   | 413.10   | 583.11   | 475.64   | 557.13   | 377.22   | 317.00   | 133.31   |
| vii) Tax #   | 135.28   | 129.63   | 83.95    | 40.29    | 14.31    | 26.70    | 147.98   | 162.28   | 142.37   | 10.34    |
| viii) Profit After Tax.  | 279.26   | 232.08   | 235.64   | 372.81   | 568.80   | 448.94   | 409.15   | 214.94   | 174.63   | 122.97   |
| # Includes Deferred Tax provision - ` (0.92) crore (Current year) & - ` (6.60) crore (Previous year)       |          |          |          |          |          |          |          |          |          |          |
| 8 What the Company Owned (₹ in Crore):   |          |          |          |          |          |          |          |          |          |          |
| i) Gross Fixed Assets<br>(including Capital Work-in-<br>Progress)  | 3,685.48 | 3,582.39 | 3,347.22 | 3,219.57 | 3,083.36 | 2,964.06 | 2,776.61 | 2,641.57 | 2,614.79 | 2,695.80 |
| ii) Net Fixed Assets<br>(including Capital Work-in-<br>Progress)   | 2,115.84 | 2,155.43 | 2,071.31 | 2,086.28 | 2,105.35 | 2,226.71 | 2,176.09 | 2,178.82 | 2,283.58 | 2,492.58 |
| iii) Net Current Assets<br>(including investments)   | 935.72   | 739.87   | 571.78   | 520.15   | 491.03   | 449.12   | 265.19   | 430.81   | 106.02   | 49.31    |
| iv) Intangible Assets to the extent<br>not written off   | 7.86     | 1.76     | 3.94     | 4.92     | 6.89     | 7.22     | -        | -        | -        | -        |
| Total Assets Net (ii+iii+iv)   | 3,059.42 | 2,897.06 | 2,647.03 | 2,611.35 | 2,603.27 | 2,683.05 | 2,441.28 | 2,609.63 | 2,389.60 | 2,541.89 |
| 9 What the Company Owed (₹ 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  | 1,865.43 | 1,714.41 | 1,615.02 | 1,508.47 | 1,309.34 | 955.70   | 666.14   | 399.75   | 257.82   | 199.76   |
| iii) Miscellaneous Expenditure to<br>the extent not written off  | -        | -        | -        | -        | -        | -        | 0.31     | -        | 1.85     | 6.33     |
| iv) Net worth (i)+(ii)-(iii)   | 2,601.06 | 2,450.04 | 2,350.65 | 2,244.10 | 2,044.97 | 1,691.33 | 1,401.46 | 1,135.38 | 991.60   | 929.06   |
| v) Borrowings  | 219.90   | 207.65   | 50.39    | 77.62    | 214.85   | 596.19   | 629.17   | 1,167.61 | 1,224.53 | 1,612.83 |
| vi) Deferred Tax Liability   | 238.46   | 239.37   | 245.99   | 289.63   | 343.45   | 395.53   | 410.65   | 306.64   | 173.47   | -        |
| Total Funds Employed (iv+v+vi)   | 3,059.42 | 2,897.06 | 2,647.03 | 2,611.35 | 2,603.27 | 2,683.05 | 2,441.28 | 2,609.63 | 2,389.60 | 2,541.89 |
| 10 Internal Generation (₹ in<br>Crore)   | 466.78   | 393.27   | 340.02   | 476.67   | 692.92   | 580.12   | 655.45   | 504.60   | 424.90   | 285.51   |
| 11 Ratios:   |          |          |          |          |          |          |          |          |          |          |
| i) Profit before Depreciation/<br>Amortisation, Interest & Tax<br>as % age of Net Sales & Other<br>income. | 7.80%    | 7.70%    | 6.25%    | 7.90%    | 12.44%   | 13.07%   | 20.10%   | 22.94%   | 24.29%   | 24.30%   |
| ii) Profit after Tax as % age of<br>Average Net Worth.   | 11.06%   | 9.67%    | 10.26%   | 17.38%   | 30.45%   | 29.03%   | 32.26%   | 20.21%   | 18.18%   | 13.90%   |
| iii) Profit after Tax as % age of<br>Share Capital   | 37.96%   | 31.55%   | 32.03%   | 50.68%   | 77.32%   | 61.03%   | 55.62%   | 29.22%   | 23.74%   | 16.72%   |
| iv) Average Net worth as % age of<br>Share Capital   | 343%     | 326%     | 312%     | 292%     | 254%     | 210%     | 172%     | 145%     | 131%     | 120%     |

|  |              |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| v) Profit before Depreciation/Amortisation, Interest & Tax as % age of Average Capital Employed. | 23.22%       | 21.50%       | 21.11%       | 24.61%       | 35.28%       | 28.07%       | 31.29%       | 25.80%       | 25.06%       | 19.39%       |
| vi) Profit Before Tax as % age of Average Capital Employed                                       | 15.56%       | 15.18%       | 13.94%       | 17.35%       | 24.47%       | 20.60%       | 23.31%       | 15.82%       | 13.57%       | 5.38%        |
| vii) Profit After Tax as % age of Average Capital Employed (ROCE)                                | 10.49%       | 9.74%        | 10.28%       | 15.66%       | 23.87%       | 19.44%       | 17.12%       | 9.01%        | 7.48%        | 4.96%        |
| viii) Long Term Debt Equity Ratio  | 0.04         | 0.02         | 0.02         | 0.03         | 0.09         | 0.26         | 0.32         | 0.86         | 1.23         | 1.55         |
| <b>12 Earning Per Share (₹)</b>  | <b>3.80</b>  | <b>3.15</b>  | <b>3.20</b>  | <b>5.07</b>  | <b>7.73</b>  | <b>6.10</b>  | <b>5.56</b>  | <b>2.92</b>  | <b>2.37</b>  | <b>1.67</b>  |
| <b>13 Book Value Per Share (₹)</b>   | <b>35.36</b> | <b>33.31</b> | <b>31.96</b> | <b>30.51</b> | <b>27.80</b> | <b>22.99</b> | <b>19.05</b> | <b>15.43</b> | <b>13.48</b> | <b>12.63</b> |

**14 SOURCES AND APPLICATION OF FUNDS (₹ In Crore)**

**SOURCES OF FUNDS**

**OWN :**

|                                    |        |        |         |         |         |         |        |        |        |        |
|------------------------------------|--------|--------|---------|---------|---------|---------|--------|--------|--------|--------|
| Profit after Tax                   | 279.26 | 232.08 | 235.64  | 372.81  | 568.80  | 448.93  | 409.15 | 214.95 | 174.63 | 122.98 |
| Depreciation/Amortisation          | 144.76 | 153.23 | 144.61  | 157.26  | 242.79  | 137.97  | 137.81 | 131.54 | 127.98 | 136.18 |
| Deferred Tax provision             | (0.92) | (6.60) | (43.64) | (53.82) | (52.08) | (15.12) | 104.01 | 133.17 | 116.65 | -      |
| Investments                        | -      | -      | 0.46    | -       | 2.51    | -       | -      | -      | 46.00  | -      |
| Shareholders Investment            | -      | -      | -       | -       | -       | -       | -      | -      | -      | -      |
| Miscellaneous Expenses written off | -      | -      | -       | -       | -       | -       | -      | 21.89  | 3.60   | 4.17   |

**BORROWINGS :**

|  |               |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Loans ( Net )  | 12.25         | 157.26        | -             | -             | -             | -             | -             | -             | -             | -             |
| Decrease in Working Capital                                      | -             | -             | -             | 33.88         | -             | -             | 165.61        | -             | -             | 72.06         |
| Adjustment on account of retirement / reclassification of assets | 45.31         | 1.30          | -             | 22.95         | 14.42         | 1.47          | (0.18)        | 8.17          | 92.21         | (2.03)        |
|  | <b>480.66</b> | <b>537.27</b> | <b>337.07</b> | <b>533.08</b> | <b>776.44</b> | <b>573.25</b> | <b>816.40</b> | <b>509.72</b> | <b>561.07</b> | <b>333.36</b> |

**APPLICATION OF FUNDS :**

|  |               |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Capital Expenditure                                  | 148.39        | 236.49        | 127.65        | 159.16        | 133.72        | 188.91        | 134.85        | 34.94         | 11.19         | 25.15         |
| Adjustment for Misc. Expenditure / Intangible Assets | 8.18          | -             | 1.03          | -             | 1.79          | 8.05          | 0.34          | 20.03         | (0.88)        | 0.45          |
| Dividend   | 110.34        | 110.34        | 110.34        | 147.13        | 183.91        | 139.77        | 125.06        | 64.74         | 52.97         | 37.52         |
| Tax on distributed profits                           | 17.90         | 18.75         | 18.75         | 25.00         | 31.26         | 19.60         | 17.71         | 8.29          | 6.79          | -             |
| Repayment of Loans (Net )                            | -             | -             | 27.23         | 137.24        | 381.34        | 32.99         | 538.44        | 56.92         | 388.30        | 224.24        |
| Investments(Net)                                     | 29.92         | -             | -             | 63.00         | -             | 64.31         | -             | -             | -             | 46.00         |
| Increase in Working Capital                          | 165.93        | 168.09        | 52.07         | -             | 44.42         | 119.62        | -             | 324.80        | 102.70        | -             |
| Transitional Provision for Employee Benefit          | -             | 3.60          | -             | 1.55          | -             | -             | -             | -             | -             | -             |
|  | <b>480.66</b> | <b>537.27</b> | <b>337.07</b> | <b>533.08</b> | <b>776.44</b> | <b>573.25</b> | <b>816.40</b> | <b>509.72</b> | <b>561.07</b> | <b>333.36</b> |

**15 Changes in Working Capital (₹ in Crore) :**

**A) Current Assets :**

|                          |               |               |                 |               |               |               |               |               |               |               |
|--------------------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Inventories              | 82.03         | 571.63        | 57.15           | 100.34        | 22.95         | 80.65         | 122.22        | 325.04        | 47.23         | (87.72)       |
| Sundry Debtors           | 643.19        | (24.58)       | (337.68)        | 269.18        | (57.62)       | 92.22         | (53.96)       | 36.27         | 24.56         | 108.38        |
| Cash & Bank Balances     | 79.00         | (169.35)      | (220.01)        | 121.72        | 359.41        | 29.56         | (25.09)       | (163.51)      | 172.23        | (5.61)        |
| Other Current Assets     | (3.95)        | 2.65          | 0.03            | (2.24)        | 3.70          | 0.28          | -             | -             | -             | -             |
| Loans & Advances, Others | (0.68)        | 38.71         | (18.48)         | (5.40)        | (69.29)       | (65.40)       | (46.82)       | (40.69)       | 89.51         | 137.96        |
|                          | <b>799.59</b> | <b>419.06</b> | <b>(518.99)</b> | <b>483.60</b> | <b>259.15</b> | <b>137.31</b> | <b>(3.65)</b> | <b>157.11</b> | <b>333.53</b> | <b>153.01</b> |

**Less:**

**B) Current Liabilities & Provisions**

|                     |               |               |                 |               |               |              |               |                 |               |               |
|---------------------|---------------|---------------|-----------------|---------------|---------------|--------------|---------------|-----------------|---------------|---------------|
| Current Liabilities | 579.74        | 197.87        | (558.03)        | 557.53        | 272.73        | (43.66)      | 276.07        | (175.37)        | 201.18        | (62.78)       |
| Provisions          | 53.92         | 53.10         | (13.03)         | (40.05)       | (58.00)       | 61.35        | (114.11)      | 7.68            | 29.65         | 287.85        |
|                     | <b>633.66</b> | <b>250.97</b> | <b>(571.06)</b> | <b>517.48</b> | <b>214.73</b> | <b>17.69</b> | <b>161.96</b> | <b>(167.69)</b> | <b>230.83</b> | <b>225.07</b> |

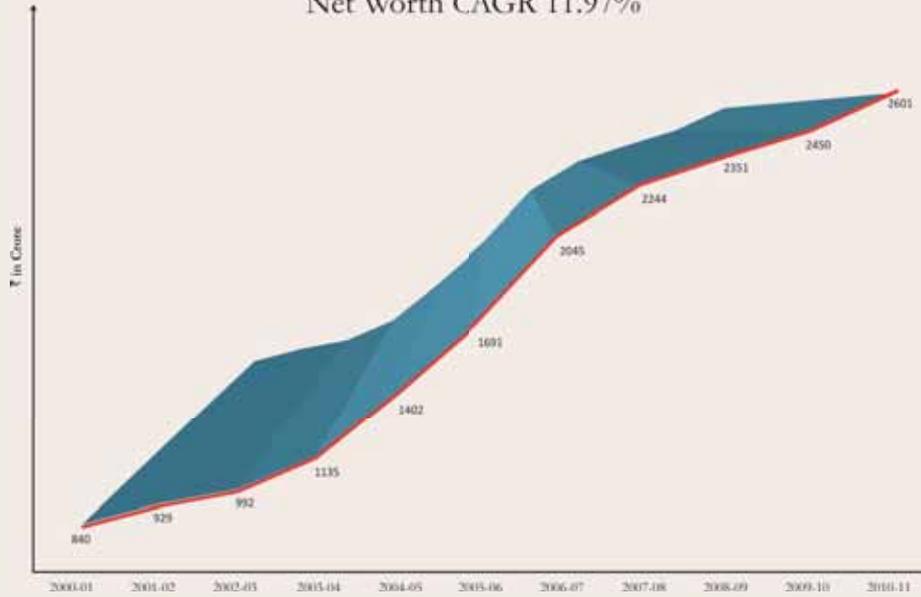
**C) Working Capital (A - B)**

|  |               |               |              |                |              |               |                 |               |               |                |
|--|---------------|---------------|--------------|----------------|--------------|---------------|-----------------|---------------|---------------|----------------|
|  | <b>165.93</b> | <b>168.09</b> | <b>52.07</b> | <b>(33.88)</b> | <b>44.42</b> | <b>119.62</b> | <b>(165.61)</b> | <b>324.80</b> | <b>102.70</b> | <b>(72.06)</b> |
|--|---------------|---------------|--------------|----------------|--------------|---------------|-----------------|---------------|---------------|----------------|

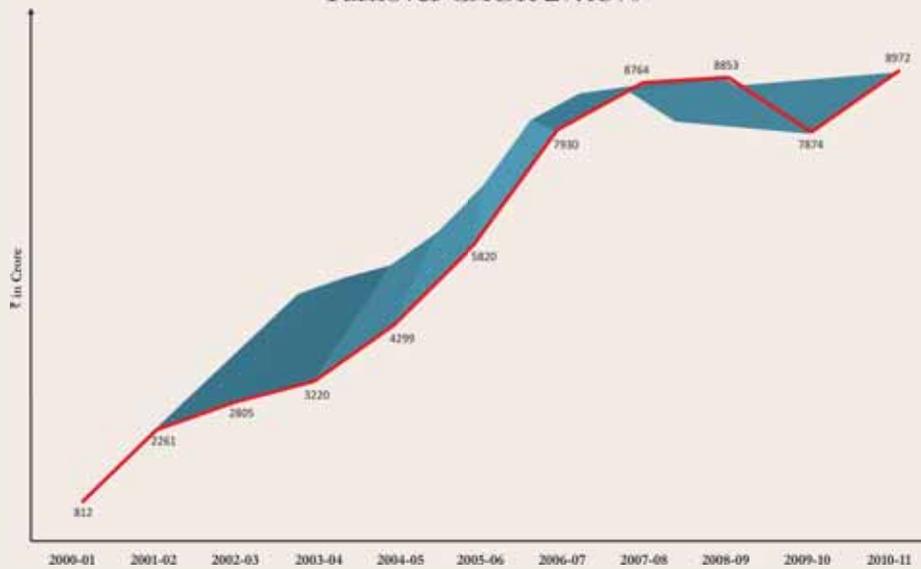
## Value Added

|   | 2010-11       | 2009-10       | 2008-09       | 2007-08       | 2006-07       | 2005-06       | 2004-05       | 2003-04       | 2002-03       | 2001-02       |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>HOW VALUE IS GENERATED ( ` in Crore) :</b>   |               |               |               |               |               |               |               |               |               |               |
| Value of Production :                           | 7,847.50      | 7,218.61      | 7,708.80      | 7,496.73      | 6,675.80      | 5,032.41      | 3,829.97      | 2,883.97      | 2,432.28      | 1,940.39      |
| Less : Direct Materials Consumed :              | 7,011.66      | 6,532.67      | 7,073.07      | 6,832.68      | 5,724.20      | 4,287.92      | 3,001.36      | 2,174.87      | 1,784.45      | 1,305.00      |
| Value Added                                     | 835.84        | 685.94        | 635.73        | 664.05        | 951.60        | 744.49        | 828.61        | 709.10        | 647.83        | 635.39        |
| Add : Other Incomes (including P.Y.A)           | 61.00         | 55.33         | 54.58         | 64.52         | (48.62)       | 21.58         | 14.29         | 7.46          | 12.35         | (7.67)        |
| <b>Total Value Generated</b>                    | <b>896.84</b> | <b>741.27</b> | <b>690.31</b> | <b>728.57</b> | <b>902.98</b> | <b>766.07</b> | <b>842.90</b> | <b>716.56</b> | <b>660.18</b> | <b>627.72</b> |
| <b>HOW VALUE IS DISTRIBUTED ( ` in Crore) :</b> |               |               |               |               |               |               |               |               |               |               |
| <b>A) Operation :</b>                           |               |               |               |               |               |               |               |               |               |               |
| Employees' Benefits                             | 138.01        | 104.89        | 87.42         | 54.08         | 48.51         | 38.43         | 34.63         | 30.45         | 28.04         | 27.90         |
| Other Costs                                     | 144.75        | 115.89        | 117.77        | 79.18         | 88.55         | 76.70         | 57.88         | 71.60         | 47.27         | 130.72        |
|   | <b>282.76</b> | <b>220.78</b> | <b>205.19</b> | <b>133.26</b> | <b>137.06</b> | <b>115.13</b> | <b>92.51</b>  | <b>102.05</b> | <b>75.31</b>  | <b>158.62</b> |
| <b>B) Providers of Capital</b>                  |               |               |               |               |               |               |               |               |               |               |
| Interest on Borrowings                          | 28.89         | 5.14          | 21.43         | 23.24         | 20.56         | 34.71         | 55.50         | 104.61        | 140.51        | 200.15        |
| Dividend  | 110.34        | 110.34        | 110.34        | 147.13        | 183.91        | 139.77        | 125.06        | 64.74         | 52.97         | 37.52         |
|   | <b>139.23</b> | <b>115.48</b> | <b>131.77</b> | <b>170.37</b> | <b>204.47</b> | <b>174.48</b> | <b>180.56</b> | <b>169.35</b> | <b>193.48</b> | <b>237.67</b> |
| <b>C) Taxation:</b>                             |               |               |               |               |               |               |               |               |               |               |
| Corporate Tax                                   | 136.20        | 136.23        | 127.59        | 94.11         | 66.38         | 41.82         | 43.97         | 29.11         | 25.71         | 10.34         |
| Tax on distributed profits                      | 17.90         | 18.75         | 18.75         | 25.00         | 31.26         | 19.60         | 17.71         | 8.29          | 6.79          | -             |
|   | <b>154.10</b> | <b>154.98</b> | <b>146.34</b> | <b>119.11</b> | <b>97.64</b>  | <b>61.42</b>  | <b>61.68</b>  | <b>37.40</b>  | <b>32.50</b>  | <b>10.34</b>  |
| <b>D) Re-investment in Business</b>             |               |               |               |               |               |               |               |               |               |               |
| Depreciation/ Amortisation                      | 170.17        | 153.64        | 147.96        | 157.62        | 159.74        | 140.60        | 137.75        | 132.67        | 127.37        | 135.63        |
| Provision on Investment                         | 0.48          | -             | (3.86)        | 1.35          | 2.51          | -             | -             | -             | -             | -             |
| Deferred Tax                                    | (0.92)        | (6.60)        | (43.64)       | (53.82)       | (52.08)       | (15.12)       | 104.01        | 133.17        | 116.65        | -             |
| Retained Profit                                 | 151.02        | 102.99        | 106.55        | 200.68        | 353.64        | 289.56        | 266.39        | 141.92        | 114.87        | 85.46         |
|   | <b>320.75</b> | <b>250.03</b> | <b>207.01</b> | <b>305.83</b> | <b>463.81</b> | <b>415.04</b> | <b>508.15</b> | <b>407.76</b> | <b>358.89</b> | <b>221.09</b> |
| <b>Total Value Distributed</b>                  | <b>896.84</b> | <b>741.27</b> | <b>690.31</b> | <b>728.57</b> | <b>902.98</b> | <b>766.07</b> | <b>842.90</b> | <b>716.56</b> | <b>660.18</b> | <b>627.72</b> |

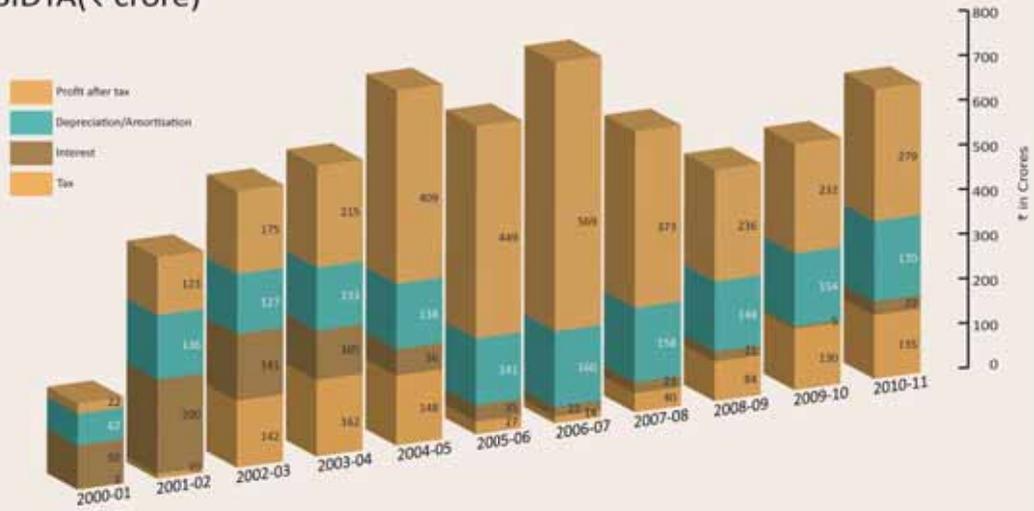
Net Worth CAGR 11.97%



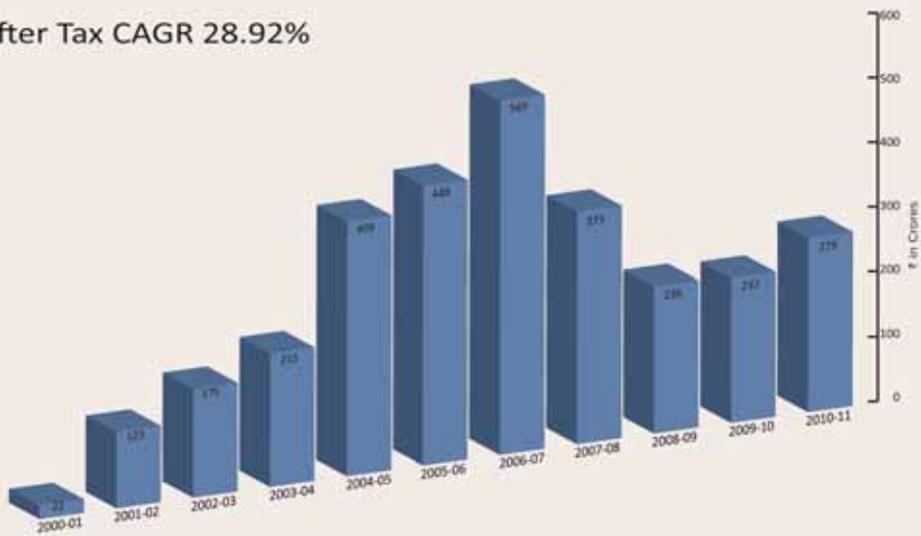
Turnover CAGR 27.15%



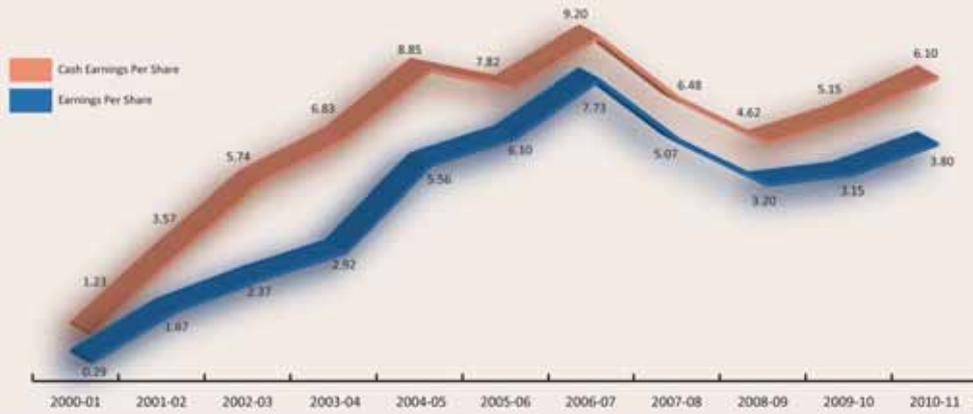
EBIDTA(₹ crore)



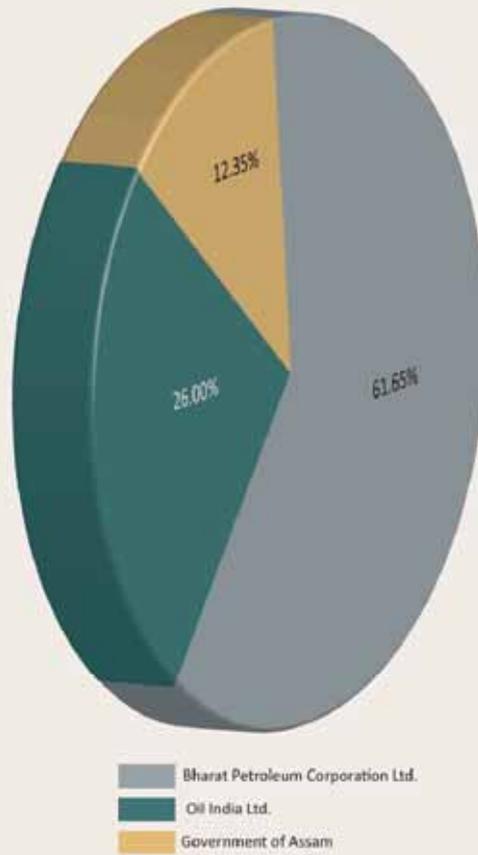
Profit After Tax CAGR 28.92%



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

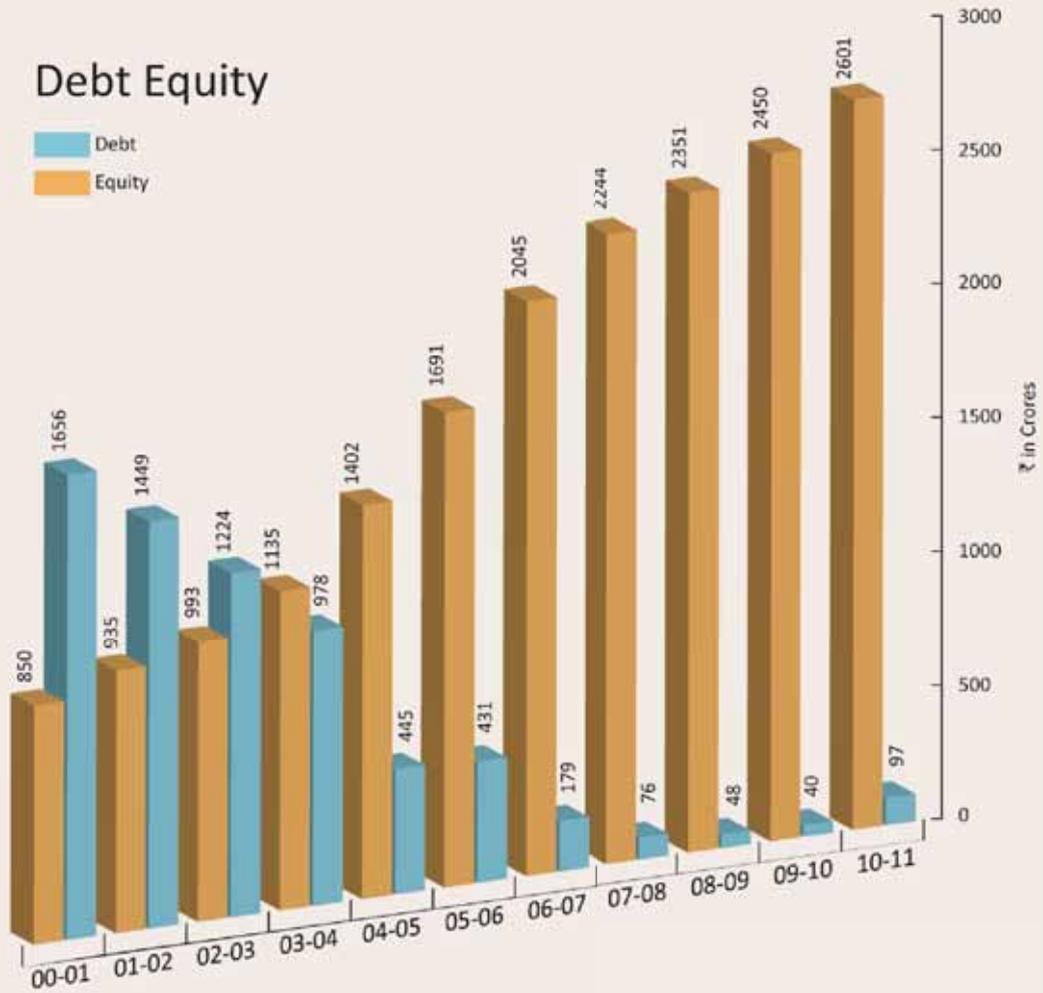


### Shareholding Pattern

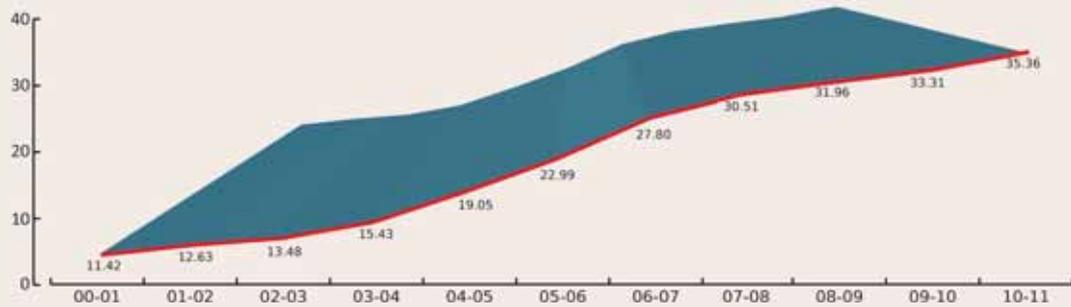


## Debt Equity

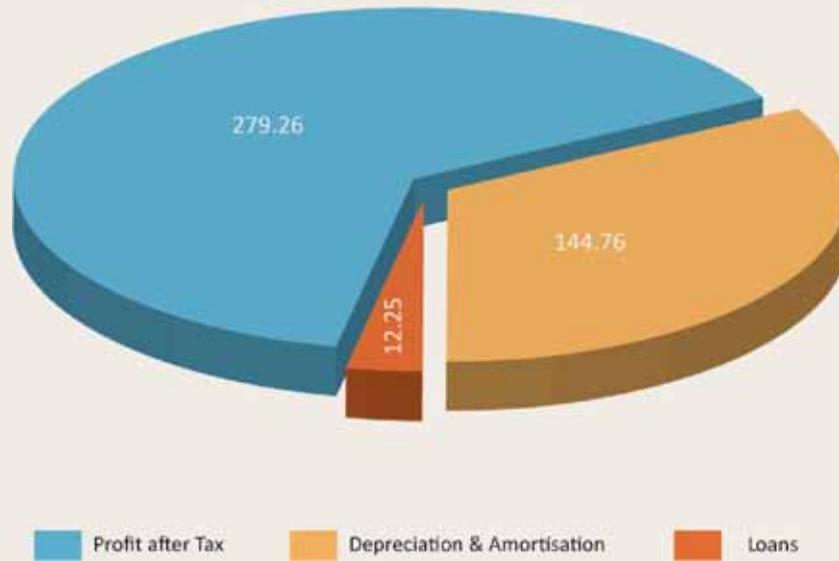
Debt  
Equity



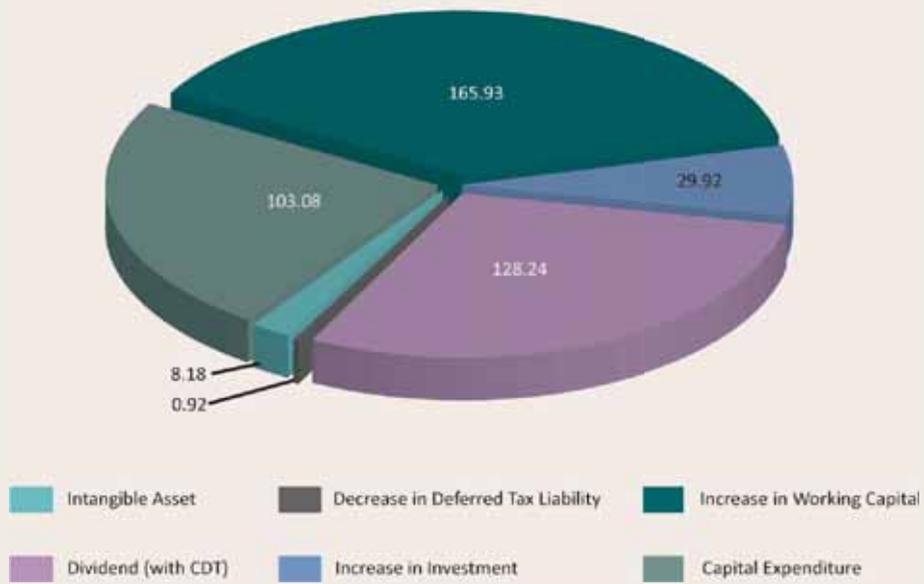
Book Value per share (face value ₹ 10 each)



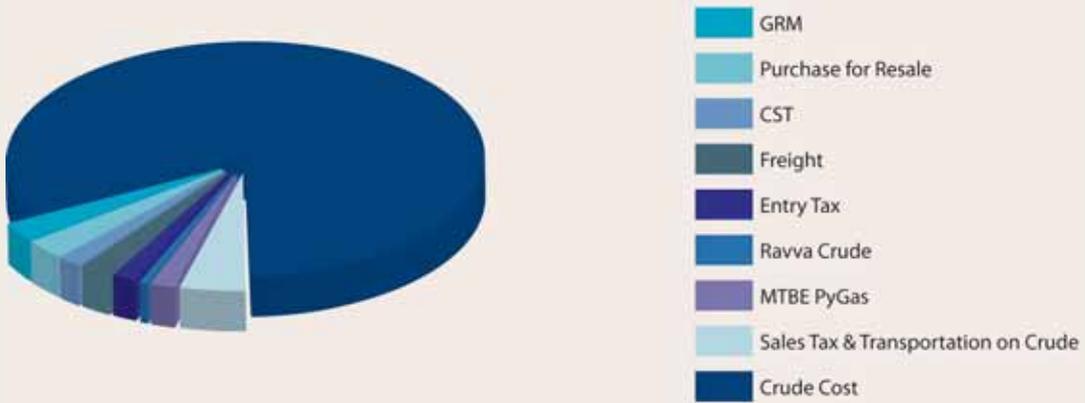
### Sources of Funds (₹ Crore)



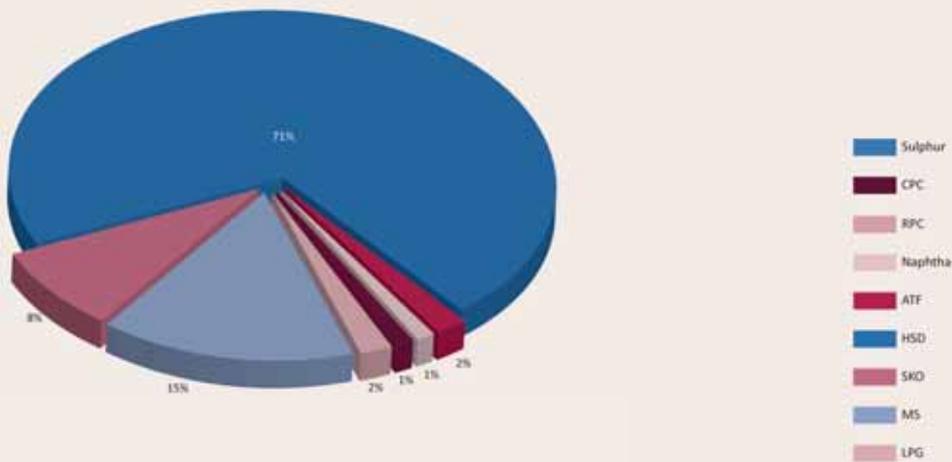
### Application of Funds (₹ Crore)



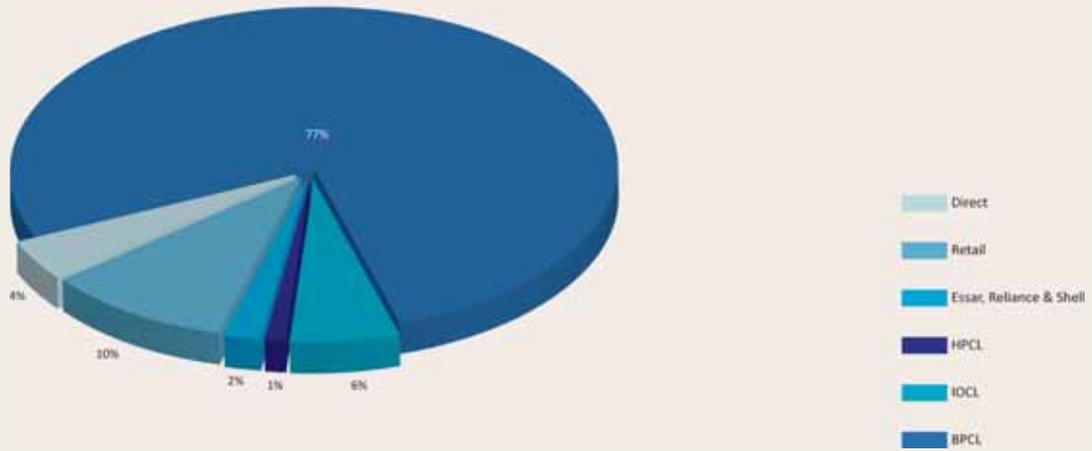
### Distribution of Sales value (\$101.78/bbl)



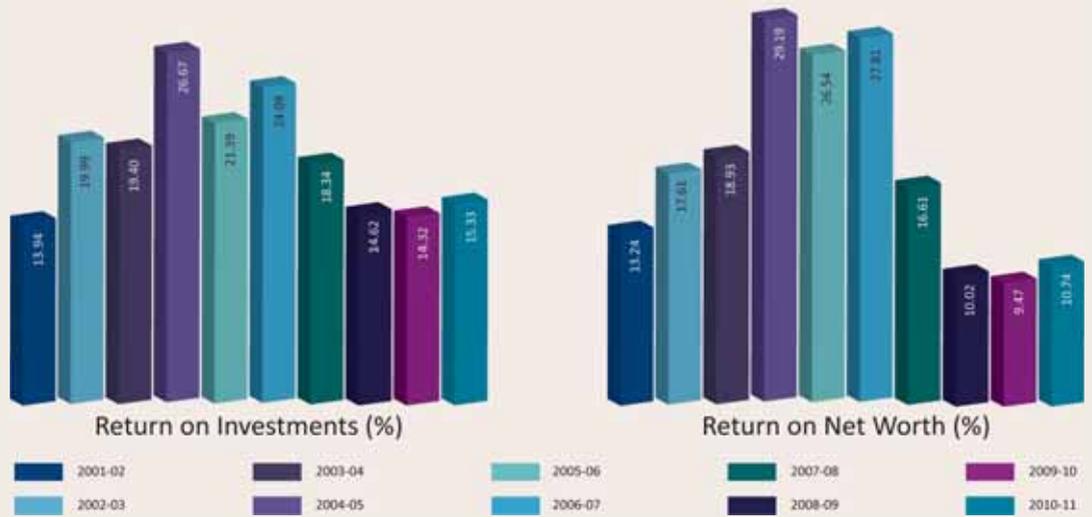
### Productwise Sales Pattern



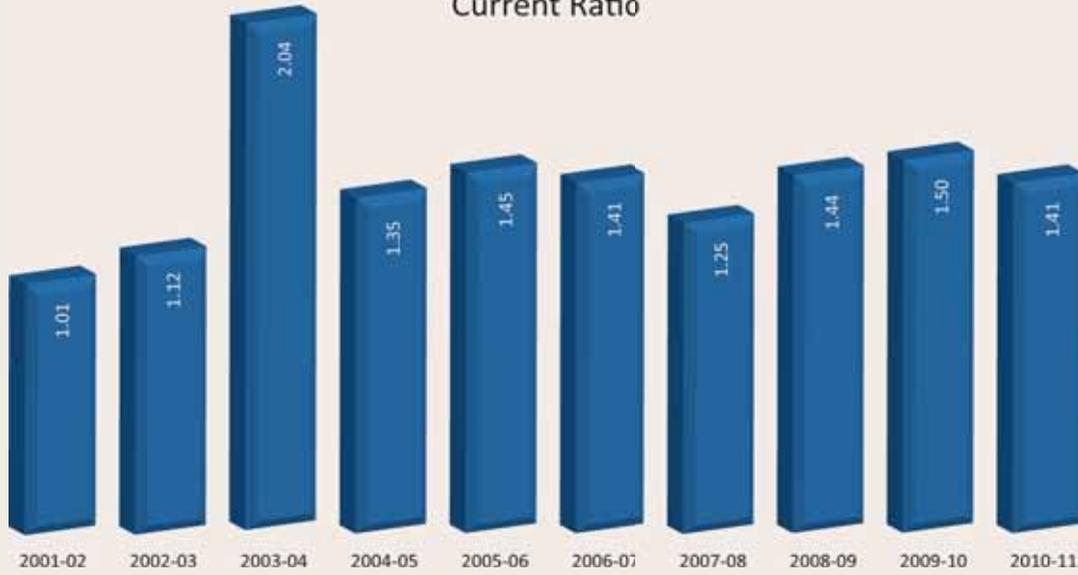
### Partywise Sales



### Return on Investment & Net Worth



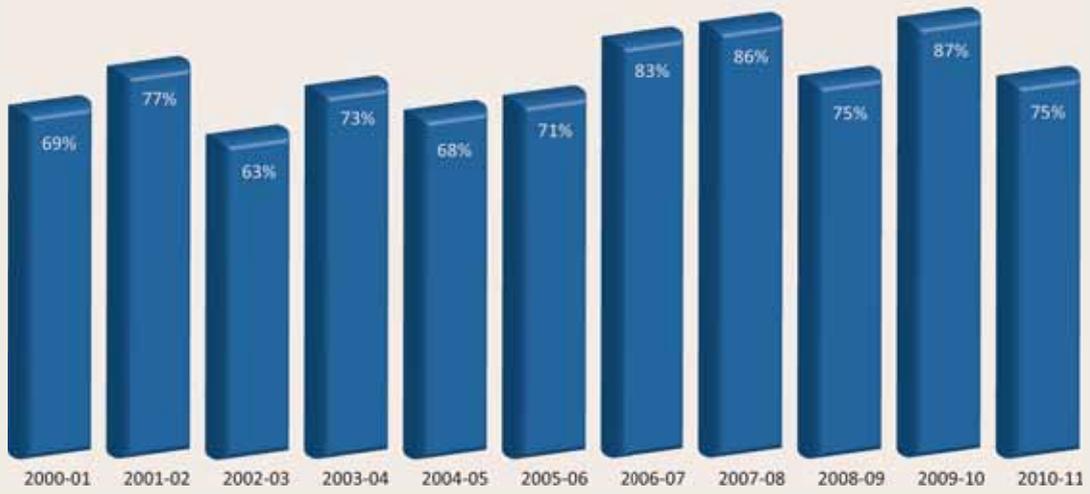
### Current Ratio



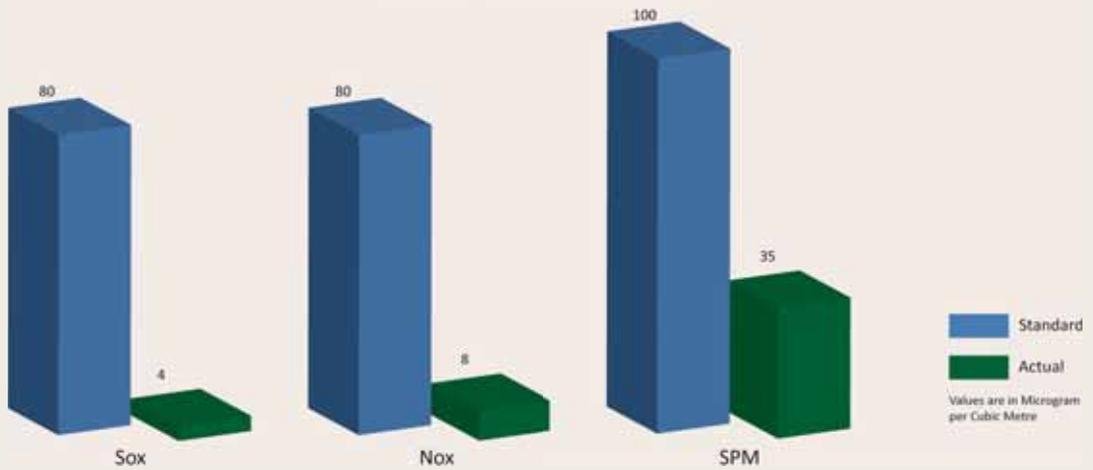
### Turnover Ratios



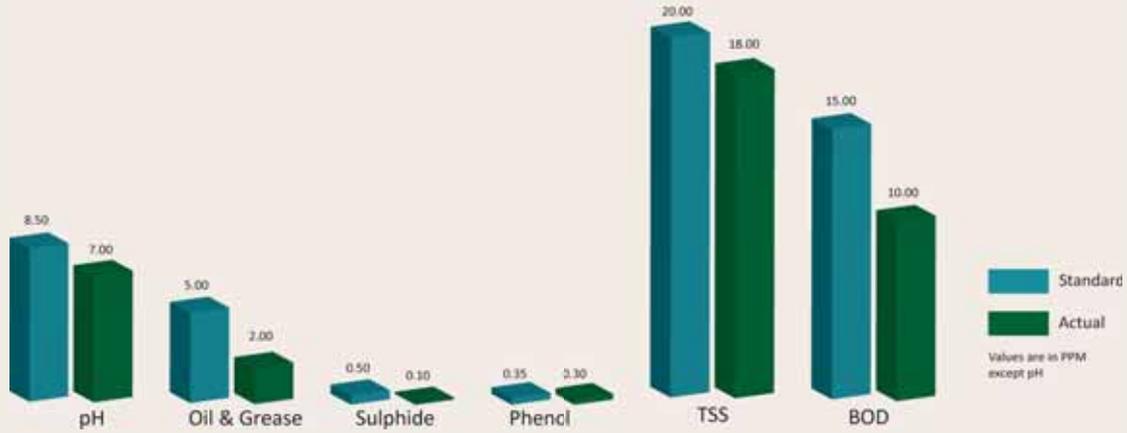
### Capacity Utilisation



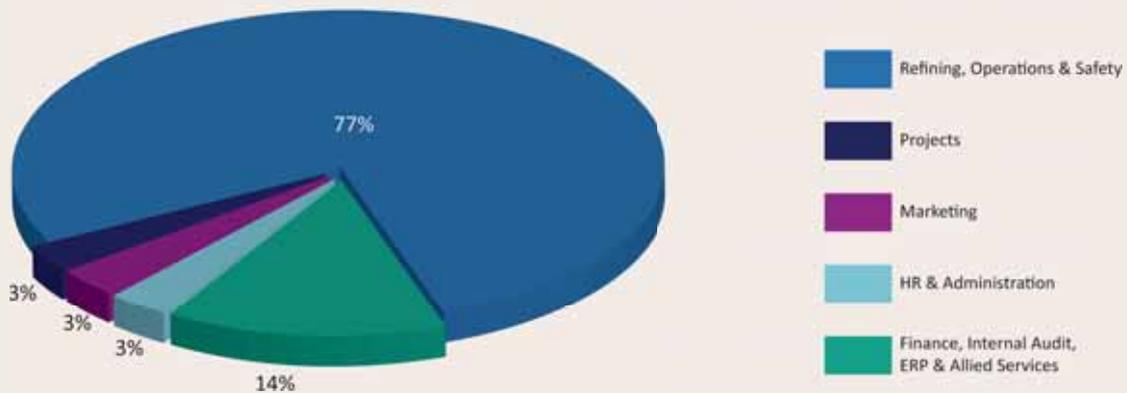
### Ambient Air Quality at Numaligarh Refinery Township vis-a-vis National Standards



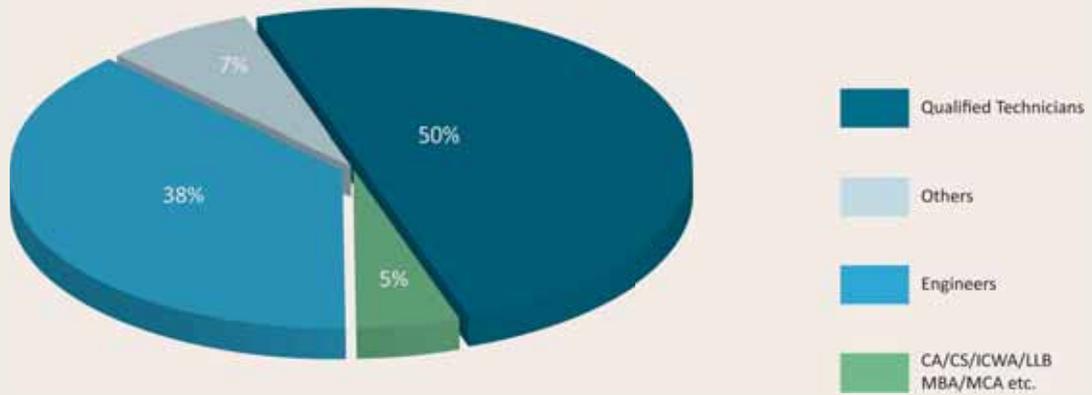
### Treated Effluent Water Quality at Numaligarh Refinery vis-a-vis National Standards



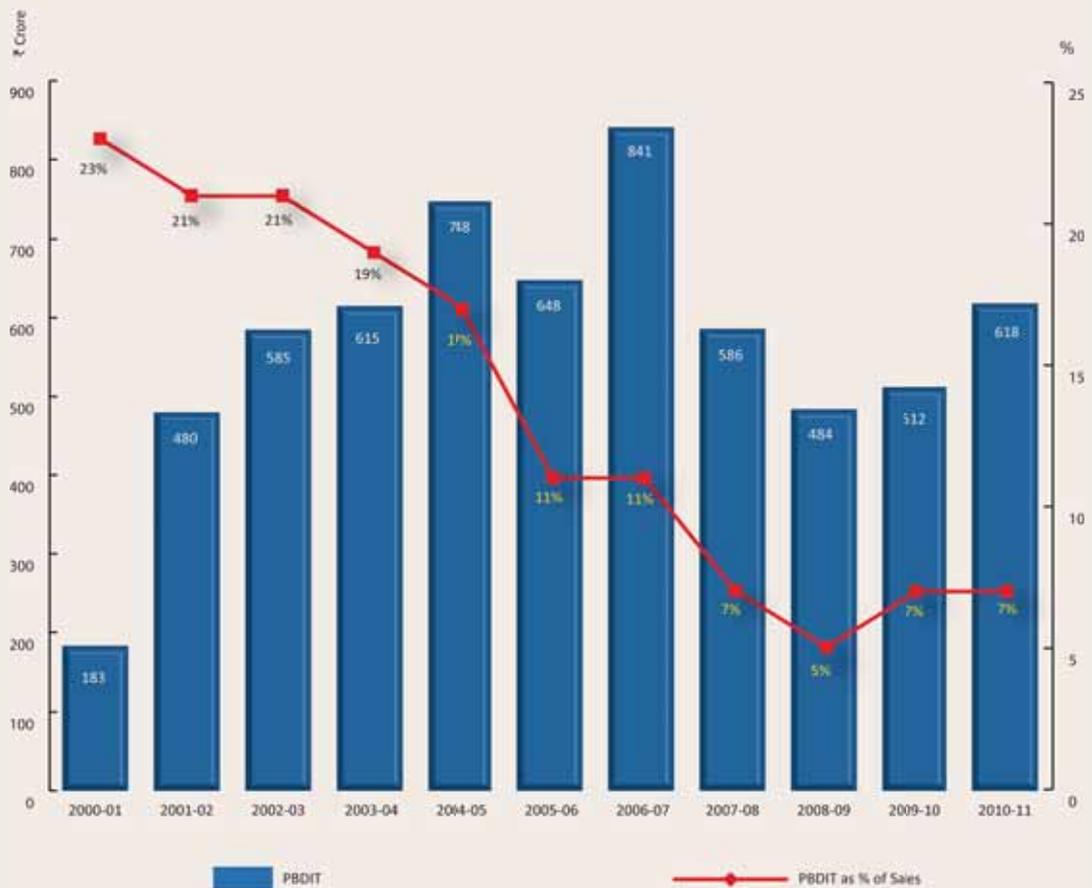
### Manpower Function-wise



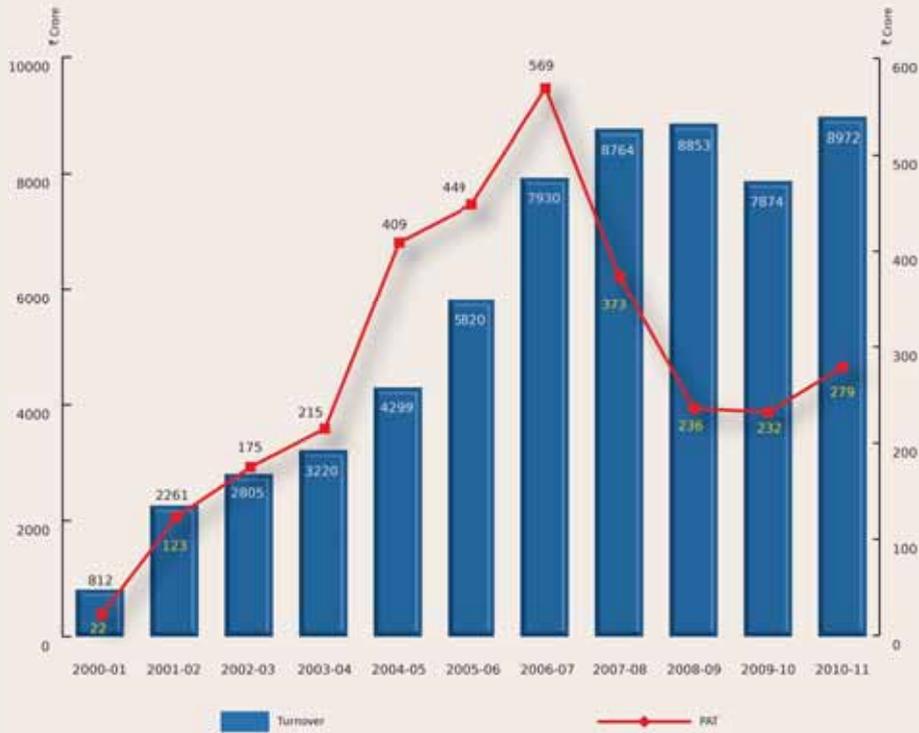
### Manpower Qualification-wise



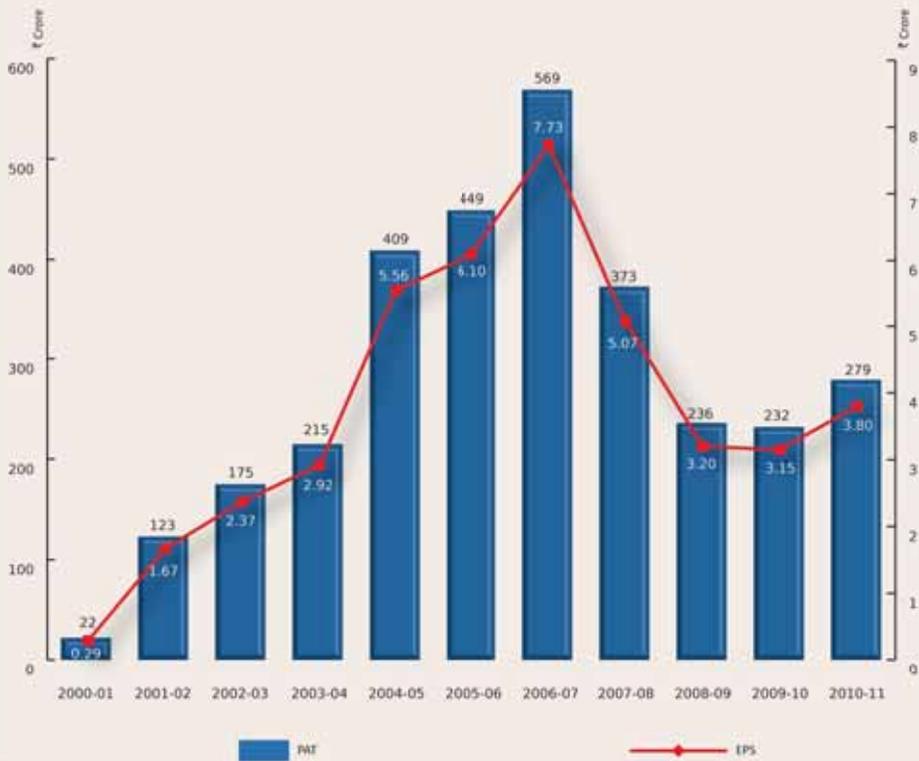
### PBDIT as a % of Sales



### Turnover & PAT



### PAT & EPS





# Directors' Report

# Directors' Report to Shareholders

Your Directors take pleasure in presenting their 18<sup>th</sup> Annual Report on performance of your Company together with audited statement of accounts for the financial year ended 31<sup>st</sup> March, 2011.

The year started with the formidable challenge of implementing the Diesel Quality Upgradation Project, which was successfully completed during first quarter of the year within the approved cost of ` 434.94 crores. Implementation of another mega project for production of Paraffin and Microcrystalline Wax gained momentum during the year and is scheduled for completion by December 2013. Your Company continued to overcome challenges utilizing available opportunities and has managed to end the year with increased profitability. The refinery's crude throughput during 2010-11 was lower compared to that of the previous year primarily due to implementation

of the Diesel Quality Upgradation Project involving refinery shutdown.

## FINANCIAL PERFORMANCE

### a) Financial Results

During 2010-11, your Company recorded the highest ever sales turnover of ` 8,972.19 crores against ` 7,874.09 crores in the previous year, registering a growth of 13.9%. The higher turnover was mainly due to increased price realization from sales. Profit before tax (PBT) during the year at ` 414.54 crores was 14.6% higher compared to the previous year. Profit after tax (PAT) during 2010-11 was ` 279.26 crores against ` 232.08 crores in 2009-10, recording a growth of 20.3%. The Compound Annual Growth Rate (CAGR) of PAT was 28.9%.

Financial results for the year 2010-11 compared to that of the previous year are summarized below:



## Financial Results

|   | ( in Crore) |         |
|---|-------------|---------|
|   | 2010-11     | 2009-10 |
| Sales Turnover –Gross                                       | 8,972.19    | 7874.09 |
| Profit before Depreciation & Amortisation, Interest and Tax | 613.60      | 520.49  |
| Interest  | 28.89       | 5.14    |
| Depreciation & Amortisation                                 | 170.17      | 153.64  |
| Profit before Tax   | 414.54      | 361.71  |
| Provision for Taxation –Current                             | 136.20      | 136.23  |
| Provision for Taxation –Deferred                            | (0.92)      | (6.60)  |
| Profit after Tax  | 279.26      | 232.08  |
| Balance brought forward from the previous year              | 0.01        | 0.01    |
| Amount available for Disposal                               | 279.27      | 232.09  |

### Directors propose to appropriate this amount as under:

|  | 2010-11 | 2009-10 |
|--|---------|---------|
| Appropriations:                          |         |         |
| Towards dividend                         | 110.34  | 110.34  |
| Corporate Dividend tax                   | 17.90   | 18.75   |
| For Transfer to General Reserve          | 151.02  | 102.99  |
| Balance carried forward to Balance Sheet | 0.01    | 0.01    |

### Summarized Cash Flow Statement:

|   | 2010-11  | 2009-10  |
|---|----------|----------|
| Cash Flows:                                       |          |          |
| Inflow/(Outflow) from operations                  | 358.40   | 22.38    |
| Inflow/(Outflow) from investing activities        | (157.60) | (217.98) |
| Inflow/(Outflow) from financing activities        | (121.80) | 26.25    |
| Net Increase/(decrease) in cash & cash equivalent | 79.00    | (169.35) |

#### b) Dividend

Your Directors, after taking into account financial results of the Company during 2010-11 and keeping in view the need for maintaining strategic investments for a secured future, have recommended a dividend of 15% ( ₹ 1.50 per fully paid equity share of ₹ 10/- each) for the year on the paid-up share capital of ₹ 735.63 crores. This will absorb ₹ 128.24 crores out of the profit after tax. NRL's net worth as on 31<sup>st</sup> March, 2011 improved to ₹ 2,601.06 crores from ₹ 2,450.04 crores a year ago.

#### c) Operating Results

i) During 2010-11, the Diesel Quality

Upgradation Project was implemented involving major revamp of the process units. Successful implementation of the project has enabled the Company to produce Euro-III and Euro-IV grades of HSD at 100% capacity utilization of the refinery besides augmenting capacities of secondary processing units. The refinery was under shutdown for most part during first quarter of the year. Crude throughput during the year was consequently lower at 2.250MMT (Million Metric Tonnes) compared to 2.619 MMT in the



previous year. Sales volume was also lower at 2.137 MMT compared to 2.355 MMT in the previous year. During 2010-11, PBT at ` 414.54 crores recorded a growth of 14.6% primarily due to savings in freight cost and increased quantum of excise duty benefit. PAT during 2010-11 increased by 20.3% to ` 279.26 crores.

- ii) Gross Refinery Margin (GRM) during the year was US \$15.39 per barrel including excise benefit of US \$8.72 per barrel against the previous year's GRM of US \$11.19 per barrel (including excise benefit of US \$6.88 per barrel). Freight under-recoveries during the year reduced to ` 174.71 crores from ` 229.63 crores in the previous year, reflecting tangible gains from product transportation through the Numaligarh Siliguri Product Pipeline as well as supply chain optimisation.
- iii) Earning Per Share (EPS) stood at

` 3.80 compared to ` 3.15 during the previous year. Internal cash generation during the year was higher at ` 466.78 crores against ` 393.27 crores in the previous year.

#### d) Treasury Operations

During the year, term loan amounting to ` 7.98 crores was repaid. Your Company maintained focused attention towards effective utilization of surplus funds enabling it to earn an interest income of ` 9.15 crores during the year. CRISIL has rated your Company at 'P1+' for Short Term Loans and 'AAA/Negative' for Working Capital Finance which has helped to optimize the treasury activities of the Company. In an effort to further strengthen treasury operations, the Company has adopted e-payment/collection mechanism for making payment/managing receivables and achieved 98% conversion in this regard. Debt equity ratio at close of the financial year was 0.04.

#### e) Contribution to Exchequer

Your Company had contributed an amount of ` 791.97 crores to the Central Exchequer and ` 354.24 crores to the State Governments against

` 803.12 crores and ` 378.08 crores respectively during the previous year.

#### **f) Cost Control Initiatives**

Your Company follows a system of online budgetary control through SAP ERP 6.0 for optimizing costs. In this process, expenditures are monitored and controlled on a day to day basis for ensuring optimum utilization of budgeted resources. Besides taking adequate measures towards austerity and rationalization of expenditure, your Company continued its focused initiatives towards reduction in fuel and loss, conservation of energy, improvement in distillate yield, optimization of product mix and improving results against other techno-economic parameters.

#### **g) Government Audit Review**

The comments of the Comptroller and Auditor General of India (C&AG) under section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31<sup>st</sup> March, 2011 is being placed next to the Statutory Auditors Report of the Company. We are pleased to report that like earlier years, this year also C&AG has no comment and issued no supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

## **PHYSICAL PERFORMANCE OF THE REFINERY**

During 2010-11, crude receipt at the refinery was 2.258 MMT against allocation of 2.336 MMT. Crude throughput during the year was 2.250 MMT which was in line with crude receipt. However, crude throughput was lower than the MOU target of 2.520 MMT mainly due to deferred refinery shutdown for implementing the Diesel Quality Upgradation Project on account of reasons beyond NRL's control.

Distillate yield during 2010-11 was recorded at 84.70% against MOU target of 90.04%. The

higher MOU distillate yield target was set in anticipation of Natural Gas availability from June 2010, which did not materialize due to delay in completion of the gas pipeline, implemented by M/s DNP Limited. Had Natural Gas been available as envisaged in MOU 2010-11, NRL's distillate yield during the year would have risen to 90.67%. Distillate yield during the previous year 2009-10 was 85.32%. Specific Energy Consumption (SEC) during 2010-11 was 69.0 MBN, which was better than the MOU target of 70.0 MBN. SEC during 2009-10 was recorded at 67.6 MBN.

NRL's total production during 2010-11 amounted to 2.012 MMT. Production comprised 1.395 MMT of HSD, 0.222 MMT of MS, 0.216 MMT of SKO, 0.042 MMT each of ATF and LPG, 0.055 MMT of CPC, 0.022 MMT of RPC, 0.014 MMT of Naphtha and 0.003 MMT of Sulphur. Total evacuation of products from the refinery during the year was 2.073 MMT. Evacuation comprised 1.069 MMT pipeline transfer to Siliguri, 0.591 MMT despatch by rail and 0.413 MMT by road. During the year, CPC dust from NRL was sold through e-auction route for the first time in the industry.

NRL continues to sustain excellence on Fire & Safety front. Cumulative Loss Time Accident (LTA) free man-hours as on 31<sup>st</sup> March, 2011 reached 16.17 million (more than 9 years 1 month), which is continuing.

On the environmental front, besides meeting all statutory standards on air, water and noise pollution, 100% effluents were reused during the year ensuring zero discharge of effluents to the environment from the refinery as well as from the township.



On sustainable development reporting, as per global reporting initiative, NRL has achieved the ranking of A+ jointly with BPCL.

During 2010-11, operation of the 12 MW Steam Turbine Generator (STG) was stabilized. Since, September, 2010, the STG has been generating power consistently utilizing heat and pressure energy from surplus steam.

The Natural Gas pipeline from Duliajan to Numaligarh was commissioned on 28<sup>th</sup> February, 2011. Completion of the pipeline has facilitated utilization of Natural Gas in the refinery as fuel and feed in lieu of Naphtha and is expected to contribute towards improving the Company's refining margin besides higher generation of distillates.

## MARKETING PERFORMANCE

During 2010-11, your Company registered a Sales Volume of 2.14 MMT against

previous year's figure of 2.36 MMT, out of which 0.31 MMT was sold through NRL's Retail Outlets and other direct customers. Balance 1.83 MMT was sold through Oil Marketing Companies, namely BPCL, Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Reliance Industries Limited (RIL), Essar Oil Limited (EOL). Major quantity of products amounting to 1.65 MMT was sold to NRL's holding Company BPCL. Specialty products like RPC, CPC and Sulphur were marketed directly by NRL which amounts to 0.08 MMT. Lower sales volume during the year was due to lower crude processing in the refinery.

Unlike other PSU oil marketing companies, NRL is not covered under the Government's compensation scheme for retail under-recoveries. During 2010-11, NRL has not pursued any major initiative for expansion of the Company's retail network due to prevailing uncertainties in retail pricing policies. However, NRL's focused attention in ensuring delivery of right quality and quantity of products and services to customers continues. During the

year, 92.8% of NRL's retail sales were from Retail Outlets (ROs) certified by M/s. Det Norske Veritas (DNV) under 'Quality & Quantity' (Q&Q) Protocol.

NRL had carried out a rationalization exercise of the Company's retail network outside the North East with its holding company, M/s. BPCL in order to limit the extent of retail under-recoveries. Based on the rationalization process, NRL will continue its retail marketing activities within the Freight Economy Zone of Numaligarh Refinery covering the North Eastern States, parts of Eastern Region and Eastern Uttar Pradesh. An agreement has been signed with M/s BPCL during the year based on which, 39 operating ROs of NRL were handed over and activities are in progress for transfer of Letter-of-Intent for 38 identified dealerships. It may be worthwhile to mention that the aforesaid rationalization measures will not impact NRL's endeavour in marketing of its own products. In fact, NRL can now give more focus attention in its retail marketing in the freight economy zone so as to avoid under-recoveries on retail sales.

The Siliguri Marketing Terminal (SMT) achieved a combined throughput of 1.09 MMT during the year vis-à-vis 0.77 MMT in the previous year. NRL's Siliguri Marketing Terminal has been certified under ISO 9001-2008 (Quality Management System), ISO 14001-2004 (Environment Management System) and OHSAS 18001-2007 (Occupational Health & Safety Management System).

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Developments

The global economy recovered from recession in 2010 although growth in several developed nations remains below expected levels. As per World Bank projections, global economic growth would ease from 3.8% in 2010 to 3.2% in

2011 before rising to 3.6% in 2012. Recent natural disaster in Japan, geo-political unrest, firm energy prices would continue to exert pressure on the fragile economic recovery in the near short term. Rising inflation has emerged as a formidable challenge for most developing nations including India.

In the context of the Indian economy, during 2010-11, overall growth of Gross Domestic Product (GDP) was 8.5% with agriculture and allied activities registering growth at 6.6%, industrial sector at 7.9% and services sector at 9.4%. During the previous year 2009-10, GDP growth rate was 8.0%. During 2010-11, overall growth in the Index of Industrial Production (IIP) was 8.2% compared to 5.3% in the previous year. Out of three broad sectors, the manufacturing sector has been the key driver with a growth rate of 8.9%. The index for six core industries comprising crude oil, petroleum products, coal, electricity, cement and steel grew by 5.8% during 2010-11 compared to 5.5% of 2009-10. India's merchandise export in 2010-11 amounted to US \$ 246 billion registering a growth of 37.5%. Cumulative import during the fiscal was US \$ 351 billion. Overall trade deficit during 2010-11 marginally declined to US \$ 105 billion from US \$ 110 billion in the previous year. Oil imports in 2010-11 increased by 16.7% to US \$ 102 billion compared to US \$ 87 billion in 2009-10.

India's economic growth is projected to moderate in 2011-12 following decline in consumer demand arising out of high inflation rates coupled with fall in investments following increased interest rates, aimed at curbing rising inflation.



### Trends in Oil and Gas Sector

As per International Energy Agency (IEA), global oil demand in 2010 increased to 88.0 million barrels per day (mbpd) from 85.2 mbpd in 2009. In 2011, demand is projected to further rise to 89.3 mbpd. Demand in 2011 is anticipated to be driven primarily by increased requirements from China and India with moderated requirements from the Organisation for Economic Cooperation and Development (OECD) countries. During 2010-11, oil prices steadily rose for most part of the year barring marginal decline in September and February.

As on 01.04.2011, India's refining capacity increased to 193.4 MMT from 184.40 MMT a year ago. Total crude throughput of Indian refineries in 2010-11 increased to 196.5 MMT from 186.6 MMT in the previous year. However, the country's dependence on imported crude oil continues to increase. In 2010-11, India's crude import amounted to 163.1 MMT against domestic production of 37.7 MMT. In terms of demand for petroleum products, during

2010-11 the consumption growth of HSD was 6.7% while that of MS was 10.7%. LPG and ATF registered growth numbers at 9.1% and 9.8% respectively. Kerosene, Lubes, Bitumen and Petroleum Coke recorded negative growth in consumption.

The average crude oil import price for the Indian basket during the year 2010-11 increased to US \$ 85.09 per bbl from previous year's average of US \$ 69.76 per bbl. On an overall basis, India's import of petroleum products in 2010-11 increased to 17.0 MMT from 14.7 MMT in the previous year. Product exports increased to 56.3 MMT in 2010-11 from 51.0 MMT in the previous year.

### Opportunities

NRL has completed a decade of successful operations with sustained profitability. Notwithstanding formidable challenges on several fronts, the Company has grown and diversified leveraging on available opportunities. The most important asset of the Company is its team of dedicated employees committed to achieve excellence in all spheres of business activities.

NRL today enjoys unstinted support from its

stakeholders- the promoters, the Central and State Governments and the public in general.

The Company has built an adequate resource base to finance various Value Added Projects aimed at achieving consolidation and growth.

NRL being a single location refinery, prima-facie, appears to offer limited scope for diversification. However, the Company has successfully diversified into retail marketing and participated in joint venture projects in areas like petrochemicals and pipelines. The Company has also drawn up plans for further growth during the 12<sup>th</sup> Five Year Plan.

NRL, in recent years, has emerged as a leading brand in the petroleum retailing sector. Within a short span, NRL has achieved a market share of 13% in the North East with only 6% of the total ROs in the region. The average sale in terms of kilolitre per month (KLPM) per RO for NRL is 250 KLPM, which is much higher than the industry average of 140 KLPM. Leveraging this image, NRL can enhance its market share in the North East region by establishing new Retail Outlets.

### Threats & Concerns

A major threat for NRL, as in case with the three other refineries operating in the region, lies in their profitability being driven by excise

duty benefit. The Central Government has been offering 50% excise duty benefit to the North East refineries in view of their inherent limitations such as sub-economic size, restricted capacity utilization due to inadequate crude oil availability, high cost of product evacuation and logistical bottlenecks. While NRL has drawn up plans for improving profitability through implementation of several Value Added Projects during course of the next few years, any measure to reduce excise duty benefit before implementation of the planned projects could threaten the Company's viability.

The Government has recently reduced customs duty on crude, MS and HSD besides reducing excise duty on HSD. Such measure has adversely affected profitability of the North East refineries, including NRL. Further, NRL's funding capability for value addition through identified projects is likely to have an additional impact of interest due to higher dependence on borrowed funds.

The other threat to NRL emanates from possible increase in under-recoveries from retailing of MS and HSD as the Company is not being compensated by the Government unlike in the case of other PSU Oil Marketing Companies.

Inadequate availability of crude oil is an area of persistent concern for NRL that is unlikely to be addressed easily unless the possibility of processing imported crude oil is explored in right earnest. In this context, NRL has mooted a plan for importing 5.0 MMTPA of crude oil through a new pipeline from Paradip/Dhamra port to Numaligarh with simultaneous expansion in refining capacity from 3.0 to 8.0 MMTPA. Demand projection for petroleum products during the 12<sup>th</sup> Five



Year Plan within NRL's existing supply envelope adequately supports the capacity expansion plan in terms of product absorption. Should the expansion plan materialise, NRL would achieve economic scale of operation during the course of the next few years and this would pave the way towards achieving enduring viability of the Company.

### Internal Control System and their Adequacy

The Internal Control System at NRL provides a strong foundation for sound Corporate Governance and ensures that its risk management methods, process and controls in relation to its size and nature of business. The effectiveness of Internal Control Systems is ensured through well documented manuals, procedures, guidelines and policies, delegation of authorities with appropriate limits and authority across functions, which is supported by well documented Internal Audit processes, ERP driven business processes and a strong Information Technology support. The Internal Audit function in NRL provides independent, objective assurance of the key business processes, risk assessments, controls and compliances on internal policies, guidelines and statutory requirements. Besides periodic review of the significant audit findings by the Management Audit Committee, the Audit Committee of Board also regularly reviews the significant audit findings to ensure adequacy of Internal Control at all levels, that is, at environmental level, system level and transaction level.

### Human Resources

As on 31<sup>st</sup> March, 2011, total employees strength was 817 of which 432 belong to



the unionized category and 385 to the executive cadre. Out of the total staff strength, 186 members belonged to Scheduled Caste (SC) / Scheduled Tribe (ST) category and 222 to Other Backward Class (OBC) Category. Staff Strength includes 37 women employees, 35 belonging to minority communities and 9 physically challenged employees.

NRL considers human resource as its greatest asset and is constantly in the pursuit of creating a workplace that energizes the team to build the foundation for the future. It also understands that a motivated and inspired team can create an outstanding organization.

The Company continues to have the best practices and processes to operate in an environment of trust, transparency and team work which encourages innovative thinking and has been endeavoring to build competencies in employees to help them attain excellence in all spheres of activities. NRL is also focusing on building specialist skills and multiple cadres in the organization to support its goals and aspirations.

Towards this end, several thousand man-hours of training were imparted to the employees to help them garner new knowledge and skills in their respective areas of specialization.

The Learning Centre located inside the refinery premises acts as a learning ground for the employees by conducting various skill development programs on a regular basis on different subjects. Employees are also sent to attend various training programmes in specialized institutes in the country and abroad for improving their skills in their respective areas. During the year, 579 employees have been trained through internal training while 140 employees have been trained through external training.

Creative pursuits and extracurricular activities like sports, dramatics and socio cultural events which form the very staple of our social fabric are encouraged in NRL.

During the year, significant changes have come to the Company's compensation policy after implementation of Justice M. Jagannadha Rao Pay Commission Report by DPE. On the variable payment front, system has been put in place for performance based payment to the employees under Executive Cadre.

### SC/ ST Employees

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

### Persons with Disabilities

Reservations and concessions are being provided to Persons with Disabilities since 1997 for appointments in all categories of posts identified, based on Government instructions. The Company has identified positions which could be reserved for filling up by persons with disabilities. NRL has 9 persons with disabilities employed in the organization as at 31<sup>st</sup> March, 2011.

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





### Corporate Social Responsibility (CSR)

With strong commitment towards socio-economic upliftment of the region, your Company continues to pursue definitive measures for improving lives of the people in the neighbouring areas of the refinery based on their genuine needs identified in consultation with district administration, local public bodies, recognized voluntary organizations and village development committees essentially aiming at providing basic amenities through various innovative and people friendly schemes under the Company's Community Development initiatives.

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

NRL has been imparting great emphasis in

promoting education for the girl child. Under a scheme titled 'Prerona', scholarships are awarded to over 200 meritorious girl students every year. In the year 2010-11, the scheme covered 31 schools in the neighbourhood of the refinery. Under another scheme 'Gyandeept', scholarship is awarded to 106 meritorious students from High Schools and Junior Colleges. Under 'Gyan-Yatra', educational excursions are sponsored to different cities of the country. NRL has also introduced a scheme 'Dronacharya' where financial contributions were provided to Teachers' Welfare Fund of 25 schools on the basis of number of students passing in 1<sup>st</sup> division in Class X Exams from respective schools in the nearby areas.

The Company has undertaken the task of providing clean drinking water and hygienic sanitation in all villages within 10 km radius of the refinery. During the year, NRL sponsored one fully equipped boat clinic named 'NUMALI' under its CSR programme for providing health service to the marginalized river island population of Sonitpur district, an innovative Boat Clinic Programme which has



been initiated by Centre for North East Studies and Policy Research (C-NES) under NRHM.

During the year under review, NRL continued to give focused attention in the following areas for welfare of the economically weaker sections of the society and spent an amount of ` 4.97 crores against the approved CSR budget of ` 4.71 crores as shown below:

(` in lakhs)

|  |            |
|--|------------|
| Agri-allied/Income generation activities         | 54         |
| Assistance to Educational Institutions           | 190        |
| Infrastructure Development                       | 146        |
| Community Health and sanitation                  | 35         |
| Promotion of Art, Sports, Literature and Culture | 72         |
| <b>Total</b>                                     | <b>497</b> |

### Gender-Friendly work place

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

### Communication to Employees

Your Company puts a great deal of emphasis to ensure that different channels and modes of

communication are effectively utilised so that information flow within the Company is a continuous process and employees across all levels are well informed about the happenings in the Company at all times. This not only ensures awareness but greater involvement and participation in matters of the Company amongst employees. A variety of tools are utilised to facilitate effective employee communication. They include periodic meetings such as Communication Meeting, Functional Co-ordination Meeting, Departmental Meeting etc. Other than the above, the quarterly house journal 'Rodali' keeps employees posted on the developments in the Company and its associates while the internet portal 'Eureka' uploads important information including manuals and circulars which along with the vibrant and regularly updated Company website [www.nrl.co.in](http://www.nrl.co.in) completes the information flow circle. Other publications like safety newsletters, special event specific publications supplement and strengthen the existing modes of communication.

### Industrial Relations

During the year 2010-2011, your Company continued to maintain peaceful, harmonious and cordial relations with its employees through mutual support and cooperation at all levels. All organizational



and employee related issues were handled with a collaborative approach and regular communication was ensured to all employees on all important issues affecting them and the organization. During the year, NRL signed fresh wage settlement with the Union which has been made effective from 1.1.2007 with significant improvement in their compensation package. Company's Trust, transparency and teamwork has contributed significantly to maintain a harmonious industrial relations atmosphere throughout the year.

#### **Implementation of the Official language**

Your Company continued its efforts for promoting the use of Hindi as official language under the provisions of Official Language Act, 1963 and the Official Language Rules, 1976 and organized regular Hindi trainings and workshop amongst the employees. During the year, the Hindi Software 'ISM V5 Office' was procured and installed in all offices of NRL. Hindi Software Training programmes are also conducted at various locations. The

Company continued to reward its employees through attractive Incentive Scheme which is in vogue to further enhance Official Language Implementation. All out efforts have also been made to complete all the manuals, rules, regulations, code etc. in bilingual form (Hindi and English) as per the given time frame.

Major events like 'Hindi Divas' and 'Hindi Week' have since been organized in NRL every year with enthusiastic participation of employees and their spouse. The Company's in-house journal "Rodali" is having a regular Hindi section where employees' participation is noteworthy. The Company also continued to publish the yearly Hindi Journal 'Prayas' with contribution from all sections of employees, their spouse and children.

#### **Right to Information Act**

NRL is a public authority as defined under section 2, sub section (h) of the Right to Information Act, 2005. As such, appropriate mechanisms have been put in place by the Company for effectively addressing and disposing applications received against RTI Act from any citizen of the country. Requisite

information as per Chapter-II, Section 4(1), Sub-clause (b) of Right to Information Act, 2005 is uploaded in the RTI link of the Company website www.nrl.co.in. An MIS is generated on the status of receipts, disposals, appeals of RTI applications and sent to the Ministry of Petroleum and Natural Gas on a regular basis.

### Vigilance

NRL's vigilance function is focused towards preventive and proactive vigilance activities with a view to ensure transparency/equity/fairness in their business process. NRL management also acknowledges its role as constructive contributor in organizational decision making and image building and consults with vigilance on identified susceptible areas prone to deviation. Vigilance Department also conducts "Vigilance Orientation Program" regularly so that all employees of NRL understand the implication of protecting the assets and usher in fairness with their vendors/suppliers/contractors etc. Further, Vigilance also imparts knowledge on safeguarding against losses from unauthorized use or disposition. Similarly in the vigilance orientation programme, coverage is given to the participants from

cross section of departments of NRL so that proper perspective of transparency, equity and fairness in the transactions are duly taken care of. Further, there is a system in vogue of periodical reporting to various agencies including CVC/ Administrative Ministry etc. The vigilance orientation programme is supplemented by inspection and surprise inspection, review by the management, sharing of critical issues pertaining to contract / CVC guidelines etc. The latest circulars from CVC's office are communicated regularly so that officials are abreast of the latest guidelines to avoid unintended mistakes. During the year, NRL continued to pursue e-tendering and e-payment activities to ensure better transparency.

With the intention to promote vigilance awareness, Vigilance department from the year 2010-11 had started publication of annual newsletter under the title "Chaitanya" on the occasion of vigilance awareness period 2010. Further, vigilance has contributed in the formulation of the "Fraud Policy" of the Company.

### Health and Safety

Your Company continued its priority towards maintaining highest standards in the area of health and safety and completed one more year of loss time accident (LTA) free operations as on 31st March, 2011. The refinery recorded 3329 days of Loss Time Accident Free man days (more than 9 years 1 month as on 31st March 2011) equivalent to 16.17 Million LTA free man hours since the last LTA on 18.2.2002 and the performance is continuing.

Without any major fire accident in the entire year, your Company thrives to excel in Safety Management by focusing on Behavioral Safety. During the year,





besides organizing regular safety training programmes for its employees, contractors workmen, CISF and security staff and POL drivers, various safety awareness programmes have also been organized like earlier years to bring awareness among the near-by public.

For effective emergency management, mock drills are conducted regularly in the refinery. During the year, one off-site mock drill was conducted in collaboration with the District authority, local public and media.

A number of new Award and Incentive schemes have been introduced to promote safety consciousness. PPE colour code was introduced from last year and is well in place. During the year, one more Foam cum Water Fire Tender was added to strengthen its fleet. The counseling systems introduced in 2009 have been successfully continued in 2010 also which have yielded result which is evidenced from the accolades received by NRL in the form of best Safety and Security Awards and Green Refinery Award among BPCL group company refineries.

NRL has an Occupational Health Centre inside the refinery premise which operates on 24 hour basis to take care of emergencies. Regular periodic health check-up of employees and contract workers are done under Occupation Health Check up (OHC) Scheme for safe guarding from occupational health hazards as per OISD guideline 166.

As per requirements of Assam Factory Act and OHSAS, Occupational Health department is regularly conducting eye examination of crane crews, Riggers and Supervisors for the safe operation of earth moving equipment every year by qualified eye specialist.

### **Environment and Ecology**

As a responsible corporate citizen, Numaligarh Refinery has given utmost importance to the abatement of pollution and preserving flora & fauna with vision of excelling in environment management. Since inception, the refinery has been at the forefront in adopting policy initiatives to comply with all norms and standards encoded in statutes, applicable codes of practices, relevant guidelines, OISD standards etc. apart from its own policies and

manuals, making it an environment friendly and ecologically compatible modern refinery. In its quest for environmental excellence and continual improvement, NRL has been pursuing a focused program towards environment protection through well-defined objectives and has taken up several initiatives that are being implemented in a systematic manner.

Legal and statutory requirements for the refinery have been fully complied with during the year. Further, all the monitored environmental parameters including treated effluent quality and quantity, stack emissions, ambient air quality, noise level, etc. were maintained within the latest stipulated standards.

NRL continues to maintain 100% recycle of the treated effluent from its refinery and township.

Hazardous oily wastes are disposed off in Secure Landfill as per Hazardous Waste Management Handling and Transboundary Movement Rules, 2008. Implementation of another Secure Landfill as per CPCB guidelines is in progress. Bioremediation of around 300 MT of tank bottom sludge is being done by applying "Oilzapper" developed by ONGC-TERI Biotech Limited (OTBL).

During the year, NRL has installed the latest LED (Light Emitting Diode) based online display board for environment monitoring at the main entrance gate of the refinery premises. With the launching of this facility, there are online real time data of almost 50 important and vital environment parameters such as treated effluent stack emissions & ambient air quality, information on type & quantity of hazardous waste and oily sludge being generated and treated at the refinery.

To pursue with NRL mission of an environment friendly refinery, plantation of more than 12,000 saplings was carried out around the NRMT areas. With a view to spread environmental awareness amongst the employees and neighboring people, a number of awareness programs were conducted during the year.

During the year, NRL has also taken initiative for Mapping of Green House Gas (GHG) emission & Development of Carbon Management Strategy for the refinery and its associated activities.





### Clean Development Mechanism (CDM) Projects

The 12 MW Steam Turbine Generator (STG) project which was registered with United Nations Framework Convention on Climate Change (UNFCCC) under Clean Development Mechanism (CDM) of the Kyoto Protocol on 7<sup>th</sup> June, 2008, is presently under continuous operation since September, 2010. The verification site visit by UNFCCC accredited agency M/s Bureau Veritas Certification (India), Guwahati was completed during the year for verification of accumulated CER of around 6850 till 31<sup>st</sup> December, 2010 for the first verification period. Further accumulation of CER is being accounted as 6350 from January, 2011 till 31<sup>st</sup> March, 2011. Thus total accumulated CER so far achieved is around 13200. For the second CDM project pertaining to utilization of natural gas in the refinery, validation of

the project by M/s DNV has been completed. The project is expected to reduce around 43 TMT of CO<sub>2</sub> emission per annum.

### Research & Development (R&D)

The in-house R&D efforts include (i) Optimization of operating parameters for production of Euro-III HSD at design throughput without installation of new units; (ii) Optimization of process streams in ATF for blend optimization; (iii) Production of Euro-IV MS from the Motor Spirit plant through blending with oxygenates; (iv) Optimization of process variables and feed preparation for production of high value Needle Coke with assistance from M/s Indian Oil Corporation Limited; (v) Studies through the Indian Institute of Petroleum for production of Microcrystalline and Paraffin Wax in the refinery utilizing inherent properties of Assam Crude. Major R&D activities are taken up through R&D centre of BPCL, IIP and R&D set-up of IOCL.



### Certifications

NRL received Management System Certification on Quality (ISO 9001), Environment (ISO-14001) and Occupational Health & Safety (OHSAS-18001) in the 2<sup>nd</sup> year of its operation itself. Since then, NRL has been successfully sustaining the systems with continual improvement and stabilization and in the process gaining maturity. As a notable step towards improvement, all three systems were integrated and maintained as Integrated Management Systems since 2008. The systems were upgraded in August, 2008 to the latest version of the standards, viz. ISO-9001:2008, ISO-14001:2004 and OHSAS 18001:2007. NRL has also been certified with ISO-27001:2005 for Information Security Management System (ISMS) since April, 2009.

### Awards

- During the year NRL bagged 3<sup>rd</sup> CIDC Vishwakarma Award 2011 conferred by CIDC (Construction Industry Development Council) established by the Planning Commission, Government of India and the Construction Industry. NRL has been awarded under “Best Project” category for its “Diesel Quality Up-gradation project”. The award mainly focuses on Project Performance, Engagement of new

/ Innovative technique, Quality of manpower deployed, Impact on environment, Overall social impact & some other critical issues.

- NRL also received Best Safety & Security Award and Green Refinery Award among BPCL group company refineries.

### Integrated Information Systems (IIS)

During the year 2010-11, smooth operation of SAP R/3 ERP system has been maintained. Further, IIS (Integrated Information System) team could achieve maximum uptime of IT Infrastructure, Systems & Services without any loss-time of operation or any significant information security incidents.

Product exchange process between NRL and BPCL has been successfully automated through B2B (Business to Business) transactions through ERP systems of both the companies. The B2B process has minimized the business process cycle time, enhanced data integrity which has reduced reconciliation effort and thereby increased operational efficiency in addition to savings in cost. The B2B process is operational from 12<sup>th</sup> January, 2011 onwards both at Numaligarh Refinery Marketing Terminal (NRMT) and Siliguri Marketing Terminal (SMT).

SAP R/3 ERP system implemented at NRL has been upgraded to newer version ECC-6.0 which is built over latest IT technology that makes the SAP software compatible for implementation of new functionalities like ESS/MSS, Business Intelligence, web enabled applications etc.

IT Disaster Recovery (DR) site, which was located at Kolkata has been shifted to NRL’s own Data Center at SMT Siliguri. A modern TIER-II data centre in line



with TIA-942 standard has been built at new DR site which gives flexible recovery option, scalable to higher capacity, enhanced security and better WAN connectivity. The new DR Data Centre has been commissioned successfully and fully operational since 4<sup>th</sup> March, 2011.

IT infrastructures, services have been enhanced and ERP system has been customized to meet business requirements and to support better corporate governance.

Your company has completed second year of implementation of Information Security management System (ISMS) as per ISO-27001:2005 standard and maintained high level of information security practices.

### Value Added Projects

As Numaligarh Refinery was conceived more as a developmental project, there are certain inherent limitations associated with it, viz.: (i) sub-economic refinery size of 3.0 MMTPA; (ii) logistically difficult location; (iii) limited local demand for

products. Moreover, due to inadequate crude oil availability in the region, NRL has to restrict capacity utilization to the extent of crude oil availability. In order to increase profitability and towards ensuring long term sustenance and growth despite such limitations, NRL has implemented Value Added Projects like Motor Sprit Plant in 2006-07 at a cost of ` 297 crores, Siliguri Marketing Terminal in 2009-10 at a cost of ` 186 crores and Diesel Quality Upgradation Project in the year 2010-11 within the approved project cost of ` 435 crores.

### I. Projects Under Implementation:

The following projects are presently under implementation :

#### Wax Project

Based on the inherent properties of Assam crude, Wax Project has been taken up for implementation in June, 2010 for production of 43300 TPA Paraffin wax (Type-I) and 4500 TPA of Semi Microcrystalline waxes(Grade A) at a project cost of ` 576.60 crores with completion schedule of 42 months. Process licensors and the Engineering, Procurement, Construction

Management (EPCM) consultant for the project have been selected. Works on basic engineering and design packages are in progress. The Project is expected to be completed by December 2013.

### Naphtha Splitter Unit

To facilitate production of 160 TMTPA of petro-chemical grade naphtha for supply as feed stock to the Assam Gas Cracker presently implemented by M/s. Brahmaputra Cracker and Polymer Limited, NRL has taken up for implementation of a Naphtha Splitter Unit within the refinery premises at a project cost of ` 60 crores. The EPCM contract has already been awarded and the jobs relating to detailed engineering, ordering and procurement are in progress. The project is scheduled for completion in synchronization with the commissioning of the Assam Gas Cracker project.

## II. Joint Ventures

NRL has equity participation in two joint venture projects. One is the Assam Gas Cracker Project being implemented by M/s Brahmaputra Cracker and Polymer Limited in

Dibrugarh district of Assam and the other is a Natural Gas Pipeline Project from Dulijan to Numaligarh which has been implemented by M/s. DNP Limited.

### A) M/s. Brahmaputra Cracker & Polymer Limited

A joint venture company, M/s Brahmaputra Cracker & Polymer Limited (BCPL) was incorporated on 08.01.2007 for implementing the Assam Gas Cracker Project in Dibrugarh district of Assam. NRL has 10% equity participation in this joint venture along with M/s GAIL (70%), M/s OIL (10%) and Government of Assam (10%). So far, an amount of ` 76.33 crores has been paid towards equity contribution in this joint venture. Besides equity participation, NRL has supply commitments for 160 TMT per annum of petrochemical grade Naphtha to the BCPL.

### B) M/s. DNP Limited

A joint venture company, M/s. DNP





Limited was incorporated on 15.06.2007 for implementing a Natural Gas Pipeline Project for transporting Natural Gas from Duliajan to Numaligarh Refinery at an approved project cost of ` 379 crores. NRL has 26% equity participation in this joint venture along with M/s Assam Gas Company Limited (51%) and M/s Oil India Limited (23%) and paid its entire share of equity amounting to ` 35.06 crores. The pipeline was commissioned in February, 2011.

After commissioning of the natural gas facilities in the refinery during March 2011, NRL started utilizing Natural Gas in place of Naphtha as fuel in the Captive Power Plant and as feed and fuel in Hydrogen Plant. Use of natural gas in the refinery would provide substantial value addition in terms of higher refining margin.

Towards implementation of the Plan projects of NRL, an amount of ` 625 crores was earmarked in the 11<sup>th</sup> Five Year Plan (2007-12) against which, actual expenditure during first four years of the Plan period has been ` 513 crores (82.1% of outlay).

#### **Memorandum of Understanding with BPCL**

Your Company has been achieving an 'Excellent' performance rating consistently since the first Memorandum of Understanding (MOU) was signed with BPCL in the year 2003-04. Based on the overall improved performance achieved by the Company during the financial year 2010-11 against targets set in the MOU, NRL is expected to qualify with 'Excellent' rating.

NRL has also signed performance MOU for the year 2011-12 with BPCL on 24<sup>th</sup> March, 2011 which incorporates stringent targets for sustained and continual improvement in the Company's operation and financial parameters.

#### **Particulars of Employees**

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

**Conservation of Energy, Technology Absorption**

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

**Foreign Exchange Earnings and outgo**

There were no direct foreign exchange earnings during the year 2010-11. However, foreign exchange outgo during the year was ` 60.34 crores mainly on account of purchase of products, know-how, professional consultancy fees and travelling expenses etc.

**Corporate Governance**

NRL being a non listed Company, stipulations as contained in clause 49 of the listing agreement are not mandatory. However, as a good corporate governance practice , NRL has been publishing Corporate Governance Report with

relevant disclosures since 2002-03 onwards. 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 covering all relevant disclosures together with a certificate from a practicing Company Secretary on compliance of Corporate Governance is annexed as **Annexure-B** to the Directors’ Report.

Your Company is committed to conduct its business in accordance with the highest standards of business ethics in compliance with applicable laws, rules and regulations. Accordingly, a ‘Code of Conduct and Business Ethics’ evolved in line with the industry practices as well as corporate governance guidelines issued by DPE was adopted by the Board with effect from 1<sup>st</sup> September, 2010. In terms of the aforesaid ‘Code’, all the members of the Board and senior management personnel have confirmed compliance of Code of Conduct for the year under review within the stipulated time frame.





Your Directors' Report also contains a chapter on Management Discussion and Analysis Report in line with the DPE guidelines on Corporate Governance. The forward looking statements made in the 'Management Discussion and Analysis' are based on assumptions and expectations of future events. The Directors cannot guarantee that these are accurate or these expectations will materialize.

#### **Statutory Auditors**

M/s. S. Ghose & Co., Chartered Accountants, Kolkata were appointed as Statutory Auditors of the Company for the year 2010-11 by the Comptroller & Auditor General of India under the provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting.

#### **Cost Auditors**

Pursuant to the provisions of the Section 233B of the Companies Act 1956, the Central Government had directed the Company to conduct audit of the cost

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

Accordingly, approval was obtained from the Government for appointment of M/s. Subhadra Dutta & Associates, Cost Accountants, Dibrugarh, Assam, as Cost Auditors of the Company to conduct the audit of cost accounts maintained by the Company in respect of the Petroleum Industry, i.e. Refinery unit for the year 2010-11. The report of the Cost Auditor for the year 2009-10 was filed with the Ministry of Corporate Affairs on 24.9.2010 within the stipulated time frame.

The said firm has also been appointed by the Board for the year 2011-12 for which approval was accorded by the Ministry of Corporate Affairs.

#### **Directors' Responsibility Statement**

In accordance with Section 217(2AA) of the

Companies Act 1956, the Directors of NRL confirm that:

1. In the preparation of the annual accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

## Board of Directors

Shri Ashok Sinha, on completion of his 5 year term, demitted his office as Chairman & Managing Director, BPCL and resigned from the office of Director and Chairmanship of the Company with effect from 19<sup>th</sup> August, 2010. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

Shri S. Radhakrishnan, erstwhile Director (Marketing), BPCL resigned from the Board with effect from 1<sup>st</sup> March, 2011 on attaining superannuation from BPCL. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business. On receipt of nomination from BPCL, Shri K.K.Gupta, Director (Marketing), BPCL was appointed as Additional Director with effect from 13<sup>th</sup> April, 2011. Being Additional Director, he holds office upto the date of the Annual





General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956 from a Member proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri Manu Srivastava, Director (GP), MOP & NG resigned from the Board with effect from 18<sup>th</sup> March, 2011 and Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business. Shri Partha Sarathi Das, Director (Exploration-II), MOP & NG was appointed by the Board as Director with effect from 24<sup>th</sup> March, 2011 in place of Shri Manu Srivastava pursuant

to Section 262 of the Companies Act, 1956 read with Article 100 of the Articles of Association of the Company. Shri Partha Sarathi Das, will hold office up to the date of next AGM to which Shri Manu Srivastava would have held office as Director, had he not resigned as aforesaid. The Company has received a Notice under section 257 of the Companies Act, 1956 from a Member proposing his name for appointment as Director at the ensuing Annual General Meeting.

Dr. B. K. Das, on attaining superannuation on 31<sup>st</sup> March, 2011, completed of his tenure as Managing Director of the Company and consequently, resigned from the office of Managing Director and Directorship of the Company with effect from 1<sup>st</sup> April, 2011. The Directors have placed on record their



appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

Shri Ravi Capoor, IAS, Principal Secretary to the Govt. of Assam, Industries Department has tendered his resignation from the Board with effect from 13<sup>th</sup> May, 2011. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

As per the provisions of Section 256 of the Companies Act 1956, Shri H. S. Das and Shri N. M. Borah will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Directors at the said meeting. As required under Corporate Governance Code, brief bio-data of the above Directors who are proposed to be appointed/ re-appointed at the Annual General Meeting are provided in the Corporate Governance Report.

### Acknowledgment

Your directors wish to place on record their deep appreciation of the dedicated and untiring efforts put in by all the employees in their respective areas, without which the Company would not have been able to achieve its goals and targets.

Your Directors appreciate the support and patronage of NRL's valued customers and look forward to the continuance and further strengthening of this mutually supportive relationship in future.

Your Directors acknowledge the assistance, guidance and support received from the various Ministries of the Government of India, particularly from the Ministry of Petroleum and Natural Gas, Petroleum Planning and Analysis Cell, Centre for High Technology, Railways, Income Tax, Customs and Central Excise Department as well as from Governments of Assam and West Bengal and other Government agencies.



Your Directors also sincerely acknowledge the role played by NRL's dealers, bankers, contractors and suppliers in its success.

Yours Directors also express their sincere thanks to all the shareowners of the

Company particularly M/s. Bharat Petroleum Corporation Limited, M/s. Oil India Limited and Government of Assam for reposing their confidence and continued support to NRL management.

For and on behalf of Board of Directors

R. K. Singh  
Chairman

Mumbai

Dated: 16<sup>th</sup> August, 2011

# Annexure to Directors' Report

## Annexure – A

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

### A. CONSERVATION OF ENERGY

#### a) Energy conservation measures taken

As a part of NRL's continual efforts towards energy conservation, the following ENCON schemes have been taken up for implementation during the year 2010-11.

- NG utilization project commissioned in March, 2011 for utilization of Natural Gas as fuel in GTG and as feed & fuel in Hydrogen unit to replace naphtha and as fuel in Process Units.
- 12 MW STG for Captive Power generation by utilizing and recovering waste energy (thermal and pressure) of HP steam has been in steady operation since September, 2010 generating 35230.32 MWH of power during the year 2010-11. This has resulted in the reduction of Green House Gas (GHG) emission in terms of CO<sub>2</sub> amounting to around 6850 CER during the first verification period till 31<sup>st</sup> December 2010 under CDM project. Further accumulation of CER is being accounted at around 6350 from January, 2011 till 31<sup>st</sup> March, 2011. Steam ex-CCU is being utilised in STG saving 5972 MT of equivalent fuel during that period.
- After implementation of DQUP, there has been substantial fuel saving in CDU/VDU due to 3 nos. of new heat exchangers in the preheat train. Also change in process flow configuration inside CDU/VDU to use the kero-crude exchanger with LGO –crude resulted in improving the preheat. Moreover, withdrawal of separate HGO cut directly from CDU column resulted in reducing the VDU load subsequently and thus fuel saving in the unit has been achieved to an extent of 3700T/annum.
- An elaborate Steam trap survey has been carried out during the year to arrest steam loss by proper identification and rectification / modification.
- Replacement of conventional lighting fixture (40W) by more energy efficient fittings of 28W retrofit T-5 Luminaries. Total 4223 numbers Tube lights replaced and 50 numbers of CFL lamps replaced during the year saving around 444 MW/ annum.
- A complete Energy Performance study of the Refinery by a joint team of EIL and CHT is initiated during year which is in advance stage of completion.
- Use of O<sub>2</sub> enriched waste Nitrogen stream available from N<sub>2</sub> plant in Sulfur Recovery Unit by replacing the conventional use of process air.
- Continual use of Energy Master in air compressor of CPP for better energy management.
- Continual benefit from the unique Step Less Control system implemented in the make-up Gas Compressor of the Hydro cracker Unit during the year 2006-07.
- Installation of improved insulation of calcium silicate over the High Pressure (HP) steam line to reduce the heat loss has been implemented in around 260m length.
- CDU stabilizer off-gas diversion to DCU compressor to recover LPG at 110 kg/hr.
- Energy conservation by hydrocarbon Vapor loss reduction and reduction in slop oil generation by operational procedure changes in Delayed Coker unit during chamber vapor heating and cooling cycle.
- Continuously running only jockey without any HT FW pump for FW in network.

- Regular monitoring of all the valves connected with flare system for any passing by Acoustic Leak Detector was carried out throughout the year and timely detection & rectification of such passing valves had resulted in the saving of substantial amount of Fuel Gas from flaring.
- Fugitive emission survey for detecting and rectifying any minor leak from valve glands, flanges etc. was carried out on regular basis throughout the year by using Gas Measuring Instrument (GMI).

#### **b) Energy conservation measures planned**

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

- Phase wise implementation of Advance Process Control (APC) in the remaining process plants are in progress (already implemented in CDU/VDU). Activities for APC implementation in DCU and HCU have been taken up.
- Under energy saving scheme it is planned to replace total 402 nos 150W/250W HPSV street light with 60W LED without compromising the illumination level.
- A complete Energy Performance study of the Refinery by a joint team of EIL and CHT shall be completed in year 2011-12.
- Replacement of conventional lighting fixture by more energy efficient fittings in the remaining population in phase wise manner.
- Installation of improved insulation over the remaining portion of High Pressure (HP) steam line network to reduce the heat.
- Steam traps survey and rectification covering all the units including utilities & offsite.

### **B. TECHNOLOGY ABSORPTION**

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

NRL has implemented and commissioned the Diesel Quality Up-gradation Project (DQUP) by revamping the existing Hydro cracker and Hydrogen units along with associated facilities including utilities & offsite for producing entire HSD conforming to Euro-III spec. along with limited quantity Euro-IV equivalent to HSD at 100% capacity utilization of the refinery.

Enhancement of capacity of existing Sulfur Recovery Unit (SRU) by using Oxygen Enrichment Technology where O<sub>2</sub> enriched waste nitrogen stream from N<sub>2</sub> plant has been used for increasing the capacity of the existing SRU in order to cater to higher load requirement after DQUP implementation.

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

NRL is implementing a wax extraction unit along with the associated utilities to extract wax from the Assam crude oil processed by the refinery. The technology selection is already done for the project. The Solvent Deoiling Unit is being licensed by EIL & IIP jointly and Wax Hydro finishing Unit is being licensed by M/S Axens, France.

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

**FORM A***Form for disclosure of particulars with respect of conservation of energy*

| A. Power & Fuel Consumption                        |                 | 2010-11     | 2009-10    |
|--|-----------------|-------------|------------|
| 1 Electricity                                      |                 |             |            |
| a) Purchased                                       |                 |             |            |
| Unit (million KWH)                                 |                 | 0.000       | 0.000      |
| Total Amount ( ` Crore)                            |                 | 0.00        | 3.84       |
| Rate / Unit ( ` /KWH)                              |                 | 3.95        | 3.95       |
| b) Own Generation                                  |                 |             |            |
| i) Through Diesel Generator                        |                 |             |            |
| Units (million KWH)                                |                 | 0.021       | 0.063      |
| Units per ltrs of Gas Oil                          |                 | 0.000003    | 0.000005   |
| Cost / Unit ( ` /KWH)                              |                 | 10.51       | 5.25       |
| ii) Captive Power Plant                            |                 |             |            |
| Net (million KWH):(GTGs+STG)                       |                 | 194.06      | 198.18     |
| Fuel Consumption (Qty - MT)                        |                 |             |            |
| Naphtha  |                 | 51403.757   | 64250.270  |
| HSD  |                 | 2409.020    | 2848.170   |
| NG   |                 | 1663.00     |            |
| Total Fuel (MT)                                    |                 | 55475.777   | 67098.440  |
| Total Amount ( ` Crore)                            |                 | 201.11      | 221.50     |
| Less: Steam credit                                 |                 | 75.28       | 91.94      |
| Net Amount ( ` Crore)                              |                 | 125.83      | 129.56     |
| Cost / Unit ( ` /KWH)                              |                 | 6.48        | 6.54       |
| 2 Internal Consumption                             |                 |             |            |
| a) Liquid Fuel                                     |                 |             |            |
| Quantity (MT)                                      | Naphtha         | 29730.135   | 25958.733  |
|  | FO              | 39331.718   | 45398.678  |
|  | LPG             | 4157.030    | 2881.760   |
|  | Total Fuel (MT) | 73218.883   | 74239.171  |
| Total Amount ( ` crore)                            |                 | 228.96      | 188.01     |
| Avg.Rate ( ` /Unit)                                |                 | 31,271.00   | 25,325.24  |
| b) Refinery Gas                                    |                 |             |            |
| Quantity (MT)                                      |                 | 115175.436  | 115409.363 |
| Total Amount ( ` Crore)                            |                 | 338.67      | 274.92     |
| Avg.Rate ( ` /Unit)                                |                 | 29,404.37   | 23,821.29  |
| <b>Fuel Consumption in Kg per MT of Production</b> |                 |             |            |
|  | UNIT            | STD. IF ANY |            |
| FOR ELECTRICITY GEN.                               | KG/MT           |             |            |
|  |                 |             | 2010-11    |
|  |                 |             | 2009-10    |
| LIQUID FUEL  | KG/MT           |             | 27.575     |
|  |                 |             | 28.364     |
| REFINERY GAS                                       | KG/MT           |             | 36.395     |
|  |                 |             | 31.382     |
| TOTAL  | KG/MT           |             | 57.250     |
|  |                 |             | 48.785     |
|  |                 |             | 121.21988  |
|  |                 |             | 108.53107  |

## FORM B

### RESEARCH & DEVELOPMENT

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

- Production of Euro-IV MS from existing unit by innovative blend optimization
- Utilisation of surplus naphtha by converting to MS with blend optimization.
- Process optimization study to maximize distillate from CDU.
- Pilot study for production of needle coke with RFO as feed stock based on preliminary study for mesophase formation with RFO.
- Optimization of process variables and feed preparation for production of value added product Needle Coke.
- Study for SRU tail gas treating with the help of SOR (SO2 recovery process), in technology partnership with EIL & IIP

#### Benefits derived as a result of above R&D

- Production of E-IV MS without any hardware changes of the existing MS Unit.
- Needle coke production in association with IOC (R&D) in the existing DCU.
- Improvement in SRU efficiency and reduction in SO2 emission.

### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

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

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

NRL has upgraded its entire HSD pool to Euro-III grade along with limited quantity of Euro-IV grade HSD as well in line with the Auto Fuel Policy of the Government of India.

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

| a) Technology imported                                   | Year of Import |
|--|----------------|
| Hydrocracker Revamp (DQUP)                               | 2006-2007      |
| Hydrogen Unit Revamp (DQUP) along with HTER-p technology | 2007-2008      |
| <b>b) Technology fully absorbed</b>                      |                |
| Hydrocracker Revamp (DQUP)                               | 2010           |
| Hydrogen Unit Revamp (DQUP)                              | 2010           |

## Report on Corporate Governance

### 1. Company's philosophy on Code of Corporate Governance

Good Corporate Governance results in corporate excellence by ensuring that the powers vested in the executive management are used with care and responsibility to deliver sustained and long term value to its stakeholders. In NRL, our endeavour is to adopt best governance practices, which in our view are critical to ensure optimization of returns and satisfaction levels accruing to all its stakeholders. The interest of all stakeholders including shareholders, employees, customers and the Government exchequer are given paramount importance while taking commercial decisions. The Company has been sharing various information with the shareholders from time to time through Press release, Annual Reports, etc. Being a non-listed entity, disclosures required to be made under clause 49 of the Listing Agreement pertaining to Corporate Governance is not applicable to the Company. However, as a good corporate governance practice 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 strictly following the practice to the extent applicable to the Company. Relevant information on areas covered under Corporate Governance disclosures during the financial year 2010-2011 are furnished below:

### 2. Board of Directors

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

As on 31st March, 2011, the Board of NRL comprises of three Whole Time (Executive) Directors including the Managing Director, one part-time (Ex-Officio) Director representing the Ministry of Petroleum & Natural Gas, one part-time non-official Director (Independent) appointed by the Government of India, one part-time (Ex-Officio) Director appointed by Oil India Limited and four part-time (Ex-Officio) Directors appointed by the Promoters, namely, Bharat Petroleum Corporation Limited (Two) and Govt. of Assam (Two). For nomination of additional 3 part-time (independent) Directors, required as per Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE, the Company has taken up the matter with the Government of India.

The Chairman and Managing Director, BPCL is elected as Chairman of the Company. During the year, all meetings of the Board and the Annual General Meeting were chaired by the Chairman.

None of the Non-Executive Directors of NRL had any pecuniary relationship/ transaction with the Company during the year.

The Directors neither held membership of more than 10 Board Committees, nor Chairmanship of more than 5 Committees (as specified in the Guidelines on Corporate Governance for

Central Public Sector Enterprises issued by DPE) across all the companies in which they were Directors.

During the year, the Board has adopted a Code of Conduct for the Directors and the Senior Management Personnel of the Company and the same has been posted on the website of the Company. There is a system in the organization for affirming compliance with the Code of Conduct by the Board Members and Senior Management Personnel of the Company.

### Board Meetings :

Seven Board Meetings were held during the financial year 2010-2011 on the following dates :

|                                |                                |                                  |                               |
|--------------------------------|--------------------------------|----------------------------------|-------------------------------|
| 17 <sup>th</sup> May, 2010     | 16 <sup>th</sup> July, 2010    | 10 <sup>th</sup> September, 2010 | 1 <sup>st</sup> October, 2010 |
| 22 <sup>nd</sup> October, 2010 | 21 <sup>st</sup> January, 2011 | 24 <sup>th</sup> March, 2011     |                               |

Details regarding the Board Meetings, Annual General Meeting, Directors' attendance thereat and the Directorship held by the Directors as on 31<sup>st</sup> March, 2011 are as under :

| Sl. No. | Name of the Directors   | Academic Qualifications   | Date of joining as Director of the Company | Attendance out of 7 Board Meetings held during the year and percentage thereof |     | Attendance at the last Annual General Meeting | Details of Directorship held in other Public Limited Companies  |
|---------|---|---|--|--|-----|---|---|
|         |   |   |  | No. of Meetings Attended   | %   |   |   |
| (a)     | <b>Whole Time Directors :</b>   |   |  |  |     |   |   |
| 1.      | Dr. B.K.Das,<br>Managing Director<br>[Superannuated on 31.03.2011]  | B.E.(Hons.)<br>in Electronics<br>and MBA<br>(IIMA)                  | 03.01.1996                                 | 6  | 86  | Attended                                      | N.A   |
| 2.      | Shri Dipak Chakravarty<br>Managing Director & Director<br>(Technical) I/C<br>[w.e.f. 01.04.2011]  | BE (Chemical<br>Engineering)<br>and MS<br>(Chemical<br>Engineering) | 04.08.2006                                 | 7  | 100 | Attended                                      | <b>Director:</b><br>1. DNP Ltd.<br>2. BCPL  |
| 3.      | Shri Nilmoni Bhakta<br>Director ( Finance)  | M.Com.,<br>AICWAI   | 25.07.2007                                 | 7  | 100 | Attended                                      | Nil   |
| (b)     | <b>Part-time ( Ex-Officio)</b>  |   |  |  |     |   |   |
| 1.      | Shri Ashok Sinha<br>Chairman & Managing Director<br>Bharat Petroleum Corpn.Ltd.<br>Mumbai -400001.<br><br>[Resigned from Directorship and<br>Chairmanship of the Company<br>w.e.f. 19.8.2010] | B.Tech. (Elect.)<br>M.B.A   | 14.09.01                                   | 2  | 100 | N.A   | <b>N.A</b>  |
| 2.      | Shri R. K. Singh<br>Chairman & Managing Director<br>Bharat Petroleum Corpn. Ltd.<br>Mumbai-400001<br><br>[Elected as Chairman w.e.f.<br>14.12.2010]   | B. Tech (Mech.<br>Engg)   | 04.04.06                                   | 7  | 100 | Attended                                      | <b>C&amp;MD</b><br>1. BPCL<br><b>Chairman</b><br>1. BORL<br><b>Director</b><br>1. BPRL<br>2. MBMSPL<br>3. PLL |

| Sl. No. | Name of the Directors   | Academic Qualifications   | Date of joining as Director of the Company | Attendance out of 7 Board Meetings held during the year and percentage thereof |     | Attendance at the last Annual General Meeting | Details of Directorship held in other Public Limited Companies                        |
|---------|---|---|--|--|-----|---|---|
|         |   |   |  |  |     |   |   |
| 3.      | Shri S. Radhakrishnan<br>Director(Marketing)<br>Bharat Petroleum Corpn. Ltd.<br>Mumbai-400001<br><br>[Elected as Chairman w.e.f. 27.8.2010 to 13.12.2010. and thereafter on attaining superannuation, resigned from Directorship w.e.f. 1.3.2011] | B.Tech(Mech.)<br>M.B.A.   | 11.12.02                                   | 6  | 100 | Attended                                      | N.A   |
| 4.      | Shri Manu Srivastava,<br>Director (GP), Govt. of India,<br>Ministry of Petroleum & Natural<br>Gas, New Delhi-110001<br><br>[Resigned w.e.f.18.3.2011]   | B. Tech(Elect)<br>M.Tech (Com.<br>Tech.)  | 20.02.07                                   | 2  | 33  | Absent  | N.A   |
| 5.      | Shri Partha Sarathi Das<br>Director (Exploration-II)<br>Govt. of India, Ministry of<br>Petroleum & Natural Gas<br>New Delhi-110001<br><br>[w.e.f. 24.3.2011]  | B. Tech<br>(Hons.) from<br>IIT, Kharagpur   | 24.03.2011                                 | Nil  | Nil | N.A   | Nil   |
| 6.      | Shri H. S. Das, IAS<br>Principal Secretary to the Govt.<br>of Assam, Finance Department<br>Dispur, Guwahati-781006  | M.A.(Eco.)  | 29.08.00                                   | 4  | 100 | Attended                                      | <b>Director</b><br>1. ASEB<br>2. AHECL  |
| 7.      | Shri Ravi Capoor, IAS<br>Commissioner & Secretary to<br>the Govt. of Assam, Industries &<br>Commerce Department<br>Dispur, Guwahati-781006<br><br>[Resigned w.e.f. 13.5.2011]   | Graduate in<br>Commerce &<br>Post Graduate<br>in Business<br>Administration   | 29.01.09                                   | 4  | 57  | Absent  | N.A   |
| 8.      | Shri S. K. Joshi<br>Director (Finance)<br>Bharat Petroleum Corpn. Ltd.<br>Mumbai-400001   | A.C.A, M.B.A.   | 04.04.06                                   | 6  | 86  | Attended                                      | <b>Director</b><br>1. BPCL<br>2. BPRL<br>3. BPRJPDA<br>4. BORL<br>5. BSSPL<br>6. BREL |
| 9.      | Shri N. M. Borah<br>Chairman & Managing Director<br>Oil India Limited<br>Noida, Uttar Pradesh   | Graduate from<br>Indian School<br>of Mines,<br>Dhanbad & PG<br>diploma from<br>Norwegian<br>Institute of<br>Technology,<br>Norway | 08.05.2008                                 | 3  | 43  | Absent  | <b>C&amp;MD</b><br>1. OIL   |
| C.      | <b>Part-Time (Independent)</b>  |   |  |  |     |   |   |
| 1.      | Shri J. P. Rajkhowa, IAS (Retd.)<br>Former Chief Secretary to the<br>Govt. of Assam, Narikal Basti<br>Guwahati-781024   | MA<br>(Economics)   | 26.07.06                                   | 3  | 43  | Absent  | <b>NIL</b>  |

**BCPL:** Brahmaputra Cracker & Polymer Limited, **BPCL:** Bharat Petroleum Corporation Ltd.,  
**ASEB:** Assam State Electricity Board, **AHECL:** Assam Hydrocarbon & Energy Company Limited,

**BORL:** Bharat Oman Refineries Ltd., **BPRL:** Bharat PetroResources Limited, **MBMSPL:** Matrix Bharat Marine Services Pvt. Limited, **PLL:** Petronet LNG Ltd., **BPRJPDA:** Bharat PetroResources JPDA Limited, **BSSPL:** Bharat Stars Services Pvt. Limited, **BREL:** Bharat Renewable Energy Ltd., **OIL:** Oil India Limited.

**Note :**

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

### 3. Audit Committee

NRL took the initiative to introduce Corporate Governance code in the Organization since 1999 by constituting the Audit Committee. The said committee was reconstituted from time to time in accordance with the provisions of Section 292A of the Companies Act, 1956. The role, powers and functions of the Audit Committee were specified and approved by the Board. The quorum for the meetings of the Committee is two members or 1/3rd of the members of the Audit Committee whichever is higher.

The present Audit Committee was reconstituted by the Board on 21<sup>st</sup> January, 2011 by inducting Shri Ravi Capoor, part-time Director in place of Shri R. K. Singh. However, after resignation of Shri Ravi Capoor w.e.f. 13<sup>th</sup> May, 2011, the Committee have three members. Shri J. P. Rajkhowa, IAS(Retd.), Independent Director is the Chairman of the Committee. Shri H. S. Das, IAS, Principal Secretary to the Govt. of Assam, Finance Department and Shri S. K. Joshi, Director (Finance), BPCL are the other members of the Committee. All the members possess the requisite knowledge of finance and accounting for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary of the Committee.

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

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if, required, the replacement or removal of the statutory auditor, fixation of audit fee and also approval for payment for any other services rendered by the statutory auditors.
3. Reviewing with management, the annual financial statements before submission to the Board, focusing primarily on :
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Any change in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments made in the financial statements arising out of audit findings.

- Compliance with stock exchange and legal requirements concerning financial statements.
  - Disclosure of any related party transactions i. e transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
4. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
  5. Reviewing with management, performance of statutory and internal auditors, the adequacy of internal control systems.
  6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  7. Discussion with internal auditors any significant findings and follow up thereon.
  8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  9. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
  10. Reviewing the company's financial and risk management policies.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder (in case of non payment of declared dividends) and creditors.
  12. Defining the significant related party transactions

During the financial year 2009-10, four meetings of the Audit Committee were held on the following dates:

|                            |                             |                                |                                |
|----------------------------|-----------------------------|--------------------------------|--------------------------------|
| 17 <sup>th</sup> May, 2010 | 22 <sup>nd</sup> July, 2010 | 22 <sup>nd</sup> October, 2010 | 21 <sup>st</sup> January, 2011 |
|----------------------------|-----------------------------|--------------------------------|--------------------------------|

#### Attendance at the Audit Committee Meetings during the financial year 2010-11:

| Name of the members           | No of Meetings attended | % thereof [out of 4 nos. meeting held] | Attendance at the last Annual General Meeting |
|-------------------------------|-------------------------|--|---|
| Shri J. P. Rajkhowa, Chairman | 3                       | 75                                     | Absent  |
| Shri H.S.Das, Member          | 2                       | 50                                     | Attended                                      |
| Shri R. K. Singh              | 2                       | 50                                     | Attended                                      |
| Shri S. K. Joshi              | 2                       | 50                                     | Attended                                      |

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

#### 4. Remuneration Committee

NRL being a Govt. Company, appointment and remuneration of whole time Directors are determined by the President of India through the Ministry of Petroleum & Natural Gas. However, certain perquisites and facilities not specifically spelt out in their appointment letters are governed in accordance with the rules and regulations of the Company. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Independent) Directors are

paid sitting fees @ Rs. 20,000 for each Board/Audit Committee meeting attended by them and Rs. 10,000 for each of the other Committee meetings.

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

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

On resignation of Shri Manu Srivastava from the directorship of the Company, Shri Parath.S.Das was appointed in his place as one of the members w.e.f. 24.3.2011.

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

Details of remuneration paid to the Whole-time Directors during the financial year 2010-2011 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.   |
|---|--|--|------------------------|---|
| Dr. B.K.Das<br>Managing Director<br>[upto 31-3-2011]  | 1,11,66,569/-  | Fixed Com: 52,03,985*<br>PRP: 47,88,181**<br>[*includes retirement benefit ` 23,49,783<br>** includes arrear PRP payment for 2007-08 & 2008-09 of ` 28,56,194] | 11,74,403/-            | Superannuated on 31 <sup>st</sup> March,2011  |
| Shri Dipak Chakravarty<br>Director<br>(Technical)<br><br>(Managing Director w.e.f.1.4.2011) | 58,20,499/-  | Fixed Com : 21,70,992<br>PRP : 31,18,840*<br><br>[*includes arrear PRP payment for 2007-08 & 2008-09 of ` 18,53,020]   | 5,30,667/-             | Appointed for five years w.e.f. 01-04-2011 or till the date of his superannuation. Present contract shall expire on 31-03-2014 i.e. date of his superannuation. Notice period: Three months |

|   |             |   |             |  |
|---|-------------|---|-------------|--|
| Shri Nilmoni Bhakta<br>Director (Finance) | 62,44,571/- | Fixed Com :19,48,713<br>PRP: 26,95,546*<br><br>[*includes arrear PRP payment for 2007-08 & 2008-09 of `14,65,645] | 16,00,312/- | Appointed for five years w.e.f. 25-7-2007.<br>Present contract expires on 24-07-2012.<br><b>Notice period:</b><br>Three months |
|---|-------------|---|-------------|--|

PRP : Performance Related Payment

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

During the financial year 2010-11, two meetings of the Remuneration/HR Policies Committee' were held on 3<sup>rd</sup> May, 2010 and 5<sup>th</sup> March,2011.

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

| Name of the members                                  | No of Meetings attended | % thereof (out of 2 nos. meeting held) | Attendance at the last Annual General Meeting |
|--|-------------------------|--|---|
| Shri J. P. Rajkhowa, Chairman                        | 2                       | 100                                    | Absent  |
| Shri Manu Srivastava, Member [up to 18th March,2011] | Nil                     | Nil                                    | Absent  |
| Shri N. M. Borah, Member                             | Nil                     | Nil                                    | Absent  |
| Dr. S. Mohan, Director (HR), BPCL, Member            | 2                       | 100                                    | Attended                                      |
| Shri Partha S.Das,Member ( w.e.f.24.3.2011)          | Nil                     | Nil                                    | N.A.  |

## 5. Investors Grievance Committee

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

## 6. Annual/Extra Ordinary General Meetings

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

|   | Date and Time of the Meetings    | Venue  |
|---|----------------------------------|--|
| 15 <sup>th</sup> Annual General Meeting | 12th September,2008 at 3.00 P.M. | Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001 |
| 16 <sup>th</sup> Annual General Meeting | 4th September,2009 at 3.00 P.M.  | Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001 |
| 17 <sup>th</sup> Annual General Meeting | 10th September,2010 at 3.00 P.M. | Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001 |

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

| Special Business                               | Type of Resolution | Date of Meeting                         |
|--|--------------------|---|
| Fixation of remuneration of Statutory Auditors | Special Resolution | 17 <sup>th</sup> AGM held on 10-09-2010 |

**c) Postal Ballot**

No resolution was passed in the 17<sup>th</sup> AGM through postal ballot. In the ensuing 18<sup>th</sup> AGM also, the Company has no such resolution proposed for approval of the shareholders through postal ballot.

**7. Brief Resumes of Directors seeking re-appointment/ appointment**

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

**i) Shri H. S. Das**

Shri H. S. Das did his MA in Economics securing first class with specialization in Mathematical Economics and Econometrics. Shri Das is a senior IAS officer belonging to the 1982 Batch of Assam Meghalaya cadre having wide experience in Finance, Planning, Tourism, Home & Political Affairs, Industry and Commerce, Cultural Affairs etc. Presently, he is working as the Principal Secretary to the Govt. of Assam, Finance Department. He is also a Director of Assam State Electricity Board and Assam Hydrocarbon Energy Co. Limited.

Shri H. S. Das, IAS was appointed by the Board as Director w.e.f. 29<sup>th</sup> August, 2000 and thereafter by the Shareholders in the Annual General Meeting held on 14<sup>th</sup> September 2000. Thereafter, he was re-appointed at the AGMs held on 8<sup>th</sup> August, 2003, 9<sup>th</sup> September, 2005, 14<sup>th</sup> September, 2007 and 4<sup>th</sup> September, 2009 respectively.

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

**ii) Shri N. M. Borah**

Shri N. M. Borah, Chairman & Managing Director, Oil India Limited (OIL) is a Bachelors Degree holder in Petroleum Engineering from the Indian School of Mines, Dhanbad and a post graduate diploma holder in Petroleum Prospecting and Reservoir Evaluation from Norwegian Institute of Technology, Trondheim, Norway.

Shri Borah has over 28 years of experience in oil and gas exploration and production industry. Prior to joining as C&MD, OIL, he worked as Director (Operations), Group General Manager (Main Producing Area) and General Manager (Geosciences), OIL.

Shri Borah was appointed by the Board as Director w.e.f. 8<sup>th</sup> May, 2008 and thereafter by the Shareholders in the Annual General Meeting held on 12<sup>th</sup> September, 2008.

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

**iii) Shri Partha S. Das**

Shri Partha S. Das, Director (Exploration-II), Ministry of Petroleum & Natural Gas is a

B.Tech(Hons.) from IIT Kharagpur. Prior to joining in the MOP & NG, he was holding several important positions in the Office of C&AG at various locations.

He was appointed as Director on the Board of the Company w.e.f. 24<sup>th</sup> March,2011 in place of Shri Manu Srivastava, pursuant to Article 100 of the Articles of Association of the Company read with Section 262 of the Companies Act,1956.

Being appointed in casual vacancy, he will hold office till the date of ensuing Annual General Meeting upto which Shri Manu Srivastava would have held office as Director, had he not resigned from the Board.

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

#### **iv) Shri K. K. Gupta**

Mr. K.K. Gupta, Director (Marketing) of Bharat Petroleum Corporation Limited is a Mechanical Engineer with over 32 years of experience. He joined Bharat Petroleum Corporation Limited in 1979 and has played an important role in the areas of planning and consolidating logistic infrastructure, brand building of products, marketing etc. He has the distinction of having headed three major Business Units i.e. Lubes, LPG and Retail before taking over as Director (Marketing) of BPCL in March 2011. Besides holding directorship in BPCL and NRL, he is also a Director of Indraprastha Gas Ltd., Sabarmati Gas Ltd., Bharat PetroResources Ltd., Bharat Stars Services Pvt. Ltd. and Matrix Bharat Marine Services Pte. Ltd.

Shri Gupta was appointed by the Board as additional Director w.e.f. 13<sup>th</sup> April,2011.

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

## **8. Disclosures and compliance**

- a. There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties was imposed on the Company during the last three years.
- c. An expenditure amounting to Rs.5.18 crores was incurred for various social welfare activities under CSR.
- d. During the year, no expenses was incurred which are personal in nature and incurred for the Board of Directors and Top Management.
- e. Administrative and office expenses as a percentage of total expenses was 2.17% during the year.
- f. There are no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.

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

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

## 10. Means of communication

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

## 11. Management Discussion & Analysis Report

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

## 12. General information to shareholders

a.

|                  |   |
|------------------|---|
| Number of AGM    | 18 <sup>th</sup> Annual General Meeting   |
| Date and Time    | 9 <sup>th</sup> September, 2011 at 3.00 P.M.  |
| Venue            | Registered Office, 122A, G. S. Road, Christianbasti, Guwahati- 781005   |
| Dividend payment | The Board has recommended Dividend @ Rs.1.50/- per share for the consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration. |

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

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

d. Registrars & Share Transfer Agents:

M/s. Data Software Research Co. Pvt. Limited  
 'Sree Soverign Complex'  
 22, 4th Cross Street Trust Puram  
 Kodambakkam, Chennai- 600024  
 Ph: +91-44-24833738/24834487  
 Fax: +91-44-24834646  
 Email: dsr cmd@vsnl.com

e. Share Transfer System:

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

## f. Shareholding Pattern as on 31-03-2011

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

## g. Plant location:

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

## h. Address for correspondence:

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

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Numaligarh Refinery Limited

We have examined the compliance of conditions of Corporate Governance by Numaligarh Refinery Limited (a Non-Listed PSU) for the year ended **31<sup>st</sup> March 2011**, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines except for non-compliance of:

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

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

For Biman Debnath & Associates  
Company Secretaries

*Sd/-*

**Biman Debnath**  
Proprietor

C. P. No. 5857

Membership No. 16797

Place : Guwahati  
Date : 12<sup>th</sup> August, 2011

## Annexure - C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 1.1.2011

| 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            | 377                    | 51               | 13.52                | 33               | 8.75                 | —       |
| Lowest rung of Group-A (02)                      | Permanent            | 10                     | NIL              | —                    | 1                | 10                   | —       |
| <b>Total</b>                                     |                      | <b>387</b>             | <b>51</b>        | <b>13.17</b>         | <b>34</b>        | <b>8.78</b>          | —       |
| Group - B  | Permanent            | —                      | —                | —                    | —                | —                    | —       |
| Group - C  | Permanent            | 429                    | 34               | 7.92                 | 61               | 14.21                | —       |
| Group - D<br>(Excluding Sweepers)                | Permanent            | 2                      | —                | —                    | 1                | 50                   | —       |
| Group - D<br>(Sweepers)                          | Nil                  | —                      | —                | —                    | —                | —                    | —       |
| <b>Total</b>                                     |                      | <b>818</b>             | <b>85</b>        | <b>10.39</b>         | <b>96</b>        | <b>11.73</b>         |         |

Statement showing representation of Scheduled Castes & Scheduled Tribes in each Service Controlled by the Ministry as on 01-01-2011

| 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) |
| <b>NON-SUPERVISORY EMPLOYEES</b>             |                               |        |                    |                        |                     |     |     |
| I  | 9000-15300                    | D      | 2                  | 2                      | 1                   | -   | 1   |
| II   | 9700-16800                    | C      | 15                 | 15                     | 8                   | -   | 7   |
| III  | 10350-31200                   | C      | 11                 | 11                     | 10                  | -   | 1   |
| IV   | 10900-31500                   | C      | -                  | -                      | -                   | -   | -   |
| V  | 11400-32500                   | C      | 49                 | 49                     | 37                  | 5   | 7   |
| VI   | 12200-33500                   | C      | 57                 | 57                     | 39                  | 8   | 10  |
| VII  | 12450-35500                   | C      | 108                | 108                    | 77                  | 8   | 23  |
| VIII   | 13150-45000                   | C      | 189                | 189                    | 163                 | 13  | 13  |
| <b>SUPERVISORY EMPLOYEES</b>                 |                               |        |                    |                        |                     |     |     |
| 02   | 20600-46500                   | A      | 10                 | 10                     | 8                   | -   | 2   |
| A  | 24900-50500                   | A      | 148                | 148                    | 108                 | 25  | 15  |
| B  | 29100-54500                   | A      | 46                 | 46                     | 27                  | 13  | 6   |
| C  | 32900-58000                   | A      | 83                 | 83                     | 73                  | 6   | 4   |
| D  | 36600-62000                   | A      | 51                 | 51                     | 45                  | 4   | 2   |
| E  | 43200-66000                   | A      | 24                 | 24                     | 19                  | 2   | 3   |
| F  | 51300-73000                   | A      | 14                 | 14                     | 11                  | 1   | 2   |
| G  | 51300-73000                   | A      | 5                  | 5                      | 5                   | -   | -   |
| H  | 51300-73000                   | A      | 6                  | 6                      | 6                   | -   | -   |

**Statement showing the Number of Reserved vacancies filled by Members of Scheduled Castes & Scheduled Tribes during the year 2010**

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

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

**Annexure - D**

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March 2011

A. Employed through the financial year and in receipt of remuneration of more than ` 60 lakhs - NIL

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

| Sl. No. | Name         | Qualification                                     | Age | Designation / Nature of Duties | Date of Commencement of Employment | Experience (No.of years) | Remuneration ( ` ) | Particular of last employment               |
|---------|--------------|---|-----|--------------------------------|------------------------------------|--------------------------|--------------------|---|
| 1       | Baishya. N   | B.Sc.   | 38  | Process Operator               | 4/5/1998                           | 17                       | 2,258,053.00       | Hindustan Paper Corporation Ltd.            |
| 2       | Choudhury. Y | BE (Chemical)                                     | 38  | Manager (Operation)            | 1/20/1997                          | 14                       | 1,938,023.00       | Indo Gulf Copper Project, Gujrat            |
| 3       | Gogoi.S.P    | B.Sc.   | 38  | Process Operator               | 5/10/1998                          | 12                       | 1,453,775.00       |   |
| 4       | Goswami.D.K  | BE(Chemical)                                      | 60  | GM (HR&L)                      | 3/31/1993                          | 36                       | 5,083,765.00       | Oil India Limited                           |
| 5       | Maiti.A.K    | B.Tech (Chemical), M.Tech.                        | 50  | Chief Manager (Tec.Service)    | 6/16/1998                          | 23                       | 1,261,296.00       | Oswal Chemicals & Fertilizers, Shahjahanpur |
| 6       | Newar.R      | BE(Chemical)                                      | 51  | Chief Manager (Operation)      | 3/12/1998                          | 25                       | 3,008,313.00       | Bongaigaon Refinery and Petrochemicals Ltd. |
| 7       | Saikia.R.K   | MBBS,PG certificate course in industrial medicine | 60  | Medical Officer                | 5/22/2000                          | 10                       | 1,644,640.00       |   |

Note:

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

The image shows a cover page for an "Auditors' Report". The title is centered in a dark brown rounded rectangle. The background features light beige rounded shapes on the left and right sides, creating a layered effect.

# Auditors' Report

# Auditors' Report to the Members of Numaligarh Refinery Limited

1. We have audited the attached Balance Sheet of NUMALIGARH REFINERY LIMITED as at 31<sup>st</sup> March 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 (the Order), issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies & Notes

thereon appearing in Schedule 'X' & 'Y' respectively give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. GHOSE & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
**CHANDAN CHATTOPADHAY**  
PARTNER  
Membership No.: 51254

Place: New Delhi  
Date: 18<sup>th</sup> May, 2011

# Annexure to Auditors' Report

## Annexure to Auditors' Report

### (Referred to in our report of even date attached)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme a portion of the fixed assets i.e. Equipments have been physically verified by the management during the year and the discrepancies noticed between book records and physical inventory, though not significant, have been duly adjusted in the accounts.  
(c) In our opinion, the details of fixed assets during the year, in terms of value, are not significant.
2. (a) As explained to us the inventories of Finished Goods, Raw Materials and Stores and Spares except those lying with contractors / third parties have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In accordance with the information and explanations given to us, the procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared with book records were not material considering the size of the company and the nature of its business and the same have been properly adjusted in the accounts.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Sub-clauses of Sub-para (3) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We have not observed any major weaknesses in the internal control system.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, there was no transactions that needed to be entered in the Register required to be maintained under Section 301 of Companies Act, 1956, exceeding the value of Rupees Five Lacs in respect of any party in the financial year.
6. According to information and explanations given to us, the Company has not accepted any deposits from the Public. Hence, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 are not applicable to the Company.

7. The Company has its Internal Audit System commensurate with its size and nature of business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been maintained.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid statutory dues were in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us the particulars of disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31<sup>st</sup> March, 2011 are given below:

| Name of the Statute  | Nature of Dues   | Since when Pending | Amount (' in Crore) | From where Dispute is Pending   |
|--|--|--------------------|---------------------|---|
| The C. Excise Act, 1944 (Excise Duty including Penalty and Interest) | Interest on erroneous refund of additional excise duty on HSD                                | 25.2.2011          | 73.16               | Deptt.'s appeal against favourable order to NRL is pending before CESTAT, Kolkata |
|  | Penalty & Interest on wrongful admissibility of CENVAT credit                                | 24.03.2005         | 73.76               | CESTAT Kolkata  |
|  | Excise Duty on adoption of lower transaction value for OMC's other than M/S BPCL ( HSD & MS) | 26.12.2005         | 80.87               | CESTAT Kolkata  |
|  | Adoption of lower transaction value on sales to Oil Marketing Companies (other than BPCL)    | 06.01.2011         | 0.49                | C. Excise Appellate Authority at Guwahati   |
| The Income Tax Act, 1961   | Income Tax demand on write back of provision for retirement benefits for F.Y. 2006-07        | 27.01.2010         | 0.11                | CIT (Appeals)   |
| The Finance Act relating to Service Tax                              | Service Tax on Services received from foreign entities that do not have office in India.     | 26.10.2007         | 1.48                | CESTAT Kolkata  |
| The Assam Entry Tax Act  | Entry Tax  | November 2006      | 209.93              | Supreme Court of India  |

10. According to the information and explanation provided to us , the Company has no accumulated losses as at 31<sup>st</sup> March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediate preceding financial year.
11. Based on our audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures.

12. Based on our examination of records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has given Corporate Guarantees for ` 42.98 crores and ` 36.34 crores for loans taken by DNP Ltd. and Brahmaputra Cracker and Polymer Ltd. respectively from Oil Industry Development Board (OIDB), the terms and conditions of which are, prima facie, not prejudicial to the interest of the company.
16. According to information and explanations given to us, the term loans have, prima facie, been applied for the purpose for which the loans were obtained.
17. On an overall examination of the Balance Sheet of the Company and information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long term funds have been used to finance short term assets.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Therefore, the provisions of Paragraph 4 (xix) of the order are not applicable to the Company.
20. The Company has not raised any money during the year covered by audit by way of public issue
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, nor have we been informed of such cases by the management.

For S. GHOSE & CO.  
CHARTERED ACCOUNTANTS

Sd/-  
**CHANDAN CHATTOPADHAY**  
PARTNER  
Membership No.: 51254

Place: New Delhi  
Date: 18<sup>th</sup> May, 2011

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NUMALIGARH REFINERY LIMITED, GUWAHATI FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011

The preparation of financial statements of Numaligarh Refinery Limited, Guwahati for the year ended 31<sup>st</sup> March, 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18-05-2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Numaligarh Refinery Limited, Guwahati for the year ended 31<sup>st</sup> March 2011. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

Sd/-

**Nandana Munshi**

Principal Director of Commercial Audit  
&

Ex-officio Member, Audit Board - I,  
K O L K A T A

Place : Kolkata  
Dated: 10<sup>th</sup> June 2011

## Balance Sheet as at 31<sup>st</sup> March, 2011

|   | Schedules | As at 31-03-2011<br>Crore | As at 31-03-2010<br>Crore |
|---|-----------|---------------------------|---------------------------|
| <b>Sources of Funds</b>                           |           |                           |                           |
| <b>1 Shareholder's funds</b>                      |           |                           |                           |
| a) Capital  | A         | 735.63                    | 735.63                    |
| b) Reserve and Surplus                            | B         | <u>1,865.43</u>           | <u>1,714.41</u>           |
|   |           | <u>2,601.06</u>           | <u>2,450.04</u>           |
| <b>2 Loan Funds</b>                               | C         |                           |                           |
| a) Secured Loans                                  |           | 120.96                    | 167.57                    |
| b) Unsecured Loans                                |           | <u>98.94</u>              | <u>40.08</u>              |
|   |           | <u>219.90</u>             | <u>207.65</u>             |
| <b>3 Deferred tax liability (net)</b>             |           | <u>238.46</u>             | <u>239.37</u>             |
| <b>Total</b>                                      |           | <u>3,059.42</u>           | <u>2,897.06</u>           |
| <b>APPLICATION OF FUNDS</b>                       |           |                           |                           |
| <b>1 Fixed Assets</b>                             | D         |                           |                           |
| a) Gross Block                                    |           | 3,609.89                  | 3,306.69                  |
| b) Depreciation                                   |           | <u>(1,569.64)</u>         | <u>(1,426.96)</u>         |
| c) Net Block                                      |           | <u>2,040.25</u>           | <u>1,879.73</u>           |
| d) Capital Work-in-Progress                       | E         | <u>75.59</u>              | <u>275.70</u>             |
|   |           | <u>2,115.84</u>           | <u>2,155.43</u>           |
| <b>2 Intangible Assets</b>                        | D1        |                           |                           |
| a) Gross Carrying Amount                          |           | 19.06                     | 10.88                     |
| b) Accumulated amortisation                       |           | <u>(11.20)</u>            | <u>(9.12)</u>             |
| c) Net carrying amount                            |           | <u>7.86</u>               | <u>1.76</u>               |
| <b>3 Investments</b>                              | F         | 123.86                    | 118.20                    |
| <b>4 Advance for Investments</b>                  | F1        | 30.41                     | 6.15                      |
| <b>5 Current Assets, Loans &amp; Advances</b>     |           |                           |                           |
| a) Inventories                                    | G         | 1,632.19                  | 1,550.16                  |
| b) Sundry Debtors                                 | H         | 760.50                    | 117.31                    |
| c) Cash & Bank Balances                           | I         | 201.67                    | 122.67                    |
| d) Other current Assets                           | J         | 0.47                      | 4.42                      |
| e) Loans & Advances                               | K         | <u>129.48</u>             | <u>130.16</u>             |
|   |           | <u>2,724.31</u>           | <u>1,924.72</u>           |
| <b>Less: Current Liabilities &amp; Provisions</b> |           |                           |                           |
| a) Liabilities                                    | L         | 1,666.20                  | 1,086.46                  |
| b) Provisions                                     | M         | <u>276.66</u>             | <u>222.74</u>             |
|   |           | <u>1,942.86</u>           | <u>1,309.20</u>           |
| <b>Net Current Assets</b>                         |           | <u>781.45</u>             | <u>615.52</u>             |
| <b>Total</b>                                      |           | <u>3,059.42</u>           | <u>2,897.06</u>           |
| Statement of significant accounting policies      | X         |                           |                           |
| Notes on Accounts                                 | Y         |                           |                           |

The schedules referred to above and the notes to accounts form an integral part of financial statements

For and on behalf of the Board of Directors

As per our report of even date

Sd/-

Sd/-

For and on behalf of

**Dipak Chakravarty**

**Nilmoni Bhakta**

**S. Ghose & Co.**

Managing Director

Director (Finance)

Chartered Accountants

Sd/-

Sd/-

**H.K. Sarmah**

**Chandan Chattopadhyay**

Company Secretary

Partner, M. No. 51254

New Delhi

New Delhi

Date : 18<sup>th</sup> May, 2011

Date : 18<sup>th</sup> May, 2011

## Profit & Loss Accounts for the year ended 31<sup>st</sup> March, 2011

|  | Schedules | As at 31-03-2011<br>` Crore | As at 31-03-2010<br>` Crore |
|--|-----------|-----------------------------|-----------------------------|
| <b>INCOME</b>  |           |                             |                             |
| Sale of products (Gross)                                   | N         | 8,972.19                    | 7,874.09                    |
| Less : Excise duty   |           | 666.16                      | 673.74                      |
| Sale of products (Net)                                     |           | 8,306.03                    | 7,200.35                    |
| Miscellaneous income                                       | O         | 65.84                       | 47.11                       |
| Increase (Decrease) in Inventory                           | P         | (35.07)                     | 625.40                      |
| <b>TOTAL</b>   |           | <b>8,336.80</b>             | <b>7,872.86</b>             |
| <b>EXPENDITURE</b>   |           |                             |                             |
| Purchase of Product of Resale                              |           | 216.81                      | 337.34                      |
| Raw materials consumed                                     | Q         | 6,972.79                    | 6,519.44                    |
| Increase (Decrease) in Excise Duty on closing stock        |           | (19.42)                     | 16.65                       |
| Other Duties, taxes etc. and charges                       |           | 132.07                      | 111.20                      |
| Transportation   |           | 95.97                       | 144.03                      |
| Consumption of stores, spares and materials                | R         | 36.76                       | 13.20                       |
| Power and Fuel   | S         | 2.11                        | 0.03                        |
| Employees remuneration and other benefits                  | T         | 138.01                      | 104.89                      |
| Interest   | U         | 28.89                       | 5.14                        |
| Other operating and administration expenses                | V         | 142.78                      | 113.81                      |
| Provision for diminution in value of investment            |           | 0.48                        | -                           |
| Depreciation & Amortisation                                |           | 170.17                      | 153.64                      |
| <b>TOTAL</b>   |           | <b>7,917.42</b>             | <b>7,519.37</b>             |
| <b>PROFIT</b>  |           |                             |                             |
| Prior period expenses net                                  | W         | 419.38                      | 353.49                      |
| <b>Profit before tax</b>                                   |           | <b>4.84</b>                 | <b>(8.22)</b>               |
| Provision for Taxation                                     |           | 414.54                      | 361.71                      |
| Current Tax  |           | 143.92                      | 131.59                      |
| Deferred Tax   |           | (0.92)                      | (6.60)                      |
| Short provision for Taxation in earlier years provided for |           | (7.72)                      | 4.64                        |
| <b>Profit after tax</b>                                    |           | <b>279.26</b>               | <b>232.08</b>               |
| Balance brought forward from last year                     |           | 0.01                        | 0.01                        |
| <b>Disposable Profit</b>                                   |           | <b>279.27</b>               | <b>232.09</b>               |
| <b>Appropriations:</b>                                     |           |                             |                             |
| Proposed dividend  |           | 110.34                      | 110.34                      |
| Corporate Dividend Tax on Proposed dividend                |           | 17.90                       | 18.75                       |
|  |           | 128.24                      | 129.09                      |
| Transfer to General Reserve                                |           | 151.02                      | 102.99                      |
| <b>Balance Carried to Balance Sheet</b>                    |           | <b>0.01</b>                 | <b>0.01</b>                 |
| <b>Earning per Share ( ` )</b>                             |           |                             |                             |
| Basic  |           | 3.80                        | 3.15                        |
| Diluted  |           | 3.80                        | 3.15                        |
| Statement of significant accounting policies               | X         |                             |                             |
| Notes on Accounts  | Y         |                             |                             |

The schedules referred to above and the notes to accounts form an integral part of financial statements

For and on behalf of the Board of Directors

As per our report of even date

Sd/-

**Dipak Chakravarty**  
Managing Director

Sd/-

**Nilmoni Bhakta**  
Director (Finance)

For and on behalf of

**S. Ghose & Co.**  
Chartered Accountants

Sd/-

**H.K. Sarmah**  
Company Secretary

New Delhi  
Date : 18<sup>th</sup> May, 2011

Sd/-

**Chandan Chattopadhyay**  
Partner, M. No. 51254

New Delhi  
Date : 18<sup>th</sup> May, 2011

## Schedule 'A' - Share Capital

|   | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---|-----------------------|-----------------------|
| <b>Authorised</b>   |                       |                       |
| 100,00,00,000 Equity Shares of ` 10 each                            | <u>1,000.00</u>       | <u>1,000.00</u>       |
|   | <u>1,000.00</u>       | <u>1,000.00</u>       |
| <b>Issued, subscribed and paid-up</b>                               |                       |                       |
| 73,56,31,544 (73,56,31,544) fully paid equity shares of ` 10 each)* | <u>735.63</u>         | <u>735.63</u>         |
| <b>Total</b>  | <u><u>735.63</u></u>  | <u><u>735.63</u></u>  |

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

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

## Schedule 'B' - Reserves & Surplus

|   | 31-03-2011<br>` Crore  | 31-03-2010<br>` Crore  |
|---|------------------------|------------------------|
| <b>Capital Reserve</b>                            |                        |                        |
| <b>(Subsidy Received from Govt. of India)</b>     |                        |                        |
| As per last Balance Sheet                         | 100.00                 | 100.00                 |
| <b>General Reserve</b>                            |                        |                        |
| <b>Balance brought forward from Previous Year</b> | 1,614.40               | 1,515.01               |
| Less: Transitional Provision for Employee Benefit | <u>–</u>               | <u>3.60</u>            |
|   | <u>1,614.40</u>        | <u>1,511.41</u>        |
| Transfer from Profit & Loss Account               | <u>151.02</u>          | <u>102.99</u>          |
|   | <u><u>1,765.42</u></u> | <u><u>1,614.40</u></u> |
| <b>Surplus as per Profit &amp; Loss Account</b>   | <u>0.01</u>            | <u>0.01</u>            |
| <b>Total</b>                                      | <u><u>1,865.43</u></u> | <u><u>1,714.41</u></u> |

**Schedule 'C' - Loan Funds**

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| <b>Secured Loans</b>   |                       |                       |
| <b>Working Capital Loans/Cash Credit</b>   | <b>120.96</b>         | 167.57                |
| (Secured by Hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts) |                       |                       |
| <b>Sub Total (a)</b>   | <u><b>120.96</b></u>  | <u>167.57</u>         |
| <b>Unsecured Loans</b>   |                       |                       |
| <b>Working Capital Loans/Cash Credit</b>   |                       |                       |
| Others   | 2.02                  | 0.19                  |
| (Unsecured Cash Credit with limit of ` 3 crore from HDFC Bank)   |                       |                       |
| <b>Term Loan</b>   |                       |                       |
| Oil Industry Development Board   | 96.92                 | 39.89                 |
| [Due for payment within one year ` 7.98 Crore (previous year: ` 7.98 Crore)]   |                       |                       |
| <b>Sub Total (b)</b>   | <u><b>98.94</b></u>   | <u>40.08</u>          |
| <b>Total (a)+(b)</b>   | <u><b>219.90</b></u>  | <u>207.65</u>         |

## Schedule - D - Fixed Assets

(` Crore)

| Particulars                  | Gross Block     |               |   |                 | Depreciation    |               |   |                 | Net Block       |                 |
|------------------------------|-----------------|---------------|---|-----------------|-----------------|---------------|---|-----------------|-----------------|-----------------|
|                              | As at 01-04-10  | Addition      | Deductions on account of Retirement/Reclassifications | As at 31-03-11  | Up to 01-04-10  | For the Year  | Deductions on account of Retirement/Reclassifications | Up to 31-03-11  | As at 31-03-11  | As at 31-03-10  |
|                              | (1)             | (2)           | (3)   | (4)=(1+2+3)     | (5)             | (6)           | (7)   | (8)=(5+6+7)     | (9)=(4-8)       | (10)=(1)-5      |
| Land - Freehold              | 28.22           | 0.60          | -   | 28.82           | -               | -             | -   | -               | 28.82           | 28.22           |
| Land - Leasehold             | 1.89            | -             | -   | 1.89            | 0.21            | 0.07          | -   | 0.28            | 1.61            | 1.68            |
| Building                     | 437.83          | 21.60         | (0.76)  | 458.67          | 57.26           | 10.82         | -   | 68.08           | 390.59          | 380.57          |
| Railway Siding               | 48.01           | 0.07          | -   | 48.08           | 14.47           | 2.28          | -   | 16.75           | 31.33           | 33.54           |
| Plant & Machinery            | 2,421.63        | 303.14        | (40.60)   | 2,684.17        | 1,119.73        | 138.73        | (22.87)   | 1,235.59        | 1,448.58        | 1,301.90        |
| Tanks & Pipelines            | 224.47          | 5.42          | (0.34)  | 229.55          | 175.96          | 5.27          | -   | 181.23          | 48.32           | 48.51           |
| Dispensing Tanks & Pipelines | 21.53           | 1.27          | (0.05)  | 22.75           | 3.19            | 1.06          | -   | 4.25            | 18.50           | 18.34           |
| Sundries Equipment           | 93.19           | 14.52         | (2.88)  | 104.83          | 36.51           | 8.82          | (2.40)  | 42.93           | 61.90           | 56.68           |
| Furniture & Fittings         | 7.72            | 0.67          | (0.42)  | 7.97            | 4.24            | 0.48          | (0.36)  | 4.36            | 3.61            | 3.48            |
| Vehicle                      | 22.20           | 1.22          | (0.26)  | 23.16           | 15.39           | 0.87          | (0.09)  | 16.17           | 6.99            | 6.81            |
| <b>Total</b>                 | <b>3,306.69</b> | <b>348.51</b> | <b>(45.31)</b>  | <b>3,609.89</b> | <b>1,426.96</b> | <b>168.40</b> | <b>(25.72)</b>  | <b>1,569.64</b> | <b>2,040.25</b> | <b>1,879.73</b> |
| <i>Previous Year Figures</i> | 3,093.03        | 214.96        | (1.30)  | 3,306.69        | 1,275.91        | 151.77        | (0.72)  | 1,426.96        | 1,879.73        | 1,817.12        |

- Freehold Land includes ` 11.00 Crore (` 11.94 Crore) in respect of 352.78 acres ( 376.66 acres ) of Land acquired through Government of Assam for which the process of registration is on and registration in the name of the Company is pending. Free hold land includes Nil acres (1.41 acres) of disputed land.
- Deduction from Gross Block (Column 3) includes :
  - ` 0.32 crores (` 0.72 crores) on account of Write off of Physical Verification discrepancies.
  - ` 33.70 crore (` 0.58 Crore) on account retirement, deletions and reclassifications.
  - ` 5.46 crore (` Nil Crore) on account of charging off of expenditure on assets not owned by the company, consequent to change in accounting policy on assets not owned by the company.
- Depreciation for the year (column 6) includes :
  - Charged to Profit & Loss Account ` 168.05 Crore (` 151.47 Crore)
  - Charged to previous year expenses ` 0.06 Crore (` 0.26 Crore)
  - Charged to project expenses ` 0.29 crore (` 0.04 crore)
- Deduction from Depreciation (Column 7) includes :
  - ` 0.30 crore (` 0.39 Crore) on account of Write off of Physical Verification discrepancies.
  - Withdrawl of depreciation of ` 17.31 Crore (` 0.33 Crore) on account deletions, retirement & reclassification.
  - Withdrawl of depreciation of ` 0.07 Crore (` Nil Crore) on account of charging off of expenditure on assets not owned by the company, consequent to change in accounting policy on assets not owned by the company.
- Gross Block (Column 1) includes ` 14.82 crore (` Nil Crore) assets held for sale the value of which has been written down to estimated net realisable value of ` 9.90 crore (` Nil crore).

## Schedule - D 1 - Intangible Assets

( ` Crore)

| Particulars                   | Gross Block    |             |                      |                | Amortisation   |              |                      |                | Net Block      |                |
|-------------------------------|----------------|-------------|----------------------|----------------|----------------|--------------|----------------------|----------------|----------------|----------------|
|                               | As at 01-04-10 | Addition    | Disposal/adjustments | As at 31-03-11 | Up to 01-04-10 | For the Year | Disposal/adjustments | Up to 31-03-11 | As at 31-03-11 | As at 31-03-10 |
|                               | (1)            | (2)         | (3)                  | (4)=(1+2+3)    | (5)            | (6)          | (7)                  | (8)=(5+6+7)    | (9)=(4-8)      | (10)=(1-5)     |
| SAP Implementation cost       | 8.34           | -           | -                    | 8.34           | 7.73           | 0.19         | -                    | 7.92           | 0.42           | 0.61           |
| License Fee - SAP Upgradation | 1.03           | 0.63        | -                    | 1.66           | 0.26           | 0.33         | -                    | 0.59           | 1.07           | 0.77           |
| License Fee - MS Plant        | 1.51           | -           | -                    | 1.51           | 1.13           | 0.30         | -                    | 1.43           | 0.08           | 0.38           |
| License Fee - Hydrocracker    | -              | 7.55        | -                    | 7.55           | -              | 1.29         | (0.03)               | 1.26           | 6.29           | -              |
| <b>Total</b>                  | <b>10.88</b>   | <b>8.18</b> | <b>-</b>             | <b>19.06</b>   | <b>9.12</b>    | <b>2.11</b>  | <b>(0.03)</b>        | <b>11.20</b>   | <b>7.86</b>    | <b>1.76</b>    |
| <i>Previous Year Figures</i>  | <i>10.88</i>   |             | <i>-</i>             | <i>10.88</i>   | <i>6.94</i>    | <i>2.18</i>  | <i>-</i>             | <i>9.12</i>    | <i>1.76</i>    | <i>3.94</i>    |

## Schedule 'E' - Capital Work-in-Progress

|   | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---|-----------------------|-----------------------|
| <b>Capital work-in-progress (at Cost)</b>         |                       |                       |
| Work-in-progress                                  | 57.75                 | 245.45                |
| Less : Provision for Capital Losses               | 0.33                  | 1.31                  |
|   | <u>57.42</u>          | <u>244.14</u>         |
| Capital Advances (Unsecured, Considered good)     | 3.92                  | 10.00                 |
| Capital Stores (including lying with contractors) | 11.47                 | 12.04                 |
| Capital goods in transit                          | 0.08                  | 0.60                  |
|   | <u>72.89</u>          | <u>266.78</u>         |
| <b>Construction period expenses</b>               |                       |                       |
| Opening balance                                   | 8.92                  | 9.13                  |
| Add: Expenditure during the year                  |                       |                       |
| Establishment charges                             | 2.96                  | 3.32                  |
| Depreciation                                      | 0.29                  | 0.04                  |
| Rates & Taxes                                     | 0.02                  | -                     |
| Others (including miscellaneous stores)           | 0.09                  | 0.04                  |
|   | <u>12.28</u>          | <u>12.53</u>          |
| Less : Allocated to assets during the year        | 9.58                  | 3.61                  |
| Balance pending allocation at the end of the year | 2.70                  | 8.92                  |
| <b>Total</b>                                      | <u>75.59</u>          | <u>275.70</u>         |

## Schedule 'F' - Investment

|                           | No. and<br>particulars of<br>Shares/Bonds/Units         | Face Value<br>(₹) | 31-03-2011<br>₹ Crore | 31-03-2010<br>₹ Crore |
|---------------------------|---|-------------------|-----------------------|-----------------------|
| <b>Long Term</b>          |   |                   |                       |                       |
| <b>Trade - Unquoted</b>   |   |                   |                       |                       |
| <b>Equity Shares</b>      |   |                   |                       |                       |
|                           | DNP Limited   | 2,75,60,000       | 10 27.56              | 27.56                 |
|                           | Brahmaputra Cracker<br>and Polymer Ltd                  | 3,24,65,729       | 10 32.47              | 26.33                 |
| <b>Non Trade - Quoted</b> |   |                   |                       |                       |
|                           | 7% Oil Companies GOI Special Bonds 2012                 | 100               | 64.31                 | 64.31                 |
|                           | Less:Provision for Diminution in value<br>in Investment |                   | (0.48)                | -                     |
|                           | <b>Total</b>  |                   | <b>123.86</b>         | <b>118.20</b>         |

## Schedule 'F1' - Advance for Investment

|   | 31-03-2011<br>₹ Crore | 31-03-2010<br>₹ Crore |
|---|-----------------------|-----------------------|
| <b>Share Application Money/Advance Towards<br/>Equity Pending Allotment</b> |                       |                       |
| Brahmaputra Cracker and Polymer Ltd.  | 22.89                 | 6.15                  |
| DNP Limited   | 7.52                  | -                     |
| <b>Total</b>  | <b>30.41</b>          | <b>6.15</b>           |

## Schedule 'G' - Inventories

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

|                              | 31-03-2011<br>₹ Crore | 31-03-2010<br>₹ Crore |
|------------------------------|-----------------------|-----------------------|
| Stores and spares            | 158.36                | 135.34                |
| Less:Provision for losses    | (51.87)               | (53.84)               |
| Stores and spares in Transit | 4.27                  | 14.85                 |
| Raw materials                | 252.24                | 149.55                |
| Stock in process             | 132.08                | 115.22                |
| Finished products            | 1,137.11              | 1,189.04              |
| <b>Total</b>                 | <b>1,632.19</b>       | <b>1,550.16</b>       |

**Schedule 'H' - Sundry Debtors**

(Unsecured, Considered good unless otherwise stated)

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| <b>Debts outstanding for a period exceeding six months</b> |                       |                       |
| Considered good  | 5.51                  | 11.11                 |
| Considered doubtful  | <u>0.21</u>           | <u>0.21</u>           |
|  | 5.72                  | 11.32                 |
| <b>Other debts</b>   | <u>754.99</u>         | <u>106.20</u>         |
|  | 760.71                | 117.52                |
| Less: Provn. for doubtful debtors                          | <u>(0.21)</u>         | <u>(0.21)</u>         |
| <b>Total</b>   | <u><u>760.50</u></u>  | <u><u>117.31</u></u>  |

**Schedule 'I' - Cash and Bank Balances**

|   | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---|-----------------------|-----------------------|
| <b>Cash in Hand</b>                         | 0.01                  | 0.02                  |
| <b>Cheque in Hand/Remittance in Transit</b> | -                     | 1.22                  |
| <b>With Scheduled banks :</b>               |                       |                       |
| In Term deposit accounts                    | 201.54                | 121.32                |
| In current accounts                         | <u>0.12</u>           | <u>0.11</u>           |
| <b>Total</b>                                | <u><u>201.67</u></u>  | <u><u>122.67</u></u>  |

**Schedule 'J' - Other Current Assets**

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| Interest accrued but not due on Investments    | 0.28                  | 0.28                  |
| Interest accrued but not due on Fixed Deposits | 0.18                  | 4.14                  |
| Interest accrued on other loans                | 0.01                  | -                     |
| <b>Total</b>                                   | <u><u>0.47</u></u>    | <u><u>4.42</u></u>    |

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

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| <b>Advances:</b>   |                       |                       |
| <b>Advances recoverable in cash, or in kind or for value to be received</b>            |                       |                       |
| Considered good  | 8.06                  | 22.73                 |
| Considered doubtful  | 0.66                  | 0.52                  |
|  | <u>8.72</u>           | <u>23.25</u>          |
| Less:Provn. for doubtful Advance   | (0.66)                | (0.52)                |
|  | <u>8.06</u>           | <u>22.73</u>          |
| <b>Loans (Secured) :</b>   |                       |                       |
| To Employees *   | 35.59                 | 33.48                 |
| (including interest accrued and due thereon, ` 5.25 crore, previous year ` 4.36 crore) |                       |                       |
| <b>Claims :</b>  |                       |                       |
| Considered good  | 2.70                  | 9.41                  |
| Considered doubtful  | 3.06                  | 3.06                  |
|  | <u>5.76</u>           | <u>12.47</u>          |
| Less:Provn. for doubtful Claim   | (3.06)                | (3.06)                |
|  | <u>2.70</u>           | <u>9.41</u>           |
| <b>Tax paid</b>  |                       |                       |
| Advance Income Tax (net of provision for taxation)                                     | 51.52                 | 30.74                 |
| Employee Benefit   | 0.12                  | -                     |
| <b>Deposits :</b>  |                       |                       |
| Excise & Statutory Authorities **  | 22.05                 | 21.67                 |
| Others   | 9.44                  | 12.13                 |
| <b>Total</b>   | <u><u>129.48</u></u>  | <u><u>130.16</u></u>  |

\* Includes :

Due from Officers : ` 18.89 crore (previous year ` 18.17 crore)

Maximum balances : ` 18.90 crore (previous year ` 18.17 crore)

Due from Directors : ` 0.14 crore (previous year ` 0.17 crore)

Maximum balances : ` 0.19 crore (previous year ` 0.19 crore)

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

**Schedule 'L' - Liabilities**

|  | 31-03-2011<br>` Crore  | 31-03-2010<br>` Crore  |
|--|------------------------|------------------------|
| <b>Current Liabilities :</b>   |                        |                        |
| <b>Sundry creditors</b>  |                        |                        |
| Total outstanding dues to Micro and Small Entreprises*                     | 0.75                   | 0.63                   |
| Total outstanding dues to creditors other than Micro and Small Entreprises | <u>1,322.40</u>        | <u>743.88</u>          |
|  | <b>1,323.15</b>        | <b>744.51</b>          |
| Advances from Customers  | 13.12                  | 6.36                   |
| Other liabilities **   | 329.10                 | 335.35                 |
| Bank Account - Book Overdraft  | -                      | 0.13                   |
| Interest Accrued but not due on Loans                                      | 0.83                   | 0.11                   |
| <b>Total</b>   | <u><u>1,666.20</u></u> | <u><u>1,086.46</u></u> |

\* Refer note 4 schedule "Y"

\*\* Includes Assam Entry Tax liability of ` 144.53 crore (previous year ` 144.53 crore) which is net of ` 50 crore (previous year ` 50 crore) paid under protest as per Hon'ble Supreme Court's direction (refer note 7 schedule "Y").

**Schedule 'M' - Provisions**

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| Provision for Taxation (net of Tax paid) | 95.87                 | 41.48                 |
| Proposed dividend                        | 110.34                | 110.34                |
| Tax on Distributed Profits               | 17.90                 | 18.75                 |
| Provision for employee benefits          | 52.55                 | 52.17                 |
| <b>Total</b>                             | <u><u>276.66</u></u>  | <u><u>222.74</u></u>  |

**Schedule 'N' - Sale of Products**

|  | 31-03-2011<br>` Crore  | 31-03-2010<br>` Crore  |
|--|------------------------|------------------------|
| Sales (Net of Discount and inclusive of NE adjustment) | 8,955.14               | 7,860.22               |
| Terminal Charges from OMCs                             | 17.05                  | 13.87                  |
| <b>Total</b>   | <u><u>8,972.19</u></u> | <u><u>7,874.09</u></u> |

## Schedule 'O' - Miscellaneous Income

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| <b>Interest on bank deposits and others</b>                    |                       |                       |
| Bank Deposits  | 3.98                  | 9.04                  |
| Others   | 1.24                  | 1.14                  |
| Income Tax Refund  | 7.99                  | 2.85                  |
| <b>Income from Investment</b>                                  |                       |                       |
| Short Term   | –                     | 1.05                  |
| Dividend from Mutual Funds                                     | 5.17                  | 2.53                  |
| Interest on Investment (7% GOI Oil Bond)                       | 4.50                  | 4.50                  |
| <b>Other income</b>  | 36.54                 | 25.37                 |
| Provision on Stores written back                               | 2.09                  | –                     |
| Provision for Doubtful Debts, Advances and Claims written back | –                     | 0.32                  |
| Write back of liabilities/provisions no longer required        | 4.13                  | –                     |
| Exchange Fluctuations Gain (net)                               | 0.20                  | 0.31                  |
| <b>Total</b>   | <u>65.84</u>          | <u>47.11</u>          |

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

|                                  | 31-03-11<br>` Crore | 31-03-10<br>` Crore | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|----------------------------------|---------------------|---------------------|-----------------------|-----------------------|
| <b>Value of closing stock of</b> |                     |                     |                       |                       |
| Finished goods                   | 1,137.11            | 1,189.04            |                       |                       |
| Stock in process                 | <u>132.08</u>       | <u>115.22</u>       | 1,269.19              | 1,304.26              |
| Less :                           |                     |                     |                       |                       |
| <b>Value of opening stock of</b> |                     |                     |                       |                       |
| Finished goods                   | 1,189.04            | 592.02              |                       |                       |
| Stock in process                 | <u>115.22</u>       | <u>86.84</u>        | 1,304.26              | 678.86                |
| <b>Total</b>                     |                     |                     | <u>(35.07)</u>        | <u>625.40</u>         |

**Schedule 'Q' - Raw Materials Consumed**

|                              | 31-03-2011<br>` Crore  | 31-03-2010<br>` Crore  |
|------------------------------|------------------------|------------------------|
| Opening Stock                | 149.55                 | 210.76                 |
| Add : Purchases              | <u>7,075.48</u>        | <u>6,458.23</u>        |
|                              | 7,225.03               | 6,668.99               |
| Less : Closing Stock         | 252.24                 | 149.55                 |
| <b>Raw Material Consumed</b> | <u><u>6,972.79</u></u> | <u><u>6,519.44</u></u> |

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

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| Stores, spares and materials             | 61.78                 | 28.24                 |
| Less : Charged to other revenue accounts | <u>25.02</u>          | <u>15.04</u>          |
| <b>Total</b>                             | <u><u>36.76</u></u>   | <u><u>13.20</u></u>   |

**Schedule 'S' - Power and Fuel**

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| Power and Fuel                                 | 212.56                | 220.40                |
| Less:Consumption of fuel out of own production | <u>(210.45)</u>       | <u>(220.37)</u>       |
| <b>Total</b>                                   | <u><u>2.11</u></u>    | <u><u>0.03</u></u>    |

**Schedule 'T' - Employees' Remuneration and Other Benefits**

|  | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|--|-----------------------|-----------------------|
| Salaries and wages                             | 108.77                | 82.34                 |
| Contribution to provident fund and other funds | 8.01                  | 6.13                  |
| Contribution to gratuity fund                  | 5.28                  | 0.58                  |
| Welfare expenses                               | 15.95                 | 15.84                 |
| <b>Total</b>                                   | <u><u>138.01</u></u>  | <u><u>104.89</u></u>  |

**Schedule 'U' - Interest**

|                     | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---------------------|-----------------------|-----------------------|
| On Fixed Loans      | 5.27                  | 2.02                  |
| On Working Capital  | 23.56                 | 2.00                  |
| On Delayed Payments | 0.06                  | 1.12                  |
| <b>Total</b>        | <u><u>28.89</u></u>   | <u><u>5.14</u></u>    |

## Schedule 'V' - Other Operating and Administration Expenses

|   | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---|-----------------------|-----------------------|
| <b>Repairs and maintenance :</b>                  |                       |                       |
| Machinery   | 41.13                 | 20.45                 |
| Building  | 0.33                  | 0.45                  |
| Others  | 28.07                 | 28.69                 |
|   | <u>69.53</u>          | <u>49.59</u>          |
| Insurance   | 5.12                  | 4.50                  |
| Rent  | 4.52                  | 5.46                  |
| Rates and taxes                                   | 0.59                  | 0.49                  |
| Charity & donation                                | 5.18                  | 5.42                  |
| Remuneration to Auditors (net of service tax)     | 0.06                  | 0.04                  |
| Utilities   | 3.36                  | 2.38                  |
| Facility hire charges                             | 3.03                  | 0.40                  |
| Travelling and conveyance                         | 10.52                 | 9.86                  |
| Telephone, Telex, Cables, Postage etc.            | 0.51                  | 0.88                  |
| Loss on sale/write off of Fixed Assets (net)      | 17.74                 | 0.39                  |
| Provision for Stores                              | –                     | 13.56                 |
| Provision for Doubtful Debts, Advances and Claims | 0.40                  | –                     |
| Provision Against Capital Work in Progress        | 0.13                  | 0.20                  |
| Other expenses                                    | 22.09                 | 20.64                 |
| <b>Total</b>                                      | <u>142.78</u>         | <u>113.81</u>         |

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

|   | 31-03-2011<br>` Crore | 31-03-2010<br>` Crore |
|---|-----------------------|-----------------------|
| Raw Materials Consumed                      | (0.25)                | (8.14)                |
| Consumption of Stores                       | –                     | (1.69)                |
| Other operating and administration expenses | 5.03                  | 1.35                  |
| Depreciation                                | 0.06                  | 0.26                  |
| <b>Total</b>                                | <u>4.84</u>           | <u>(8.22)</u>         |

## Schedule X : Statement of Significant Accounting Policies

### 1. Basis for Preparation

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and the mandatory Accounting Standards notified by the Companies Accounting Standards (Rules 2006) and the relevant provisions of the Companies Act, 1956. Revenues are generally recognized on accrual system of accounting except where otherwise stated.

### 2. Use of Estimate

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

### 3. Fixed Assets

#### 3.1 Land

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

#### 3.2 Fixed Assets other than Land

3.2.1 Fixed assets are stated at cost of acquisition (including incidental expenses) less accumulated depreciation.

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

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

#### 3.3 Expenditure during construction period

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

#### 3.4 Intangible Assets

3.4.1 Expenditure incurred for creating / acquiring intangible assets of ` 0.50 crore and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is earlier, from the time the intangible asset starts providing the economic benefit.

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

### 4. Impairment of Assets

The values of fixed assets in respect of Cash Generating Units are reviewed by the

management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the asset or present value, the difference is recognised as an impairment loss.

## 5. Borrowing Costs

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

## 6. Depreciation / Amortisation

- 6.1 Depreciation on fixed assets is provided on Straight Line Method, at rates prescribed under schedule XIV to the Companies Act, 1956. Depreciation is charged on addition/deletion on pro-rata monthly basis including the month of addition/deletion.
- 6.2 Individual assets costing not more than ` 5000/- each are depreciated fully in the year of capitalisation.
- 6.3 Computer equipments and peripherals and mobile phones are depreciated over a period of four years. Furniture provided at the residence of management staff is depreciated over a period of seven years.
- 6.4 Cost of leasehold land (other than perpetual lease) are amortised during the lease periods.

## 7. Investment

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

## 8. Inventory

- 8.1 Raw materials and Intermediates are valued at cost or net realisable value, whichever is lower. Cost is determined as follows:
  - 8.1.1 Raw materials on weighted average cost.
  - 8.1.2 Intermediate Stocks at raw material cost plus cost of conversion.
- 8.2 Finished products are valued at weighted average cost or net realisable value inclusive of North East Excise duty benefit, whichever is lower.
- 8.3 Stores and spares are valued at weighted average cost. Obsolete, slow moving/non-moving stores for 3 years and above and other materials including project materials identified as surplus are provided for in full so as to value them at ` Nil.

## 9. Revenue Recognition

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

9.4 Income from sale of scrap is accounted for on realization.

## 10. Classification of Income / Expenses

- 10.1 Expenditure on Research, other than capital expenditure, is charged to revenue in the year in which the expenditure is incurred.
- 10.2 Income / expenditure up to ` 0.05 crore in each case pertaining to prior years is charged to the current year.
- 10.3 Prepaid expenses up to ` 0.05 crore in each case are charged to revenue as and when incurred.
- 10.4 Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue in the year of payment.
- 10.5 Expenditure incurred on assets not owned by the company are charged off to revenue in the year of incurrence of such expenditure.

## 11. Employee Benefits

- 11.1 Contribution to Provident Fund for the year is recognised in the Profit & Loss Account.
- 11.2 Liability towards gratuity is paid to a Fund maintained by LIC and administered through a separate trust set up by the Company. Difference between the fund balance and the accrued liability, determined using the projected unit credit method of actuarial valuation as at the year end, is recognised in the Profit & Loss Account as income or expense.
- 11.3 Other employee benefits e.g. leave encashment; post retirement medical benefits, resettlement benefits, long service awards etc. are provided using the projected unit credit method of actuarial valuation at the year end and are recognised in the Profit & Loss Account as income or expense.
- 11.4 Other short term employee benefits e.g. Leave fare assistance, medical benefits etc. are provided for in the accounts based on estimates by the management.

## 12. Duties on Bonded Stocks

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

## 13. Foreign Currency Transactions

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

## 14. Government Grants

- 14.1 Capital Grant

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

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

## 15. Provisions, Contingent Liabilities and Capital Commitments

- 15.1 Show cause Notices issued by various Government Authorities are not considered as contingent liabilities.

- 15.2 When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as either "Provision" or "Contingent liabilities" in case of ` 0.05 crores as under:

- i) A provision is recognised in respect of present obligations where the outflow of resources is probable;
- ii) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

- 15.3 Capital Commitments: Estimated amount of contracts remaining to be executed on capital account above ` 0.05 crores, in each case, are considered for disclosure.

## 16. Taxes on Income

- 16.1 Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961 and rules there under.

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

- 16.3 Deferred Tax assets are not recognised unless there is reasonable certainty supported by convincing evidence (s) that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**SCHEDULE Y: Notes forming part of accounts**

- Capital Reserve represents grant of ` 100.00 crores received in the year 1999-2000 from the Government of India.
- Provision for taxation for the financial year 2010-11 amounting to ` 136.20 crores (previous year ` 136.23 crores) has been made as per normal provisions of the Income Tax Act which includes ` 0.41 crores towards wealth tax (previous year ` 0.36 crores).
- As per requirement of the Accounting Standard 22 on "Accounting of Taxes on Income" issued by The Institute of Chartered Accountants of India, Deferred Tax Asset considered in the Profit and Loss Account for the year is ` 0.92 crores (previous year ` 6.60 crores). The year end position of Deferred Tax Liability and Asset is given below:

( ` in Crore)

| S. No. | Details  | 31 <sup>st</sup> March '11 | 31 <sup>st</sup> March '10 |
|--------|--|----------------------------|----------------------------|
| 3.a    | Deferred Tax Liability<br>(Difference of Book Depreciation & Tax Depreciation) | 317.58                     | 324.84                     |
| 3.b    | Deferred Tax Assets  |                            |                            |
|        | Difference in write offs under the Companies Act and<br>Income Tax Act.        | –                          | –                          |
|        | Disallowed u/s 43B of the Income Tax Act.                                      | 65.10                      | 72.14                      |
|        | Others include retirement benefits.  | 14.02                      | 13.33                      |
|        | <b>Total</b>   | <b>79.12</b>               | <b>85.47</b>               |
|        | <b>Net Deferred Tax Liability</b>  | <b>238.46</b>              | <b>239.37</b>              |

- To the extent, the Company has received intimation from the "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act 2006, the disclosures are provided as under for the year 2010-11.

( ` in Crore)

| Details  | 31 <sup>st</sup> March '11 | 31 <sup>st</sup> March '10 |
|--|----------------------------|----------------------------|
| Principal amount remaining unpaid to any supplier as at the end of each accounting year;   | 0.75                       | 0.63                       |
| Interest due thereon remaining unpaid to any supplier as at the end of each accounting year;   | –                          | –                          |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;  | –                          | –                          |
| The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | –                          | –                          |
| The amount of interest accrued and remaining unpaid at the end of the year;  | –                          | –                          |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.                            | –                          | –                          |

5. In absence of relevant notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under Section 441A of the Companies Act, 1956, the same is not determinable and hence, not provided.
6. The company is operating under a single segment, i.e., downstream petroleum sector (Refining and Marketing). As such there is no other reportable segment as defined by the Accounting Standard-17 Segment Reporting issued by the Institute of Chartered Accountants of India.
7. Pending finalization of the Crude Oil Sales Agreement (COISA) purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in the financial year 2010-11 in line with FY 2009-10.

Further, as per directive of the Ministry of Petroleum and Natural Gas (MOP&NG), an amount of ` 299.63 crores (previous year ` 259.94 crores) has been provided and charged to the cost of crude towards Sales Tax and Pipeline Transportation Charges payable to OIL/ONGC for the financial year 2010-11. PPAC vide letter no. 2800 dtd. 22.02.2011 has revised pipeline tariff for forward pumping section of crude oil w.e.f. financial year 2008-09. On account of this revision additional pipeline charges of ` 64.16 crores (out of which ` 22.03 crores is for 2010-11) has been provided in the FY 2010-11.

To augment crude availability of the four refineries in Assam, Ravva crude is brought in to IOCL Bongaigaon Refinery and the transportation cost and other incidentals thereof is to be shared by all four NE refineries as per the directive of MOPNG. Transportation cost for Haldia-Barauni Crude pipeline is being provided as per tariff rates prescribed by Ministry vide letter dated 28<sup>th</sup> May 2008 and in pipeline tariff for Barauni-Bongaigaon sector has been revised by PPAC w.e.f. financial year 2008-09 for which an additional amount of ` 14.08 crores (for FY 2008-09 and 2009-10) has been provided in the current financial year. The company's share of the transportation cost and other incidentals thereof has been included in crude price and is also considered for valuation of the closing stock.

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

8. In the current financial year, the company has streamlined the inclusion/exclusion of various items of cost and allocation methodology etc. In the process of rationalisation, variation in the company's valuation of finished goods vis-à-vis previous year was higher by ` 0.49 crores with consequential variation in profit of identical amount.
9. The Company had implemented Enterprise Resource Planning (ERP) system. Following implementation of ERP system and on reconciliation of various uploaded data till 31st

March, 2011 a sum of ` 0.26 crores (previous year ` 0.90 crores) – Gross Debit and ` 1.82 crores (previous year ` 5.75 crores) – Gross Credit has been written off / written back during the current year. The net effect of ` 1.56 crores (previous year ` 4.85 crores) is shown as “Other Income” in Schedule “O”.

10. The company has numerous transactions with other oil companies, which are reconciled on an ongoing basis and are subject to confirmation.
11. An amount of ` 132.07 crores (Previous year ` 111.20 crores) has been charged to profit & Loss Account towards under recovery of CST on petroleum products.
- 11.a The pension scheme of the company is under finalization and a sum of ` 12.97 crores (previous year ` 5.73 crores) has been provided in line with the guideline issued by Department of Public Enterprise vide Office Memorandums dtd. 26.11.2008 and 02.04.2009.
- 11.b Provisions on account of employee benefits in terms of AS-15 (Revised) issued by The Institute of Chartered Accountants of India have been made based on :
  - i) Actuarial valuation for all long term benefits viz. Gratuity, Post Retirement Medical Benefit, Leave encashment, Long service awards and Resettlement benefits.
  - ii) Actual contribution towards Provident Fund.
  - iii) Actual/fair estimation basis by the Management for all known short term employee benefits.
- 11.c **Disclosure as per requirement of Accounting Standard 15 – “Employee Benefits”**

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

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

**Other Defined Benefits:** These are (a) Post Retirement Medical Scheme benefit to employees, spouse, dependent children and dependent parents. (b) Medical benefits (c) Death in service / Permanent disablement given to employee, the spouse of the employee and (d) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

11. d Disclosure as per requirement of Accounting Standard 15 (Revised):

i) in Crore

| Reconciliation of balances of Defined Benefit Obligations | Gratuity Funded |          | Leave Encashment Non Funded |          | Long Service Award Non Funded |          | Post Retirement Medical Non Funded |          | Resettlement Allowance Non Funded |          |
|---|-----------------|----------|-----------------------------|----------|-------------------------------|----------|------------------------------------|----------|-----------------------------------|----------|
|   | 31-03-11        | 31-03-10 | 31-03-11                    | 31-03-10 | 31-03-11                      | 31-03-10 | 31-03-11                           | 31-03-10 | 31-03-11                          | 31-03-10 |
| Defined Obligations at the beginning of the year          | 6.22            | 5.87     | 10.70                       | 10.19    | 1.75                          | 1.48     | 3.09                               | 2.77     | 1.06                              | 0.98     |
| Interest Cost   | 0.48            | 0.48     | 0.82                        | 0.77     | 0.15                          | 0.12     | 0.26                               | 0.23     | 0.08                              | 0.07     |
| Current Service Cost                                      | 0.62            | 0.62     | 1.14                        | 1.18     | 0.20                          | 0.19     | 0.24                               | 0.25     | 0.10                              | 0.11     |
| Benefits paid   | (1.09)          | (0.34)   | (2.11)                      | (2.14)   | (0.06)                        | (0.04)   | (0.03)                             | (0.01)   | (0.21)                            | (0.23)   |
| Actuarial (Gains)/ Losses on obligations                  | 4.37            | (0.40)   | 15.02                       | 0.70     | 0.46                          | -        | 0.19                               | (0.16)   | 0.65                              | 0.13     |
| Defined Obligations at the end of the year                | 10.61           | 6.22     | 25.57                       | 10.70    | 2.50                          | 1.75     | 3.75                               | 3.09     | 1.68                              | 1.06     |

ii)

| Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund | 31-03-11 | 31-03-10 |
|---|----------|----------|
| Fair Value at the beginning of the year   | 2.11     | 1.46     |
| Expected Return   | 0.15     | 0.16     |
| Actuarial (Gain)/Losses   | (0.05)   | 0.03     |
| Actual return on Plan assets  | 0.19     | 0.13     |
| Contribution by employer  | 9.51     | 0.87     |
| Benefits paid   | (1.09)   | (0.34)   |
| Fair Value of Plan Assets at the end of the year                                    | 10.73    | 2.11     |

iii)

|   |        |      |       |       |      |      |      |      |      |      |
|---|--------|------|-------|-------|------|------|------|------|------|------|
| Amount recognised in Balance Sheet (i-ii) | (0.12) | 4.11 | 25.57 | 10.70 | 2.50 | 1.75 | 3.75 | 3.09 | 1.68 | 1.06 |
|---|--------|------|-------|-------|------|------|------|------|------|------|

iv)

| Amount recognised in P&L Account |        |        |       |      |      |      |      |        |      |      |
|----------------------------------|--------|--------|-------|------|------|------|------|--------|------|------|
| Current Service Cost             | 0.62   | 0.62   | 1.14  | 1.18 | 0.20 | 0.19 | 0.24 | 0.25   | 0.10 | 0.11 |
| Interest Cost                    | 0.48   | 0.48   | 0.82  | 0.77 | 0.15 | 0.12 | 0.26 | 0.23   | 0.08 | 0.07 |
| Expected Return on Plan Assets   | (0.15) | (0.16) | -     | -    | -    | -    | -    | -      | -    | -    |
| Actuarial (Gains)/ Losses        | 4.33   | (0.37) | 15.02 | 0.70 | 0.46 | -    | 0.19 | (0.16) | 0.65 | 0.13 |
| Expenses for the period          | 5.28   | 0.57   | 16.98 | 2.65 | 0.80 | 0.31 | 0.70 | 0.33   | 0.83 | 0.31 |

v)

| Major Actuarial Assumptions    |        |       |        |       |       |       |       |       |        |       |
|--------------------------------|--------|-------|--------|-------|-------|-------|-------|-------|--------|-------|
| Discount Rate                  | 8.40%  | 8.50% | 8.40%  | 8.50% | 8.40% | 8.50% | 8.40% | 8.50% | 8.40%  | 8.50% |
| Salary Escalation / Inflation  | 10.00% | 5.00% | 10.00% | 5.00% | 7.00% | 5.00% | 0.00% | 0.00% | 10.00% | 5.00% |
| Expected Return on Plan Assets | 9.30%  | 9.30% | -      | -     | -     | -     | -     | -     | -      | -     |

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

b) The expected return on plan assets over the accounting period, based on an assumed rate of return.

vi)

| Investment pattern for Gratuity Fund | 31-Mar-11 | 31-Mar-10 |
|--------------------------------------|-----------|-----------|
| Category of Asset                    | %         | %         |
| Government of India Asset            | -         | -         |
| Corporate Bonds                      | -         | -         |
| Special Deposit Scheme               | -         | -         |
| State Government                     | -         | -         |
| Others (LICI)                        | 100       | 100       |
| Total                                | 100       | 100       |

vii) As per our best estimate, `1.50 crores is expected to be paid to the Gratuity Fund as contribution in the year 2011-12.

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

|  | 31-Mar-11 | 31-Mar-10 |
|--|-----------|-----------|
| Change in Liability for : 1% increase in Discount Rate | 0.56      | (0.49)    |
| Change in Liability for : 1% decrease in Discount Rate | (0.72)    | 0.62      |

## 12. Related party Disclosures as per Accounting Standard 18

|  |   |   |
|--|---|---|
| Key management Personnel<br>(whole time Directors) | Dr. B.K. Das<br>Shri Dipak Chakravarty<br>Shri Nilmoni Bhakta | Managing Director<br>Director (Technical)<br>Director (Finance) |
|--|---|---|

| Nature of Transaction                        | ` crores  |           |
|--|-----------|-----------|
|  | 31-Mar-11 | 31-Mar-10 |
| Salary and Allowances                        | 0.86      | 0.54      |
| Contribution to Provident Fund & other funds | 0.08      | 0.04      |
| Other benefits                               | 1.39      | 0.26      |

13. As per guidelines issued by the Institute of Chartered Accountants of India under AS-28 "Impairment of Assets", the company has assessed the recoverable amount of the relevant assets and found that no impairment exists in relation to its assets as on 31st March 2011.

14. The Company has taken operating lease of product tanks from IMC Limited and Cargo

partner Logistics India Pvt. Limited for 36 months and 12 month's duration respectively with renewable option and lease rent amounting to ` 1.75 crores (previous year ` 0.40 crore) has been debited to Profit and Loss Account. The future minimum lease payment is as under.

` in crore

|   | 31-Mar-11 | 31-Mar-10 |
|---|-----------|-----------|
| Not later than one year                           | 5.71      | -         |
| Later than one year and not later than five years | 9.46      | -         |
| Later than five years                             | -         | -         |

### 15. Earning per share (Face value ` 10/- each)

|   | 31-Mar-11    | 31-Mar-10    |
|---|--------------|--------------|
| Profit after tax (` in crore)                                 | 279.26       | 232.08       |
| Weighted average number of shares outstanding during the year | 73,56,31,544 | 73,56,31,544 |
| Basic earnings per share                                      | 3.80         | 3.15         |
| Diluted earnings per share                                    | 3.80         | 3.15         |

### 16. Capital Commitments and Contingent Liabilities :

` in Crore

|  | 31-Mar-11 | 31-Mar-10 |
|--|-----------|-----------|
| <b>I. Capital Commitments :</b>  |           |           |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance) | 105.53    | 137.16    |
| <b>II. Contingent Liabilities :</b>  |           |           |
| (a) In respect of taxation matters of prior years  |           |           |
| i) Excise Duty Matters   | 228.29    | 224.34    |
| ii) Service tax matters  | 1.48      | 1.48      |
| iii) Sales Tax Matters   | 5.01      | -         |
| iv) Income Tax Matters   | 0.11      | 0.36      |
| v) Entry Tax Matters   | 15.40     | -         |
| (b) Other Matters :  |           |           |
| Claims against the Company not acknowledged as debts :   |           |           |
| i) Claim by contractors Arbitration cases/other extra claims on capital account                                  | 117.70    | 84.05     |
| ii) Land matters   | 1.58      | 2.11      |
| iii) In respect of Foreign letter of credit  | 12.38     | 18.63     |

` in Crore

|   | 31-Mar-11 | 31-Mar-10 |
|---|-----------|-----------|
| iv) In respect of Outstanding Bank Guarantee  | 10.31     | 9.46      |
| v) Guarantees in favour of Banks for long term loans extended to Joint Venture Companies DNP Ltd & BCP Ltd.<br>(includes an amount of ` 4.78 crores due for repayment by DNP Ltd. for which approval for extension of moratorium awaited from OI DB)" | 79.32     | 79.32     |
| <b>17. Director's Remuneration :</b>  |           |           |
| Salary and allowances   | 0.86      | 0.54      |
| Contributions to Provident Fund and other funds   | 0.08      | 0.04      |
| Other benefits  | 1.39      | 0.26      |
|   | 2.33      | 0.84      |
| <b>18. Remuneration to Auditors (net of service tax):</b>   |           |           |
| (a) Audit fees  | 0.04      | 0.03      |
| (b) Fees for other services-certification   | 0.01      | 0.01      |
| (c) Reimbursement of out of pocket expenses   | 0.01      | -         |
|   | 0.06      | 0.04      |

**19. Licenced Capacity, Installed Capacity (as certified by the Management) and actual production in respect of goods manufactured :**

|                      | (2010-2011)<br>Quantity (MT) |                          |                          |
|----------------------|------------------------------|--------------------------|--------------------------|
|                      | Licenced Capacity            | Installed Capacity       | Actual Production        |
| (1) Crude throughput | NA<br>NA                     | 30,00,000<br>(30,00,000) | 22,50,225<br>(26,19,082) |
| (2) Production       |                              |                          |                          |
| Light distillates    | -<br>-                       | -<br>-                   | 2,77,695<br>(3,70,612)   |
| Middle distillates   | -<br>-                       | -<br>-                   | 16,52,890<br>(18,91,513) |
| Others               | -<br>-                       | -<br>-                   | 80,232<br>(1,03,529)     |

\* The Installed Capacity is based on processing of neat Assam Crude

20. Raw materials consumed :

|           | Quantity (MT) | In Crore   |
|-----------|---------------|------------|
| Crude oil | 22,50,225     | 6,840.34   |
|           | (26,19,082)   | (6,393.86) |
| Others    | 25,537        | 132.45     |
|           | (27,605)      | (125.58)   |
|           | 22,75,762     | 6,972.79   |
|           | (26,46,687)   | (6,519.44) |

21. Finished goods, produced, sold and stocked :

| Petroleum Products                | Opening Stock     |                 | Production (MT)    | Sales              |                   | Closing Stock     |                   |
|-----------------------------------|-------------------|-----------------|--------------------|--------------------|-------------------|-------------------|-------------------|
|                                   | (MT)              | (` /crore)      |                    | (MT)               | (MT)              | (` /crore)        | (MT)              |
| <b>Light Distillates</b>          |                   |                 |                    |                    |                   |                   |                   |
| LPG                               | 2,098             | 7.12            | 41,888             | 42,342             | 157.00            | 1,644             | 6.46              |
| Naphtha                           | 35,724            | 128.79          | 13,719             | 13,443             | 60.13             | 36,000            | 149.58            |
| MS *                              | 49,827            | 264.49          | 2,22,088           | 2,34,642           | 1,338.62          | 37,273            | 222.18            |
| <b>Sub Total</b>                  | <b>87,649</b>     | <b>400.40</b>   | <b>2,77,695</b>    | <b>2,90,427</b>    | <b>1,555.75</b>   | <b>74,917</b>     | <b>378.22</b>     |
| <i>Previous Year</i>              | <i>(56,155)</i>   | <i>(182.11)</i> | <i>(3,70,612)</i>  | <i>(3,39,147)</i>  | <i>(1,528.33)</i> | <i>(87,649)</i>   | <i>(400.40)</i>   |
| <b>Middle Distillates</b>         |                   |                 |                    |                    |                   |                   |                   |
| ATF                               | 6,775             | 21.45           | 41,989             | 45,274             | 174.63            | 3,490             | 15.23             |
| SKO                               | 34,170            | 99.07           | 2,16,660           | 2,28,781           | 740.63            | 22,049            | 81.27             |
| HSD **                            | 1,87,551          | 654.14          | 13,94,241          | 14,39,153          | 6,159.94          | 1,42,639          | 644.27            |
| <b>Sub Total</b>                  | <b>2,28,496</b>   | <b>774.66</b>   | <b>16,52,890</b>   | <b>17,13,208</b>   | <b>7,075.20</b>   | <b>1,68,178</b>   | <b>740.77</b>     |
| <i>Previous Year</i>              | <i>(1,52,245)</i> | <i>(379.32)</i> | <i>(18,91,513)</i> | <i>(18,15,625)</i> | <i>(5,853.19)</i> | <i>(2,28,496)</i> | <i>(774.66)</i>   |
| <b>Others</b>                     |                   |                 |                    |                    |                   |                   |                   |
| RPC                               | 8,208             | 6.42            | 21,687             | 28,059             | 39.89             | 1,836             | 2.92              |
| Sulphur                           | 67                | 0.02            | 3,094              | 2,108              | 1.44              | 1,053             | 0.80              |
| CPC                               | 6,120             | 7.54            | 55,451             | 54,246             | 97.35             | 7,325             | 14.40             |
| <b>Sub Total</b>                  | <b>14,395</b>     | <b>13.98</b>    | <b>80,232</b>      | <b>84,413</b>      | <b>138.68</b>     | <b>10,214</b>     | <b>18.12</b>      |
| <i>Previous Year</i>              | <i>(22,522)</i>   | <i>(30.57)</i>  | <i>(1,03,529)</i>  | <i>(1,11,656)</i>  | <i>(108.72)</i>   | <i>(14,395)</i>   | <i>(13.98)</i>    |
| <b>Grand Total</b>                | <b>3,30,540</b>   | <b>1,189.04</b> | <b>20,10,817</b>   | <b>20,88,048</b>   | <b>8,769.63</b>   | <b>253,309</b>    | <b>1,137.11</b>   |
| <i>Grand Total -Previous year</i> | <i>(2,30,922)</i> | <i>(592.00)</i> | <i>(23,65,654)</i> | <i>(22,66,428)</i> | <i>(7,490.24)</i> | <i>(3,30,540)</i> | <i>(1,189.04)</i> |

\* MS production includes blending of Naphtha - 15991 MT (38258 MT) with MTBE & Py Gas - 25537 MT (27605 MT)

\*\* HSD, MS and SKO sales include (13311 MT), ( 656 MT) and 11902 MT, respectively on account of stock/transit gain (loss), slop & own consumption

**22. Finished Goods Purchased and sold**

| Particulars          | Purchase        |                 | Sales           |                 |
|----------------------|-----------------|-----------------|-----------------|-----------------|
|                      | (MT)            | (` /crore)      | (MT)            | (` /crore)      |
| <b>HSD</b>           | <b>39,749</b>   | <b>173.16</b>   | <b>39,749</b>   | <b>159.44</b>   |
| <i>Previous Year</i> | <i>(77,334)</i> | <i>(284.22)</i> | <i>(77,334)</i> | <i>(323.83)</i> |
| <b>MS</b>            | <b>6,910</b>    | <b>47.69</b>    | <b>6,910</b>    | <b>43.12</b>    |
| <i>Previous Year</i> | <i>(11,358)</i> | <i>(63.96)</i>  | <i>(11,358)</i> | <i>(60.03)</i>  |
| <b>Total</b>         | <b>46,659</b>   | <b>220.84</b>   | <b>46,659</b>   | <b>202.56</b>   |
| <i>Previous Year</i> | <i>(88,692)</i> | <i>(348.19)</i> | <i>(88,692)</i> | <i>(383.85)</i> |

**23. Value of imports calculated on C.I.F. basis**

|   | 31-Mar-11 | 31-Mar-10 |
|---|-----------|-----------|
| (a) Raw Materials   | 51.24     | 31.80     |
| (b) Capital goods   | 2.01      | 61.35     |
| (c) Components and spare parts<br>(including chemicals and catalysts) | 8.58      | 14.79     |

**24. Expenditure in foreign currency (on cash basis) :**

|                                   | 31-Mar-11 | 31-Mar-10 |
|-----------------------------------|-----------|-----------|
| (a) Purchase of products          | 59.28     | 103.54    |
| (b) Know-how                      | 0.41      | 4.72      |
| (c) Professional Consultancy Fees | 0.59      | 0.39      |
| (d) Other matters                 |           |           |
| i) Travelling                     | 0.06      | 0.05      |
| ii) Others                        | -         | -         |

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

|  | Imported |         | Indigenous |          | Total      |
|--|----------|---------|------------|----------|------------|
|  | in Crore | %       | in Crore   | %        | in Crore   |
| <b>Crude Oil</b>   | -        | -       | 6,840.34   | 100.00   | 6,840.34   |
|  | -        | -       | (6,393.86) | (100.00) | (6,393.86) |
| <b>Others</b>  | 54.42    | 41.09   | 78.02      | 58.91    | 132.44     |
|  | (41.84)  | (33.32) | (83.74)    | (66.68)  | (125.58)   |
| <b>Stores/Spare parts and<br/>Components (including<br/>chemicals &amp; catalysts)</b> | 21.71    | 59.07   | 15.04      | 40.93    | 36.75      |
|  | (1.99)   | (15.08) | (11.21)    | (84.92)  | (13.20)    |

**26. Earnings in foreign exchange :**

|                         | 31-Mar-11 | 31-Mar-10 |
|-------------------------|-----------|-----------|
| (a) Revenue expenditure | -         | -         |
| (b) Capital expenditure | -         | -         |

**27. Research and development**

|                         |   |   |
|-------------------------|---|---|
| (a) Revenue expenditure | - | - |
| (b) Capital expenditure | - | - |

28. Statutory Information Pursuant to Part - IV of Schedule Vi to the Companies Act, 1956

**Balance Sheet Abstract and Companies General Business Profile**

**I. Registration Details**

State Code **0 2**  
 Registration No. **02-03893 of 1993-94**  
 Balance Sheet Date **3 1** **0 3** **2 0 1 1**  
 Date Month Year

**II. Capital raised during the year ( ` Crores)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| <b>N I L</b> | <b>N I L</b>      |
| Bonus Issue  | Private Placement |
| <b>N I L</b> | <b>N I L</b>      |

**III Position of Mobilisation and Deployment of Funds ( ` Crores)**

|                      |                      |
|----------------------|----------------------|
| Total Liabilities    | Total Assets         |
| <b>5 0 0 2 . 2 8</b> | <b>5 0 0 2 . 2 8</b> |

**Sources of Funds :**  
 (Excluding deferred tax liability)

|                    |                      |
|--------------------|----------------------|
| Paid-up Capital    | Reserves & Surplus   |
| <b>7 3 5 . 6 3</b> | <b>1 8 6 5 . 4 3</b> |
| Secured Loans      | Unsecured Loans      |
| <b>1 2 0 . 9 6</b> | <b>9 8 . 9 4</b>     |

**Application of Funds :**

|                        |                       |
|------------------------|-----------------------|
| Net Fixed Assets       | Investments           |
| <b>2 1 2 3 . 7 0</b> * | <b>1 5 4 . 2 7</b> ** |
| Net Current Assets     | Misc. Expenditure     |
| <b>7 8 1 . 4 5</b>     | <b>N I L</b>          |
| Accumulated losses     |                       |
| <b>N I L</b>           |                       |

**IV. Performance of Company ( ` Crore)**

|                          |                      |
|--------------------------|----------------------|
| Turnover                 | Total Expenditure    |
| <b>9 0 3 8 . 0 3</b> *** | <b>8 6 2 3 . 4 9</b> |

+ /- Profit/Loss Before Tax

(+) 4 1 4 . 5 4

+ /- Profit/Loss After Tax

(+) 2 7 9 . 2 6

Earning per Share in `

3 . 8 0

Dividend rate %

1 5

**V. Generic Names of Principal Products/Services of Company**

Item Code No. (ITC Code) : 2 7 1 0

Product Description : PETROLEUM PRODUCT

- \* Includes Capital work-in-progress & Intangibles.
- \*\* Includes advance towards Equity Shares pending allotment.
- \*\*\* includes miscellaneous income and inventory differential.

**Note :**

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

**29. Figures of the previous year have been regrouped wherever necessary, to conform to current year presentation.**

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

For and on behalf of the Board of Directors

As per our report of even date

Sd/-  
**Dipak Chakravarty**  
Managing Director

Sd/-  
**Nilmoni Bhakta**  
Director (Finance)

For and on behalf of  
**S. Ghose & Co.**  
Chartered Accountants

Sd/-  
**H.K. Sarmah**  
Company Secretary  
New Delhi  
Date : 18<sup>th</sup> May, 2011

Sd/-  
**Chandan Chattopadhyay**  
Partner, M. No. 51254  
New Delhi  
Date : 18<sup>th</sup> May, 2011

## Cash flow statement for the year ended 31<sup>st</sup> March 2010

|  | Notes  | (` in Crore)  |               |
|--|--------|---------------|---------------|
|  |        | FY 2010-11    | FY 2009-10    |
| <b>A Cash Flow from Operating Activities</b>           |        |               |               |
| Net Profit Before tax & prior period items             |        | 419.38        | 353.49        |
| <i>Adjustments for :</i>                               |        |               |               |
| Depreciation & Amortisation                            |        | 170.17        | 153.64        |
| Interest expenditure                                   |        | 5.27          | 2.02          |
| (Profit) / Loss on Sale/Write Off of fixed assets(net) |        | 17.74         | 0.39          |
| Income from Investments                                |        | (8.48)        | (14.59)       |
| Dividend Received                                      |        | (5.17)        | (2.53)        |
| Interest Income  |        | (9.23)        | (3.99)        |
| Other Non-Cash items                                   | Note 4 | (5.20)        | 13.43         |
| <b>Operating Profit before Working Capital Changes</b> |        | <b>584.48</b> | <b>501.86</b> |
| <i>(Invested in) / Generated from :</i>                |        |               |               |
| Trade receivables                                      |        | (643.19)      | 24.70         |
| Other receivables                                      |        | 21.05         | (14.11)       |
| Inventories  |        | (80.06)       | (585.18)      |
| Current Liabilities & Provisions                       |        | 583.54        | 205.79        |
| <b>Cash generated from Operations</b>                  |        | <b>465.82</b> | <b>133.06</b> |
| Income Taxes paid (net of Refund)                      |        | (102.58)      | (119.16)      |
| <b>Cash flow before Prior Period Items</b>             |        | <b>363.24</b> | <b>13.90</b>  |
| Prior Period Items                                     |        | (4.84)        | 8.22          |
| Non-Cash items   |        |               | 0.26          |
| <b>Net Cash from Operating Activities</b>              |        | <b>358.40</b> | <b>22.38</b>  |

|   |        | ( ` in Crore)   |                 |
|---|--------|-----------------|-----------------|
|   | Notes  | FY<br>2010-11   | FY<br>2009-10   |
| <b>B Cash Flows from Investing Activities</b>                           |        |                 |                 |
| Purchase of fixed assets  |        | (145.89)        | (236.44)        |
| Purchase of intangible assets   |        | (8.18)          | -               |
| Sale of fixed assets  |        | 0.10            | -               |
| Investment in Joint Venture Companies                                   |        | (30.40)         | -               |
| Sale of Investments   |        | -               | -               |
| Income from Investment  |        | 12.43           | 11.94           |
| Dividend Received   |        | 5.17            | 2.53            |
| Interest Received   |        | 9.17            | 3.99            |
| <b>Net Cash from Investing Activities</b>                               |        | <b>(157.60)</b> | <b>(217.98)</b> |
| <b>C Cash Flows from Financing Activities</b>                           |        |                 |                 |
| Issue of Equity Share Capital   |        |                 |                 |
| Accretion to Reserves on account of amalgamation                        |        |                 |                 |
| Long term Borrowings  |        | 65.00           | -               |
| Repayment of Long-term loans/borrowings                                 |        | (7.98)          | (7.98)          |
| Net Increase/Decrease(-) in other borrowings                            |        | (44.77)         | 165.23          |
| Interest paid   |        | (4.96)          | (1.91)          |
| Dividend Paid   |        | (110.34)        | (110.34)        |
| Corporate Dividend Tax  |        | (18.75)         | (18.75)         |
| <b>Net Cash used in Financing Activities</b>                            |        | <b>(121.80)</b> | <b>26.25</b>    |
| <b>D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)</b> |        | <b>79.00</b>    | <b>(169.35)</b> |
| <b>E Cash &amp; Cash Equivalents at the beginning of Period</b>         | Note 1 | <b>122.67</b>   | <b>292.02</b>   |
| <b>F Cash &amp; Cash Equivalents at the end of Period (D+E)</b>         | Note 1 | <b>201.67</b>   | <b>122.67</b>   |

## Notes to the Cash Flow Statement

### 1. Cash and Cash Equivalents

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

|  | FY<br>2010-11 | FY<br>2009-10   |
|--|---------------|-----------------|
| <b>Cash and Cash equivalents as at 31<sup>st</sup> March '11 / 31<sup>st</sup> March '10</b> |               |                 |
| Cash/cheques in Hand   | 0.02          | 0.02            |
| Cash at Bank   | 0.11          | 1.67            |
| Remittance in transit  | 1.22          | 0.33            |
| Fixed Deposits with Banks  | 121.32        | 290.00          |
|  | <u>122.67</u> | <u>292.02</u>   |
| Cash/cheques in Hand   | 0.01          | 0.02            |
| Cash at Bank   | 0.12          | 0.11            |
| Remittance in transit  | –             | 1.22            |
| Fixed Deposits with Banks  | 201.54        | 121.32          |
| <b>Cash and Cash Equivalents as restated</b>   | <u>201.67</u> | <u>122.67</u>   |
| <b>Net change in Cash and Cash equivalents</b>   | <u>79.00</u>  | <u>(169.35)</u> |

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

For and on behalf of Board of Directors

New Delhi  
Date : 18<sup>th</sup> May 2011

Sd/-  
**Dipak Chakravarty**  
Managing Director

Sd/-  
**Nilmoni Bhakta**  
Director (Finance)

We have audited the above Cash Flow Statement of Numaligarh Refinery Limited for the year ended on 31<sup>st</sup> March 2011 prepared by the Company and certify that the Statement has been derived from the Accounts of the Company audited by us.

For and on behalf of

**S. Ghose & Co.**  
Chartered Accountants

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

New Delhi  
Date : 18<sup>th</sup> May 2011

## Human Resource Accounting

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

| Category           | Age                         |            |            |           | Total      |
|--------------------|-----------------------------|------------|------------|-----------|------------|
|                    | 20-30                       | 30-40      | 40-50      | Over 50   |            |
| <b>Technical</b>   |                             |            |            |           |            |
| Executives         | 85                          | 105        | 64         | 20        | 274        |
| Workmen            | 36                          | 233        | 131        | 3         | 403        |
| Sub Total          | 121                         | 338        | 195        | 23        | 677        |
| <b>Others</b>      |                             |            |            |           |            |
| Executives         | 18                          | 30         | 45         | 18        | 111        |
| Workmen            | 0                           | 9          | 21         | 2         | 32         |
| Sub Total          | 18                          | 39         | 66         | 20        | 143        |
| <b>Grand Total</b> | <b>139</b>                  | <b>377</b> | <b>261</b> | <b>43</b> | <b>820</b> |
|                    | <b>Average age 38 years</b> |            |            |           |            |

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

- (I) Continuity of present pattern of employee compensation, both direct and indirect.
- (ii) Continuity in career growth as per present policy of the company.
- (iii) The future earnings have been discounted at the cost of capital of 5.85% (previous years 4.25%)

### Value of Human Resources

|            | <i>in ` Crore</i> |                 |                 |                 |               |
|------------|-------------------|-----------------|-----------------|-----------------|---------------|
|            | 2010-11           | 2009-10         | 2008-09         | 2007-08         | 2006-07       |
| Executives | 1,305.62          | 923.62          | 624.81          | 652.66          | 589.34        |
| Staff      | 1,051.41          | 461.62          | 454.61          | 490.53          | 389.39        |
|            | <u>2,357.03</u>   | <u>1,385.25</u> | <u>1,079.42</u> | <u>1,143.19</u> | <u>978.73</u> |

### Human Assets vis-à-vis Total Assets

|                       |                 |                 |                 |                 |                 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Value of Human Assets | 2,357.03        | 1,385.25        | 1,079.42        | 1,143.19        | 978.73          |
| Net Fixed Assets      | 2,115.84        | 2,155.43        | 2,071.31        | 2,086.27        | 2,105.35        |
| Net Current Assets    | 781.45          | 615.52          | 447.43          | 395.35          | 429.23          |
|                       | <u>5,254.32</u> | <u>4,156.20</u> | <u>3,598.16</u> | <u>3,624.81</u> | <u>3,513.31</u> |
| Profit before tax     | 414.54          | 361.71          | 319.59          | 413.10          | 583.11          |
| Value Added           | 896.84          | 741.27          | 690.31          | 728.57          | 902.98          |

### Ratio of

|  |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|
| Profit (before tax) to Human Resources | 18% | 26% | 30% | 36% | 60% |
| Value Added to Human Resources         | 38% | 54% | 64% | 64% | 92% |
| Human Resources to Total Resources     | 45% | 33% | 30% | 32% | 28% |

# Social Accounts

(` in Crore)

## I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES

|  | 2010-11      | 2009-10      | 2008-09      | 2007-08      | 2006-07      |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>a) Social Benefits to Employees</b> |              |              |              |              |              |
| 1 Welfare facilities                   | 6.34         | 6.20         | 5.28         | 4.62         | 0.89         |
| 2 Ex-gratia/Awards                     | 10.16        | 15.93        | 9.07         | 4.55         | 7.22         |
| 3 Medical facilities                   | 8.16         | 7.83         | 6.38         | 5.13         | 4.83         |
| 4 Retirement Benefits                  | 5.99         | 0.91         | 4.42         | 0.47         | 0.36         |
| 5 Interest Concessions                 | 2.20         | 1.97         | 1.62         | 0.69         | 0.67         |
| 6 Training and career development      | 0.78         | 0.59         | 0.81         | 1.10         | 1.06         |
| 7 Clothing and Uniform                 | 0.26         | 0.71         | 2.35         | 1.42         | 1.88         |
| 8 Holiday Facilities                   | 3.23         | 3.31         | 0.99         | 1.78         | 2.85         |
| 9 Transport Facilities                 | 2.84         | 2.49         | 2.45         | 2.26         | 1.82         |
| 10 Insurance                           | 0.28         | 0.34         | 0.47         | 0.79         | 0.62         |
| 11 Educational Facilities              | 1.39         | 1.60         | 0.06         | 0.17         | 0.30         |
| 12 Township Costs                      | 4.36         | 4.18         | 3.74         | 3.04         | 2.50         |
| 13 Power Service at Township           | 1.23         | 1.10         | 0.85         | 2.09         | 3.61         |
| 14 Others                              | 11.59        | 9.60         | 15.08        | 10.26        | 7.00         |
| <b>Total (a)</b>                       | <b>58.81</b> | <b>56.76</b> | <b>53.57</b> | <b>38.37</b> | <b>35.61</b> |
| <b>b) Social Cost to Employees</b>     |              |              |              |              |              |
| 1. Out of pocket expenses surrendered  | 1.34         | 0.30         | 0.80         | 0.17         | 0.22         |
| <b>Total (b)</b>                       | <b>1.34</b>  | <b>0.30</b>  | <b>0.80</b>  | <b>0.17</b>  | <b>0.22</b>  |
| <b>Net Social Income to Employees</b>  | <b>57.47</b> | <b>56.46</b> | <b>52.77</b> | <b>38.20</b> | <b>35.39</b> |

## II. SOCIAL BENEFITS TO COMMUNITY

|   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
| 1 Local Taxes                                 | 0.59          | 0.49          | 0.39          | 0.55          | 0.44          |
| 2 Environment Improvements                    | 0.47          | 0.43          | 0.28          | 0.32          | 0.28          |
| 3 Expenditure on Project-Education            | 1.90          | 1.34          | 1.35          | 0.85          | 1.09          |
| 4 Expenditure on -Agriculture & allied        | 0.54          | 0.64          | 0.45          | 0.36          | 0.32          |
| 5 Expenditure on -Infrastructure              | 1.46          | 1.71          | 1.40          | 1.32          | 1.18          |
| 6 Expenditure on -Medical                     | 0.35          | 0.50          | 0.23          | 0.59          | 0.20          |
| 7 Expenditure on -Sports & Culture            | 0.72          | 0.51          | 0.60          | 0.39          | 0.30          |
| 8 Generation of job potential to local people | 7.48          | 6.88          | 6.80          | 4.98          | 4.98          |
| 9 Generation of business                      | 294.54        | 264.62        | 234.07        | 219.13        | 222.18        |
| <b>Total Social income to community</b>       | <b>308.05</b> | <b>277.12</b> | <b>245.57</b> | <b>228.49</b> | <b>230.97</b> |

## III. SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC

|  | (` in Crore)    |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | 2010-11         | 2009-10         | 2008-09         | 2007-08         | 2006-07         |
| <b>a) Benefits to the General Public</b>                                   |                 |                 |                 |                 |                 |
| 1 Taxes paid to State Government   | 340.61          | 364.45          | 326.72          | 420.80          | 530.38          |
| 2 Dividend paid to State Government  | 13.62           | 13.62           | 18.16           | 22.71           | 17.26           |
| 3 Taxes and Duties paid to<br>Central Government                           | 791.98          | 803.12          | 702.28          | 851.80          | 800.65          |
| <b>Total (a)</b>   | <b>1,146.21</b> | <b>1,181.19</b> | <b>1,047.16</b> | <b>1,295.31</b> | <b>1,348.29</b> |
| <b>b) Costs to the General Public</b>                                      |                 |                 |                 |                 |                 |
| 1 Purchase of Power  | 3.36            | 2.38            | 2.02            | 0.61            | 0.33            |
| <b>Total (b)</b>   | <b>3.36</b>     | <b>2.38</b>     | <b>2.02</b>     | <b>0.61</b>     | <b>0.33</b>     |
| Net Social Income to the General Public (a-b)                              | 1,142.85        | 1,178.81        | 1,045.14        | 1,294.70        | 1,347.96        |
| Net Social Income to Employees,<br>Community and General Public (I+II+III) | 1,508.37        | 1,512.39        | 1,343.48        | 1,561.39        | 1,614.32        |

## Economic Value Added

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

|                                  | (` in Crore) |          |
|----------------------------------|--------------|----------|
|                                  | 2010-11      | 2009-10  |
| <b>Cost of Capital</b>           |              |          |
| Cost of Equity                   | 5.85%        | 4.25%    |
| Cost of Debt (net of tax)        | 4.91%        | 3.50%    |
| Weighted Average Cost of Capital | 5.85%        | 4.25%    |
| Average Capital Employed         | 2,663.29     | 2,382.75 |
| <b>Economic Value Added</b>      |              |          |
| Operating Profits                | 443.43       | 366.85   |
| Less: Tax                        | 135.28       | 129.63   |
| Cost of Capital                  | 155.80       | 101.27   |
| Economic Value Added             | 152.35       | 135.95   |
| <b>Return Ratios</b>             |              |          |
| PAT/Average Capital Employed     | 10.49%       | 9.74%    |
| EVA/Average Capital Employed     | 5.72%        | 5.71%    |



