

Annual Report



NUMALIGARH
REFINERY
LIMITED

2011-2012



Leaving behind
a **greener** footprint

Annual Report



NUMALIGARH
REFINERY
LIMITED

2011-2012

Vision

To be a vibrant, growth oriented energy company of national standing and global reputation having core competencies in Refining and Marketing of petroleum products committed to attain sustained excellence in performance, safety standards, customer care and environment management and to provide a fillip to the development of the region.

Mission

- Develop core competencies in Refining and Marketing of petroleum products with a focus on achieving international standards on safety, quality and cost.
- Maximise wealth creation for meeting expectations of stakeholders.
- Create a pool of knowledgeable and inspired employees and ensure their professional and personal growth.
- Contribute towards the development of the region.





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Shri R. K. Singh
Chairman

Board of Directors

Bankers

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

Canara Bank
UCO Bank
Standard Chartered Bank
Axis Bank Ltd.

Auditors

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

Refinery Unit

Pankagrang
Numaligarh Refinery Complex
Golaghat District, Assam
PIN - 785699

Co-ordination Office

Tolstoy House, 6th Floor
15 - 17 Tolstoy Marg
New Delhi - 110001

Marketing Office

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

Registered Office

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



Shri Dipak Chakravarty
Managing Director



Shri Nilmoni Bhakta
Director (Finance)



Shri S. R. Medhi
Director (Technical)
[w.e.f 04-11-2011]



Shri J. P. Rajkhowa
Director



Shri H. S. Das
Director



Shri Partha Sarathi Das
Director
[upto 07-08-2012]



Shri V. L. V. S. S. Subba Rao
Director
[w.e.f. 07-08-2012]



Shri S. K. Joshi
Director
[upto 31-08-2011]



Shri K. K. Gupta
Director



Shri B. K. Datta
Director
[w.e.f. 24-10-2011]



Shri N. M. Borah
Director
[upto 30-04-2012]



Shri S K Srivastava
Director
[w.e.f. 26-07-2012]



Shri Jatinderbir Singh
Director
[upto 18-06-2012]

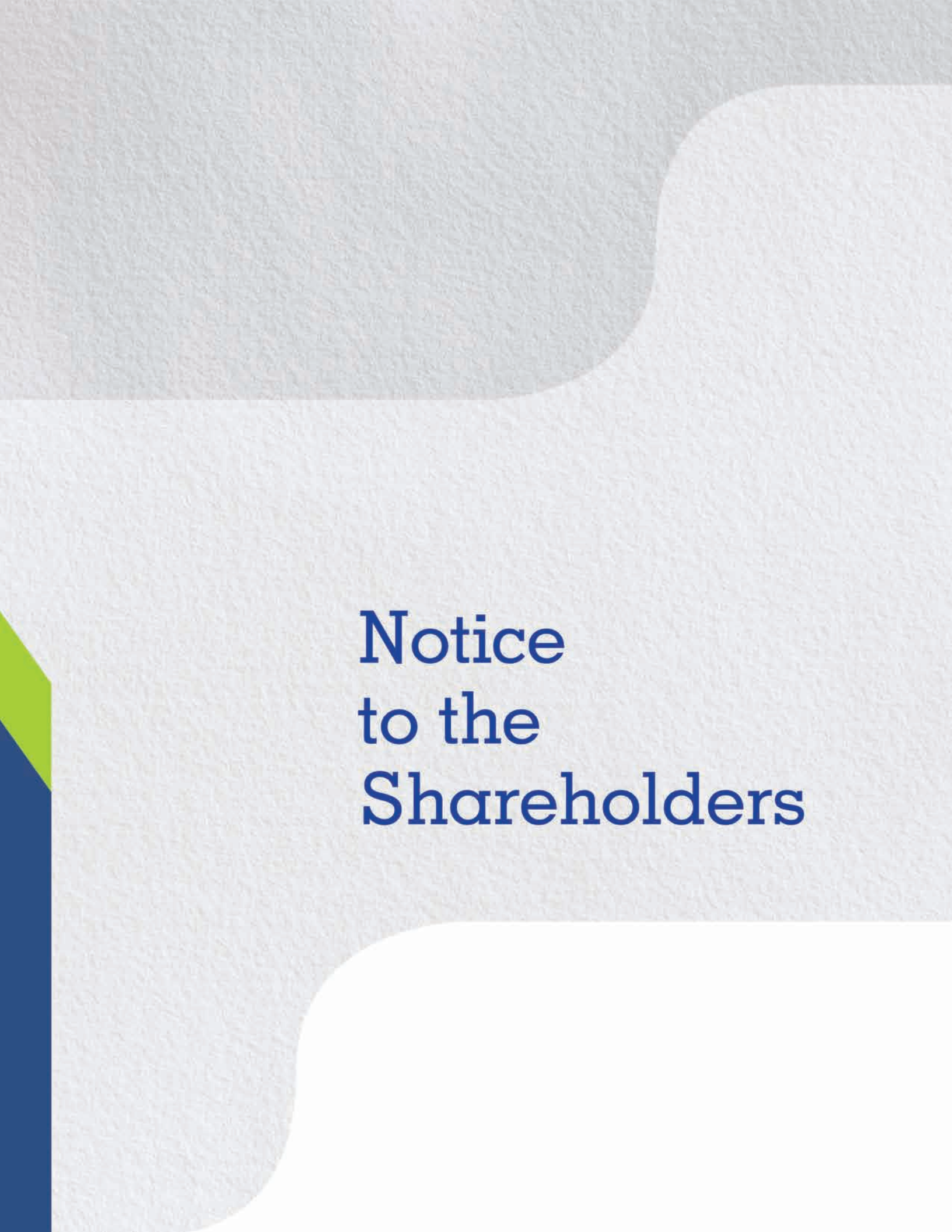


Shri R T Jindal
Director
[w.e.f. 02-07-2012]

Management Team

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

Mr. A. K. Senapati	DGM (Fire & Safety)
Mr. A. P. Chakraborty	DGM (Projects)
Mr. D. Choudhury	DGM (Commercial & Legal)
Mr. Gunindra Nath Sarma	DGM (Maintenance)
Mr. N. Borthakur	DGM (Co-ordination)
Mr. P. K. Barua	DGM (Finance)
Mr. Pankaj Kumar Baruah	DGM (Maintenance Planning)



Notice to the Shareholders

Notice is hereby given that the 19th Annual General Meeting of the Shareholders of Numaligarh Refinery Limited will be held at Hotel Brahmaputra Ashok, M. G. Road, Guwahati-781001 on Friday, the 7th September, 2012 at 3.00 P.M. to transact the following Ordinary and Special Businesses :

A. Ordinary Business

1. To receive, consider and adopt the Directors' Report and the Report on Corporate Governance, the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended 31st March, 2012 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 R. K. Singh, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri R. K. Singh, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J. P. Rajkhowa, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri J. P. Rajkhowa, 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 B. K. Datta, be and is hereby appointed as Director of the Company."

6. Appointment of Director

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

"RESOLVED THAT Shri S. R. Medhi, be and is hereby appointed as Director of the Company."

7. Appointment of Director

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

"RESOLVED THAT Shri R. T. Jindal, be and is hereby appointed as Director of the Company."

8. Appointment of Director

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

"RESOLVED THAT Shri S. K. Srivastava, be and is hereby appointed as Director of the Company."

9. 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 V. L. V. S. S. Subba Rao, be and is hereby appointed as Director of the Company."

Registered Office:

122 A, G. S. Raod
Christianbasti, Guwahati-781005
Date : 16th August, 2012

By Order of the Board of Directors

Sd/-

H. K. Sarmah
Company Secretary

Note:

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, 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, 7, 8 & 9 of the Special Business indicated in the Notice dated 16th August, 2012.

Item No. 5: Appointment of Director

Shri B. K. Datta, Director (Refineries), Bharat Petroleum Corporation Limited was appointed as Director on the Board of the Company w.e.f. 24th October, 2011 in place of Shri S. K. Joshi, 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 holds the office upto the date of next Annual General Meeting to which Shri S. K. Joshi would have held office as Director.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri B. K. Datta as Director of the Company. A brief resume of Shri B. K. Datta is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri B. K. Datta as Director of the Company.

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

Item No. 6: Appointment of Director

Shri S. R. Medhi, was appointed as Additional Director on the Board of the Company w.e.f. 4th November, 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. He also assumed the office of Director (Technical) from that date in pursuance of the appointment by the Government of India.

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

Except Shri S. R. Medhi, no other Director is interested or concerned in the Resolution.

Item No. 7: Appointment of Director

Shri R. T. Jindal, IAS, Principal Secretary to the Govt. of Assam, Industries & Commerce Department was appointed as Additional Director on the Board of the Company w.e.f. 28th June, 2012 as per the provisions of Article 85 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

Shri R. T. Jindal being appointed as an Additional Director holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri R. T. Jindal as Director of the Company. A brief resume of Shri R. T. Jindal is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri R. T. Jindal as Director of the Company.

Except Shri R. T. Jindal, no other Director is interested or concerned in the Resolution.

Item No. 8: Appointment of Director

Shri S. K. Srivastava, Chairman & Managing Director, Oil India Limited was appointed as Director on the Board of the Company w.e.f. 26th July, 2012 in place of Shri N. M. Borah, 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 holds the office upto the date of next Annual General Meeting to which Shri N. M. Borah would have held office as Director .

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the name of Shri S. K. Srivastava as Director of the Company. A brief resume of Shri S. K. Srivastava is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri S. K. Srivastava as Director of the Company.

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

Item No. 9: Appointment of Director

Shri V. L. V. S. S. Subba Rao, Adviser(IFD), Ministry of Petroleum & Natural Gas was appointed as Additional Director on the Board of the Company w.e.f. 7th August, 2012 as per the provisions of Article 85 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

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

Except Shri V. L. V. S. S. Subba Rao, no other Director is interested or concerned in the Resolution.

By Order of the Board of Directors

Registered Office:

122 A, G. S. Raod
Christianbasti, Guwahati-781005
Date : 16th August, 2012

Sd/-
H. K. Sarmah
Company Secretary



Performance Profile

Performance Profile

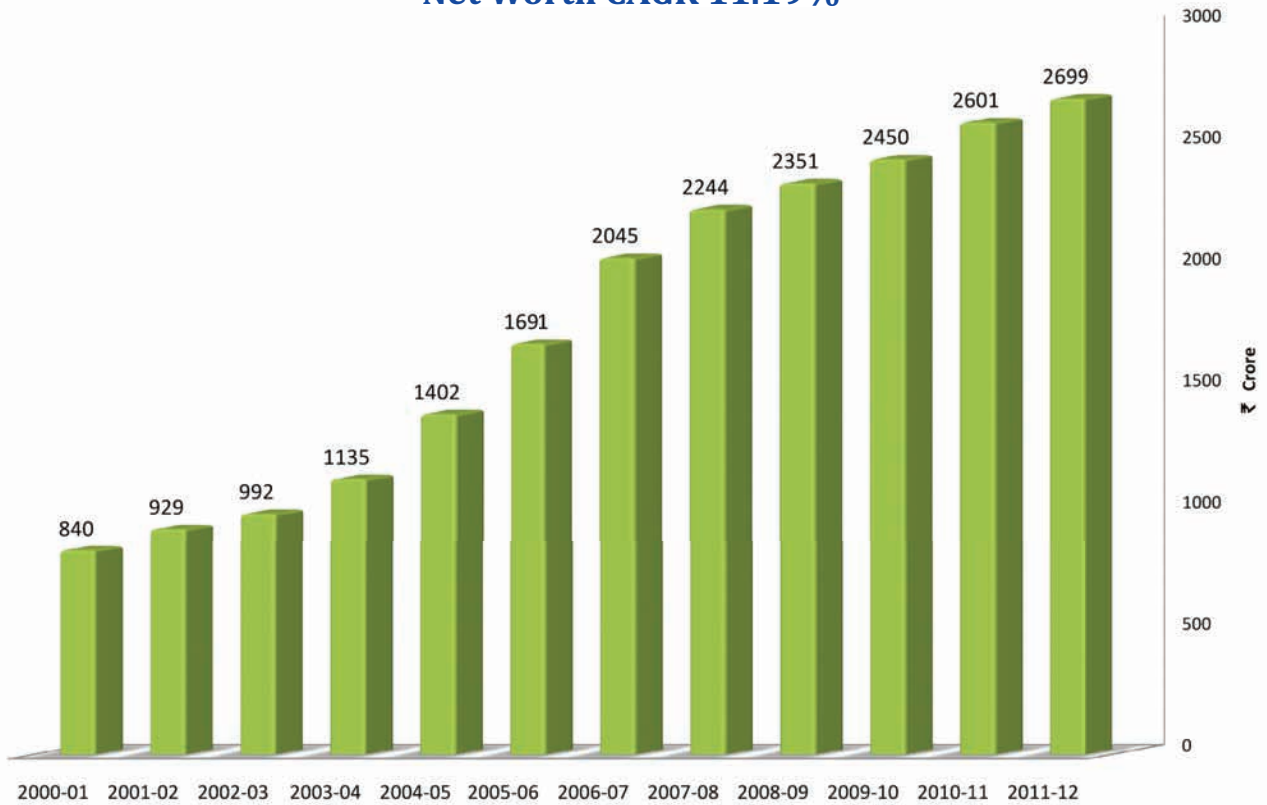
	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
1 Crude Oil Processed (TMT) :	2825	2250	2619	2251	2568	2504	2133	2042	2200	1879
2 Capacity Utilisation (%) : [Installed capacity 3000 TMT]	94%	75%	87%	75%	86%	83%	71%	68%	73%	63%
3 Production Quantity (TMT) :	2755	2012	2366	2016	2302	2268	1958	1873	1982	1691
Light Distillates %	19.0%	13.8%	15.7%	15.5%	15.2%	14.7%	14.1%	14.8%	14.5%	13.2%
Middle Distillates %	77.3%	82.2%	80.0%	80.3%	80.4%	80.7%	80.6%	80.4%	81.5%	81.7%
Heavy Ends %	3.7%	4.0%	4.4%	4.2%	4.4%	4.6%	5.3%	4.8%	4.0%	5.1%
4 Refinery Fuel and Loss as % of Crude Processed :	9.72%	10.98%	9.85%	10.72%	10.24%	10.53%	10.30%	9.72%	9.64%	11.06%
5 Market Sales (TMT) :	2,728	2,137	2,355	2,023	2,391	2,333	1,961	1,927	1,834	1,736
6 Manpower (Nos.):	851	820	820	789	788	718	705	683	674	658
7 Sales and Earnings (₹ in Crores) :										
i) Sales Turnover	14,027.75	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
ii) Profit Before Depreciation/ Amortisation, Interest & Tax	518.15	618.30	512.27	484.02	586.00	840.55	648.14	747.97	615.43	585.40
iii) Depreciation/Amortisation	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75	132.67	127.37
iv) Interest	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50	104.61	140.51
v) Adjustment for prior period	18.14	4.84	(8.22)	(4.96)	(7.96)	77.14	(2.81)	(2.41)	0.93	0.52
vi) Profit before tax	287.46	414.13	361.71	319.59	413.10	583.11	475.64	557.13	377.22	317.00
vii) Tax #	103.76	134.87	129.63	83.95	40.29	14.31	26.70	147.98	162.28	142.37
viii) Profit After Tax.	183.70	279.26	232.08	235.64	372.81	568.80	448.94	409.15	214.94	174.63
# Includes Deferred Tax provision - ₹ (34.59) crores (Current year) & - ₹ (0.92) crore (Previous year)										
8 What the Company Owned (₹ in Crores):										
i) Gross Fixed Assets (including Capital Work-in- Progress)	3,757.25	3,681.56	3,582.39	3,347.22	3,219.57	3,083.36	2,964.06	2,776.61	2,641.57	2,614.79
ii) Net Fixed Assets (including Capital Work-in- Progress)	2,010.46	2,111.92	2,155.43	2,071.31	2,086.28	2,105.35	2,226.71	2,176.09	2,178.82	2,283.58
iii) Non current assets	67.62	74.69	-	-	-	-	-	-	-	-
iv) Net Current Assets (including investments)	1,126.09	870.24	739.87	571.78	520.15	491.03	449.12	265.19	430.81	106.02
v) Intangible Assets to the extent not written off	8.94	7.86	1.76	3.94	4.92	6.89	7.22	-	-	-
Total Assets Net (ii+iii+iv+v)	3,213.11	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63	2,389.60
9 What the Company Owed (₹ in Crores):										
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	1,963.63	1,865.42	1,714.41	1,615.02	1,508.47	1,309.34	955.70	666.14	399.75	257.82
iii) Miscellaneous Expenditure to the extent not written off	-	-	-	-	-	-	-	0.31	-	1.85
iv) Net worth (i)+(ii)-(iii)	2,699.26	2,601.05	2,450.04	2,350.65	2,244.10	2,044.97	1,691.33	1,401.46	1,135.38	991.60
v) Borrowings	283.39	211.92	207.65	50.39	77.62	214.85	596.19	629.17	1,167.61	1,224.53
vi) Deferred Tax Liability	203.87	238.47	239.37	245.99	289.63	343.45	395.53	410.65	306.64	173.47
vii) Long term liabilities & provisions	26.59	13.27	-	-	-	-	-	-	-	-
Total Funds Employed (iv+v+vi+vii)	3,213.11	3,064.71	2,897.06	2,647.03	2,611.35	2,603.27	2,683.05	2,441.28	2,609.63	2,389.60
10 Internal Generation (₹ in Crores)	334.79	467.26	393.27	340.02	476.67	692.92	580.12	655.45	504.60	424.90
11 Ratios:										
i) Profit before Depreciation/ Amortisation, Interest & Tax as % age of Net Sales & Other income.	3.98%	7.80%	7.70%	6.25%	7.90%	12.44%	13.07%	20.10%	22.94%	24.29%
ii) Profit after Tax as % age of Average Net Worth.	6.93%	11.06%	9.67%	10.26%	17.38%	30.45%	29.03%	32.26%	20.21%	18.18%

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
iii) Profit after Tax as % age of Share Capital	24.97%	37.96%	31.55%	32.03%	50.68%	77.32%	61.03%	55.62%	29.22%	23.74%
iv) Average Net worth as % age of Share Capital	360%	343%	326%	312%	292%	254%	210%	172%	145%	131%
v) Profit before Depreciation/Amortisation, Interest & Tax as % age of Average Capital Employed.	19.61%	23.93%	21.50%	21.11%	24.61%	35.28%	28.07%	31.29%	25.80%	25.06%
vi) Profit Before Tax as % age of Average Capital Employed	10.88%	16.03%	15.18%	13.94%	17.35%	24.47%	20.60%	23.31%	15.82%	13.57%
vii) Profit After Tax as % age of Average Capital Employed (ROCE)	6.95%	10.81%	9.74%	10.28%	15.66%	23.87%	19.44%	17.12%	9.01%	7.48%
viii) Long Term Debt Equity Ratio	0.03	0.04	0.02	0.02	0.03	0.09	0.26	0.32	0.86	1.23
12 Earning Per Share (₹)	2.50	3.80	3.15	3.20	5.07	7.73	6.10	5.56	2.92	2.37
13 Book Value Per Share (₹)	36.69	35.36	33.31	31.96	30.51	27.80	22.99	19.05	15.43	13.48
14 SOURCES AND APPLICATION OF FUNDS (₹ in Crores)										
SOURCES OF FUNDS										
OWN :										
Profit after Tax	183.70	279.26	232.08	235.64	372.81	568.80	448.93	409.15	214.95	174.63
Depreciation/Amortisation	177.45	144.76	153.23	144.61	157.26	242.79	137.97	137.81	131.54	127.98
Deferred Tax provision	(34.59)	(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
Miscellaneous Expenses written off	-	-	-	-	-	-	-	-	21.89	3.60
BORROWINGS :										
Loans (Net)	-	12.25	157.26	-	-	-	-	-	-	-
Decrease in Working Capital	-	-	-	-	33.88	-	-	165.61	-	-
Changes in long term liabilities & provisions	13.32	-	-	-	-	-	-	-	-	-
Adjustment on account of retirement / reclassification of assets	65.43	45.31	1.30	-	22.95	14.42	1.47	(0.18)	8.17	92.21
	405.31	480.66	537.27	337.07	533.08	776.44	573.25	816.40	509.72	561.07
APPLICATION OF FUNDS :										
Capital Expenditure	141.09	148.39	236.49	127.65	159.16	133.72	188.91	134.85	34.94	11.19
Adjustment for Misc.Expenditure / Intangible Assets	3.53	8.18	-	1.03	-	1.79	8.05	0.34	20.03	(0.88)
Dividend	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06	64.74	52.97
Tax on distributed profits	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71	8.29	6.79
Repayment of Loans (Net)	7.98	-	-	27.23	137.24	381.34	32.99	538.44	56.92	388.30
Investments(Net)	61.22	29.92	-	-	63.00	-	64.31	-	-	-
Increase in Working Capital	98.93	165.93	168.09	52.07	-	44.42	119.62	-	324.80	102.70
Changes in Non-Current assets & Provisions	7.07	-	-	-	-	-	-	-	-	-
Transitional Provision for Employee Benefit	-	-	3.60	-	1.55	-	-	-	-	-
	405.31	480.66	537.27	337.07	533.08	776.44	573.25	816.40	509.72	561.07
15 Changes in Working Capital (₹ in Crores) :										
A) Current Assets :										
Inventories	383.33	82.03	571.63	57.15	100.34	22.95	80.65	122.22	325.04	47.23
Trade Receivables	44.82	643.19	(24.58)	(337.68)	269.18	(57.62)	92.22	(53.96)	36.27	24.56
Cash & Bank Balances	(201.55)	79.00	(169.35)	(220.01)	121.72	359.41	29.56	(25.09)	(163.51)	172.23
Other Current Assets	9.27	(3.95)	2.65	0.03	(2.24)	3.70	0.28	-	-	-
Loans & Advances, Others	-	(0.68)	38.71	(18.48)	(5.40)	(69.29)	(65.40)	(46.82)	(40.69)	89.51
	235.87	799.59	419.06	(518.99)	483.60	259.15	137.31	(3.65)	157.11	333.53
Less:										
B) Current Liabilities & Provisions										
Current Liabilities	223.29	579.74	197.87	(558.03)	557.53	272.73	(43.66)	276.07	(175.37)	201.18
Provisions	(86.35)	53.92	53.10	(13.03)	(40.05)	(58.00)	61.35	(114.11)	7.68	29.65
	136.94	633.66	250.97	(571.06)	517.48	214.73	17.69	161.96	(167.69)	230.83
C) Working Capital (A - B)	98.93	165.93	168.09	52.07	(33.88)	44.42	119.62	(165.61)	324.80	102.70

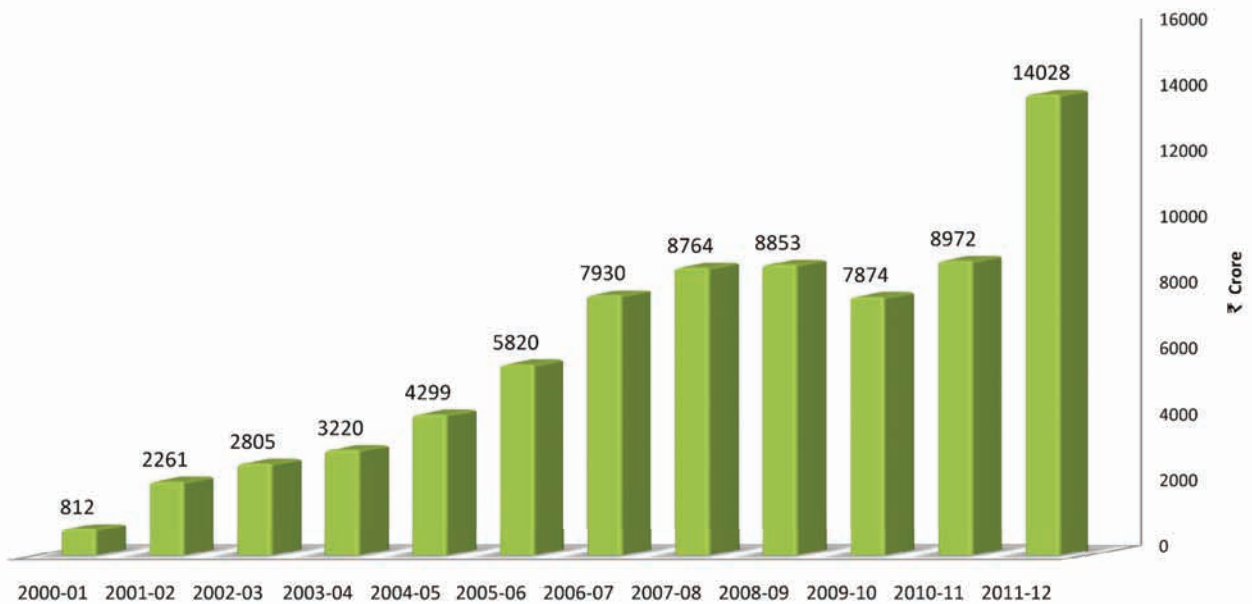
Value Added

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
HOW VALUE IS GENERATED (₹ in Crores) :										
Value of Production :	13,252.42	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
Less : Direct Materials Consumed:	12,503.09	7,011.66	6,532.67	7,073.07	6,832.68	5,724.20	4,287.92	3,001.36	2,174.87	1,784.45
Value Added	749.33	835.84	685.94	635.73	664.05	951.60	744.49	828.61	709.10	647.83
Add : Other Incomes (including P. Y. A)	63.59	61.00	55.33	54.58	64.52	(48.62)	21.58	14.29	7.46	12.35
Total Value Generated	812.92	896.84	741.27	690.31	728.57	902.98	766.07	842.90	716.56	660.18
HOW VALUE IS DISTRIBUTED (₹ in Crores) :										
A) Operation :										
Employees' Benefits	143.29	138.01	104.89	87.42	54.08	48.51	38.43	34.63	30.45	28.04
Other Costs	169.63	144.89	115.89	117.77	79.18	88.55	76.70	57.88	71.60	47.27
	312.92	282.90	220.78	205.19	133.26	137.06	115.13	92.51	102.05	75.31
B) Providers of Capital										
Interest on Borrowings	38.58	29.16	5.14	21.43	23.24	20.56	34.71	55.50	104.61	140.51
Dividend	73.56	110.34	110.34	110.34	147.13	183.91	139.77	125.06	64.74	52.97
	112.14	139.50	115.48	131.77	170.37	204.47	174.48	180.56	169.35	193.48
C) Taxation:										
Corporate Tax	138.35	135.79	136.23	127.59	94.11	66.38	41.82	43.97	29.11	25.71
Tax on distributed profits	11.93	17.90	18.75	18.75	25.00	31.26	19.60	17.71	8.29	6.79
	150.28	153.69	154.98	146.34	119.11	97.64	61.42	61.68	37.40	32.50
D) Re-investment in Business										
Depreciation/ Amortisation	173.97	170.17	153.64	147.96	157.62	159.74	140.60	137.75	132.67	127.37
Provision on Investment	(0.01)	0.48	-	(3.86)	1.35	2.51	-	-	-	-
Deferred Tax	(34.59)	(0.92)	(6.60)	(43.64)	(53.82)	(52.08)	(15.12)	104.01	133.17	116.65
Retained Profit	98.21	151.02	102.99	106.55	200.68	353.64	289.56	266.39	141.92	114.87
	237.58	320.75	250.03	207.01	305.83	463.81	415.04	508.15	407.76	358.89
Total Value Distributed	812.92	896.84	741.27	690.31	728.57	902.98	766.07	842.90	716.56	660.18

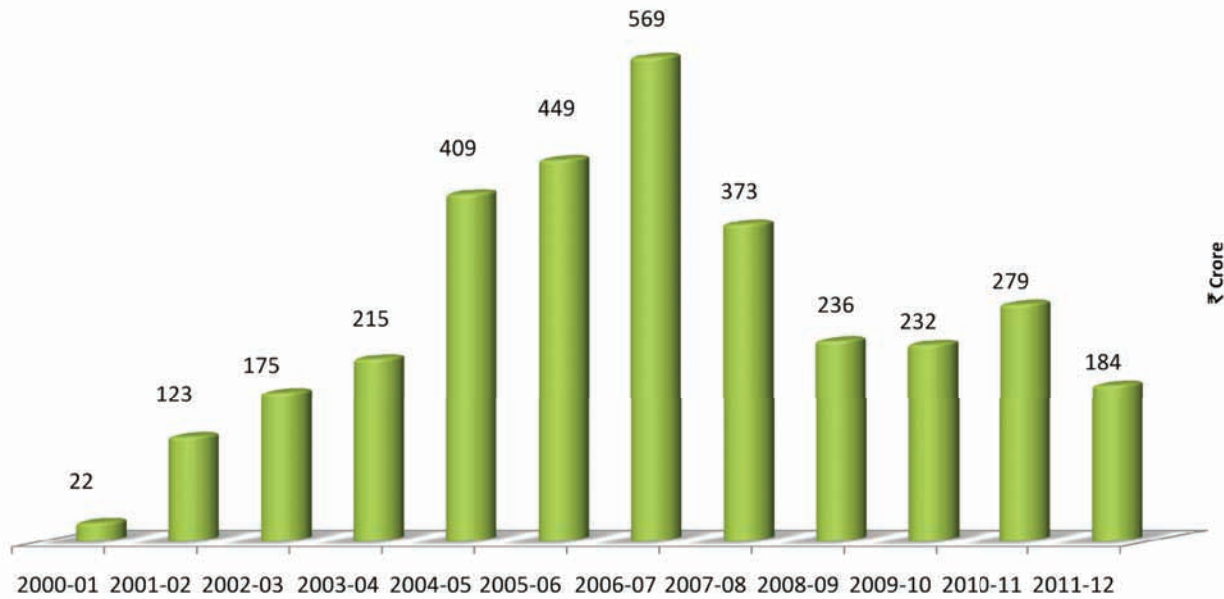
Net Worth CAGR 11.19%



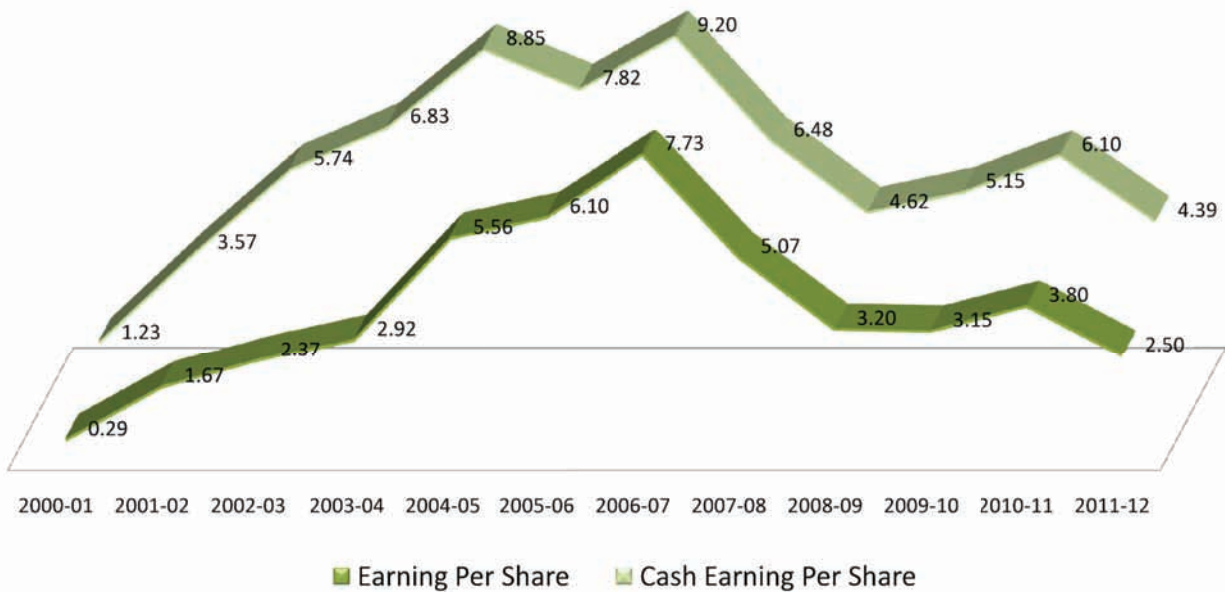
Turnover CAGR 29.57%



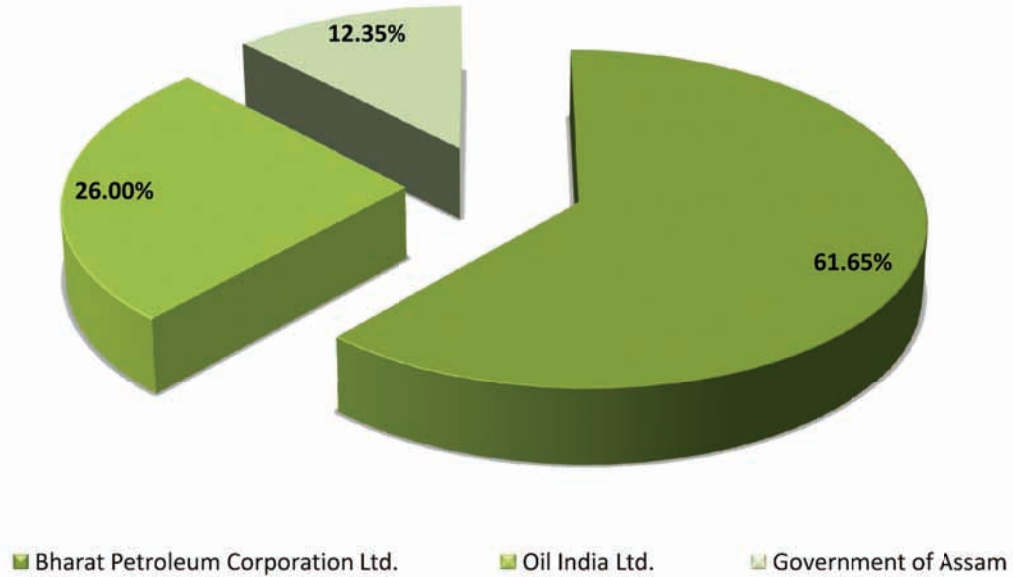
Profit After Tax CAGR 21.30%



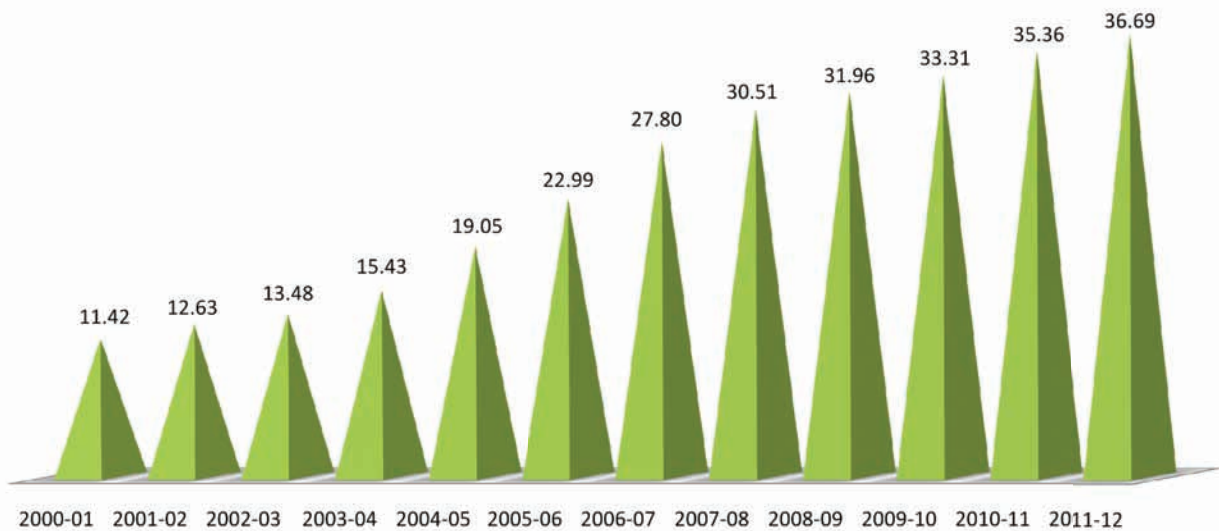
EPS and CEPS (₹ per share of ₹ 10/-)



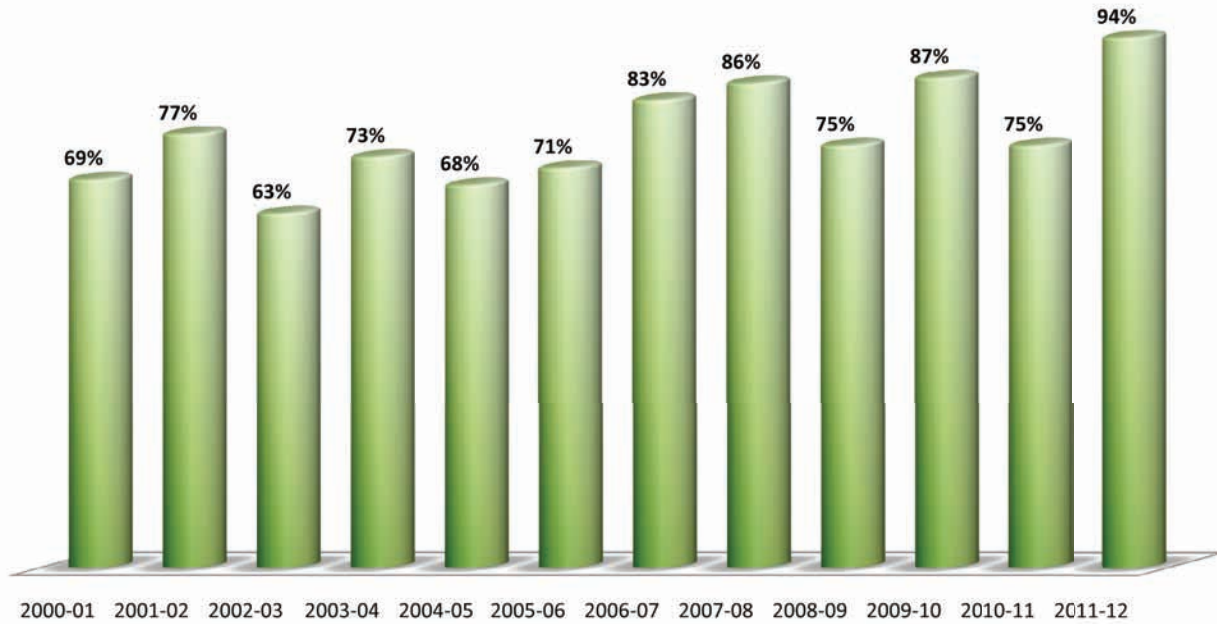
Profit After Tax CAGR 21.30%



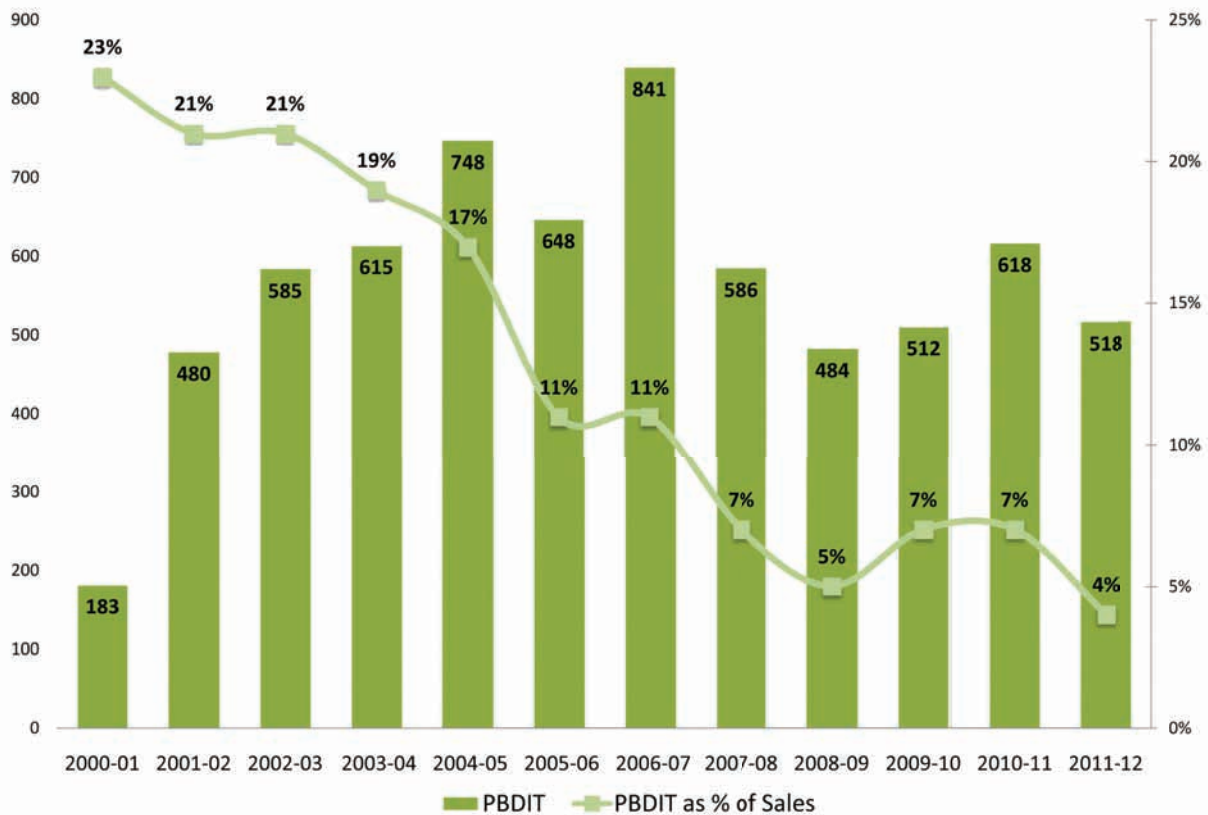
Book Value per share (face value ₹ 10 each)



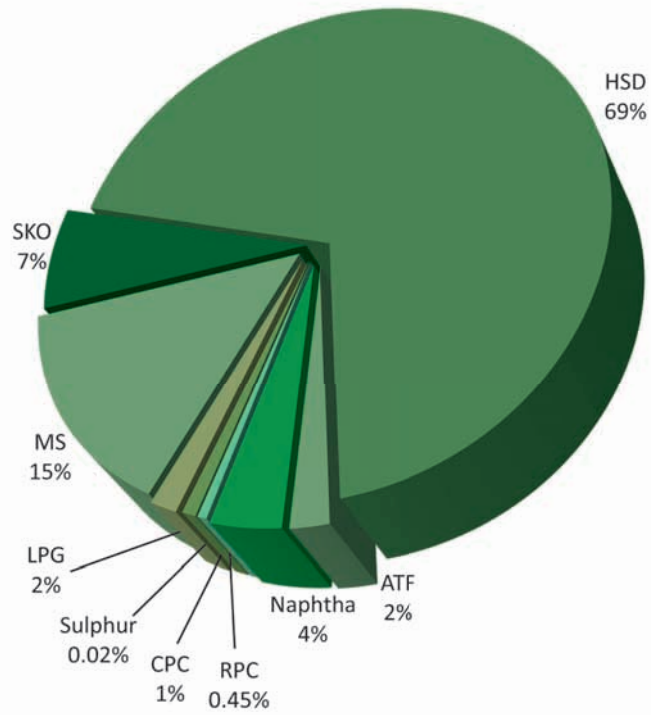
Capacity Utilisation



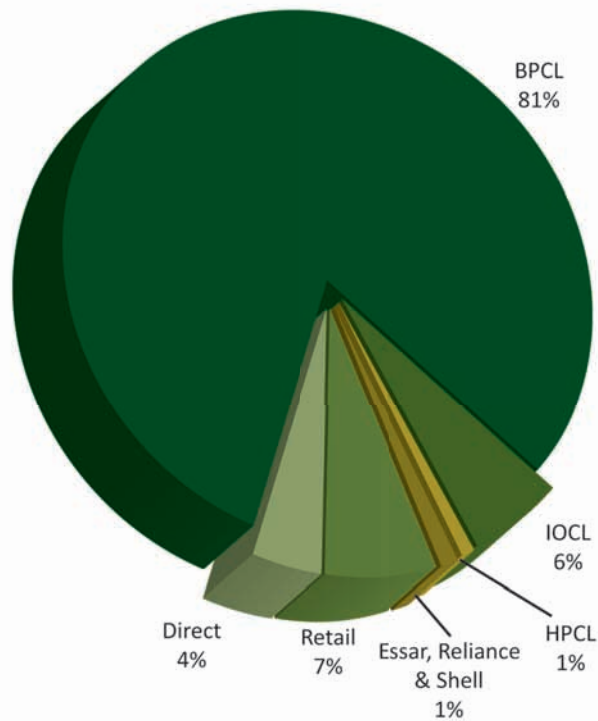
PBDIT as a % of Sales



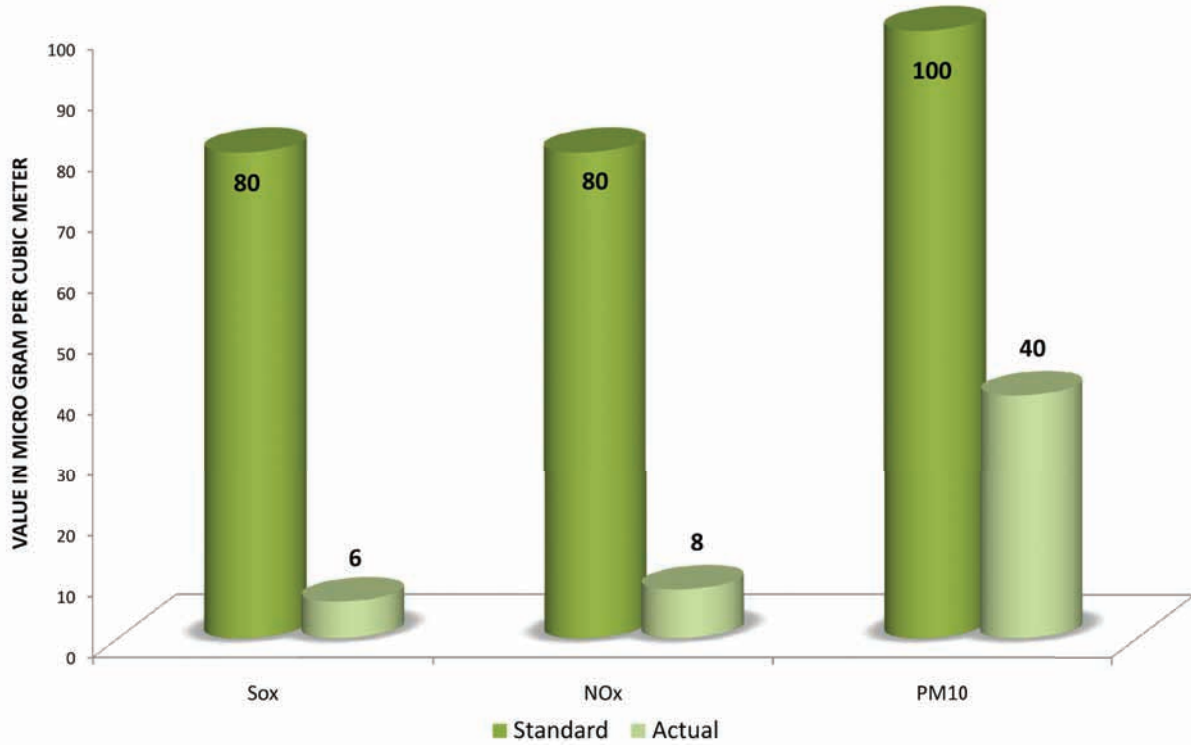
Product-wise Sales Pattern



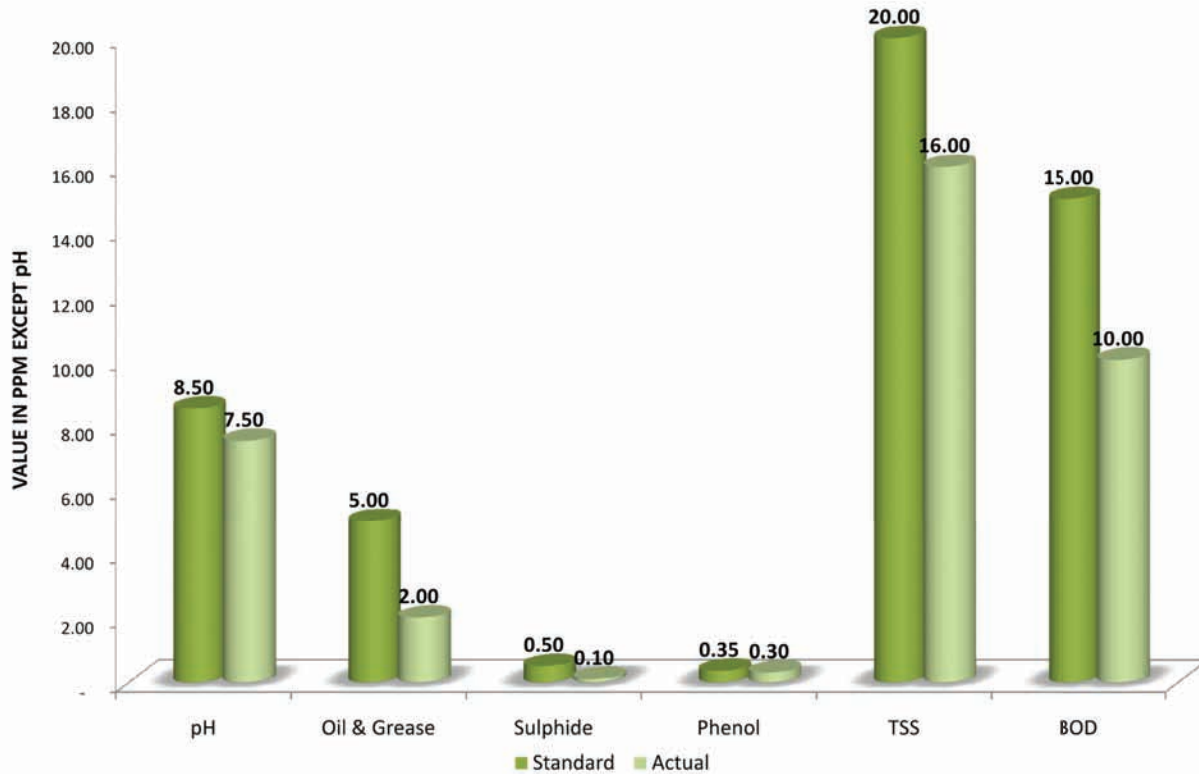
Party-wise Sales



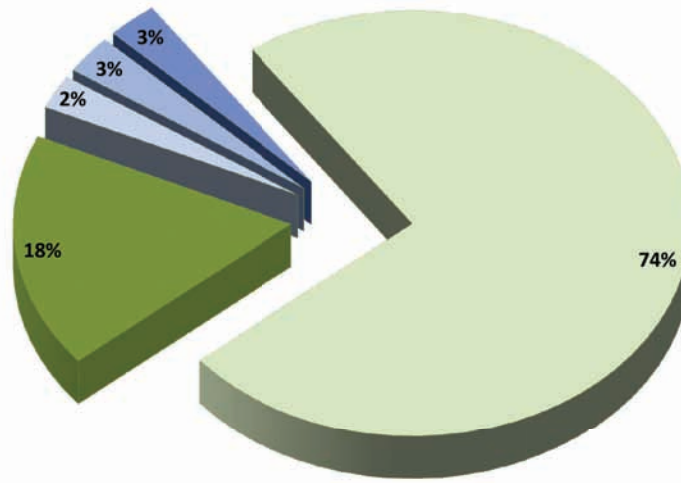
Ambient Air Quality at Numaligarh Refinery Township vis-a-vis National Standards



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

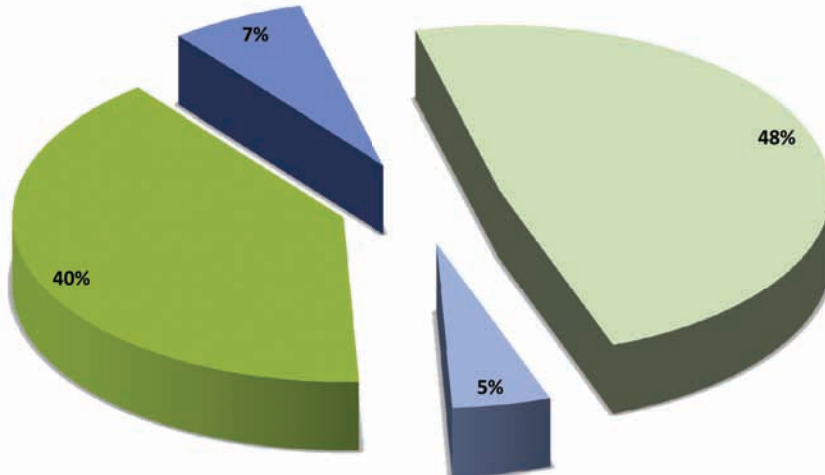


Manpower Function-wise



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

Manpower Qualification-wise



- CA/CS/CWA/LLB/MBA/MCA etc.
- Engineers
- Others
- Qualified Technicians

Directors' Report

Directors' Report to Shareholders

Your Directors take pleasure in presenting their 19th Annual Report on performance of your Company together with audited statement of accounts for the financial year ended 31st March, 2012.

The year started on a positive note. During the first quarter, the refinery achieved a capacity utilization of 95%. Profit after tax was recorded at ₹ 114.77 crores. In June 2011, Government reduced customs duty on MS and HSD by 5%. This had brought down the realization from sales for all refineries in the country, including NRL. As a compensatory measure, Government had simultaneously reduced customs duty on crude oil by 5%. This measure lowered crude procurement prices for refineries processing imported crude oil, but not so, for NRL. In case of NRL, the benefit from reduction in customs duty on crude oil has remained unrealizable as its refinery processes only domestic crude. Further, in June 2011, excise duty on HSD was reduced from ₹ 4.60 per litre to ₹ 2.00 per litre. This measure, intended to reduce under-recoveries from retail sales of HSD, has benefited Oil Marketing Companies, but has significantly reduced the benefit from 50% excise duty exemption for NRL. Consequently, profitability for 2011-12 was adversely affected for reasons beyond the Company's control.

Notwithstanding negative impact from duty restructuring, during 2011-12, NRL achieved unprecedented excellence in all physical parameters and sales turnover. NRL's distillate yield for the year was the highest in the Indian oil industry and all out efforts shall be made to sustain this achievement in coming years.

Financial Performance

a) Financial Results

During 2011-12, the Company recorded the highest ever sales turnover at ₹ 14,027.75 crores primarily due to increase in sales volume and higher price realisation. Sales turnover increased by 56.4% over that of the previous year at ₹ 8972.19 crores. However, profitability was affected primarily due to the negative impact of duty restructuring in June 2011. Profit before tax (PBT) declined by 30.6% to ₹ 287.46 crores from ₹ 414.54 crores in 2010-11. Similarly, Profit after tax (PAT) declined by 34.2% to ₹ 183.70 crores from ₹ 279.26 crores in the previous year. The Compound Annual Growth Rate (CAGR) for PAT thus stood at 21.3% as on 31st March, 2012.

The financial results for the year 2011-12 compared to those of the previous year are summarized below:



NRL receives Greentech Environment Award 2011

₹ in Crores

	2011-12	2010-11
Sales Turnover – Gross	14,027.75	8,972.19
Profit before Depreciation & Amortisation, Interest and Tax	500.01	613.46
Interest	38.58	29.16
Depreciation & Amortisation	173.97	170.17
Profit before Tax	287.46	414.54
Provision for Taxation - Current	138.35	135.79
Provision for Taxation - Deferred	(34.59)	(0.92)
Profit after Tax	183.70	279.26
Balance brought forward from the previous year	0.01	0.01
Amount available for Disposal	183.71	279.27
Directors propose to appropriate this amount as under:		
Appropriations:		
Towards Dividend	73.56	110.34
Corporate Dividend tax	11.93	17.90
For Transfer to General Reserve	98.21	151.02
Balance carried forward to Balance Sheet	0.01	0.01
Summarized Cash Flow Statement :		
Cash Flows :	2011-12	2010-11
Inflow/(Outflow) from operations	(4.09)	366.39
Inflow/(Outflow) from investing activities	(150.51)	(165.59)
Inflow/(Outflow) from financing activities	(46.95)	(121.80)
Net Increase/(decrease) in cash & cash equivalent	(201.55)	79.00

b) Dividend

Your Directors after taking into account financial results of the Company during the year and keeping in view the need to maintain strategic investments for a secured future, are pleased to recommend for your approval, a dividend of 10% (Re. 1.00 per fully paid equity share of ₹ 10.00 each) for the year on the paid-up share capital of ₹ 735.63 crores, which would absorb a sum of ₹ 85.49 crores inclusive of dividend distribution tax out of the Company's profit after tax. NRL's net worth as on 31st March, 2012 would stand at ₹ 2699.26 crores compared to ₹ 2601.06 crores at the end of the previous year.

c) Operating Results

- During the year, the refinery processed highest ever quantity of crude oil of 2825 TMT against 2250 TMT in the previous year, an increase by 25.6%. Correspondingly,

total sales volume grew by 27.7% to 2728 TMT compared to 2137 TMT in the previous year. During the year, PBT was recorded at ₹ 287.46 crores against ₹ 414.54 crores in 2010-11 while PAT was recorded at ₹ 183.70 crores against Rs. 279.26 crores in the previous year.

- Gross Refinery Margin (GRM) during the year was US \$11.97 per barrel including excise benefit of US \$6.21 per barrel against previous year's GRM of US \$15.39 per barrel with excise benefit of US \$8.72 per barrel.
- The Earning Per Share (EPS) stood at ₹ 2.50 compared to ₹ 3.80 during the previous year.

d) Treasury Operations

During the year, term loan amounting to ₹ 7.98 crores was repaid. The Company continued its focused attention towards effective utilization of available



Maintenance work under progress

surplus funds enabling it to earn an interest/dividend income of ₹ 11.12 crores during the year. CRISIL Ltd. has rated the Company at 'A1+' for Short Term Loan facilities and 'AAA/Negative' for Long-Term Loans, which has reduced overall Interest cost besides facilitating optimization of treasury activities. The Company achieved 99% conversion in its e-payment / e-collection mechanisms for making payment / managing receivables. This has further enhanced fund management activities of the Company. Debt equity ratio remains at 0.03.

e) Contribution to Exchequer

Your Company has contributed a total of ₹ 859.60 crores to the Central Exchequer and ₹ 555.92 crores to the State Exchequer in the form of taxes, duties and dividends compared to ₹ 791.97 crores and ₹ 354.24 crores respectively in the previous year.

f) Cost Control Initiatives

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

loss, conservation of energy, improvement in distillate yield, optimization of product mix and other techno-economic parameters.

g) Government Audit Review

Comments of the Comptroller and Auditor General of India (C&AG) under section 619(4) of the Companies Act, 1956 on accounts of the Company for the year ended 31st March, 2012 is placed next to the Statutory Auditors Report in the printed Annual Accounts of the Company. We are pleased to report that like in the past years, this year also the C&AG has no comments and issued no supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

Physical Performance of the Refinery

The Company has achieved its best ever physical performance during the year 2011-12. Your Company's performance against all physical parameters were better than respective 'Excellent' MOU targets. During the year, NRL achieved the highest ever crude throughput of 2825 TMT against 2250 TMT in the previous year and MOU target for the year at 2660 TMT. The refinery received 2824 TMT of crude oil during the year. Distillate Yield

during the year was 91.52%, which not only was higher compared to the MOU target of 90.04%, but was the highest in the industry. Specific Energy Consumption at 59.7 MBN was better compared to the MOU target of 69.0 MBN. Production of BS-III/IV MS during the year amounted to 310 TMT against the MOU target of 233 TMT.

NRL's total production during 2011-12 was 2755 TMT. Production included 1585 TMT of BS-III grade HSD, 286 TMT BS-IV HSD, 293 TMT BS-III MS and 17 TMT BS-IV MS. Production of MS was maximized through the process of blending. Production from refinery also included 60 TMT of LPG, 65 TMT of ATF, 212 TMT of SKO, 48 TMT of RPC, 51 TMT of CPC and 4 TMT of Sulphur. Total evacuation from the refinery was 2730 TMT which included pipeline transfer of 1581 TMT, rail dispatch of 668 TMT and road dispatch of 481 TMT. With regard to disposal of RPC/CPC, out of total production quantity of 98.49 TMT, 85.88 TMT was sold during the year.

During the year, natural gas utilization facilities at the Hydrogen Unit were successfully commissioned after commissioning of natural gas utilization in the Gas Turbine Generators in March 2011. Utilisation of natural gas has not only contributed in improving distillate yield but has reduced operating costs. Financial benefit of approx. ₹ 470 crores has been accrued on sale of additional Naphtha generated due to use of natural gas.

The 12 MW STG was in operation during the year with an average load of 6.0 MW.

NRL's quality control laboratory received approval for renewal of accreditation by NABL besides the

renewal of approvals from DGCA, DGAQA and CEMILAC. NRL's QC laboratory is involved in inter laboratory comparison program since 2004. This has enhanced competence besides facilitating retrospection of merits and demerits in the field of measurement accuracy and precision. NRL's QC laboratory took part in a Diesel Fuel Inter laboratory Crosscheck Program conducted by ASTM, USA. The laboratory has also initiated actions for participation in Proficiency Testing Program for MS and ATF organized by Shell Global Solutions, United Kingdom.

The QC laboratory of NRL's marketing terminal at Siliguri in West Bengal received NABL accreditation based on inspections carried out during the year.

Marketing Performance

During the year the Company recorded the highest ever sales volume of 2728 TMT, of which, 19% were sold within the North East while 81% were marketed outside the region. The percentage sales under different heads, in order of sales, were as follows: Bharat Petroleum Corporation Limited: 81.3%, Retail Outlets: 7.1%, Indian Oil Corporation Limited: 5.9%, Direct Sales: 3.8%, Hindustan Petroleum Corporation Limited: 1.4% and balance 0.5% were sold to private oil companies.

On retail marketing front, as on 31st March, 2012, NRL had 75 Retail Outlets of which, 67 were within the North East region. During 2011-12, per pump throughput (PPT) of NRL's Retail Outlets (ROs) within North East was 277 KLPM against 270 KLPM in the previous year. PPT for ROs outside the North East was 275 KLPM compared to 252 KLPM in the



Naphtha from Numaligarh Refinery sails to foreign shores

previous year. As NRL is not covered under the Government's compensation scheme for losses in retail marketing, the Company had carried out rationalization of its retail marketing activities based on which NRL's ROs outside the Freight Economic Zone were handed over to BPCL. However, the oil prices continued to remain at a very high level during the year resulting in continued retail marketing under-recovery for NRL even after rationalization of the retail marketing activities.

Towards a plausible solution to this problem, NRL's Retail Network is being handed over to its holding Company BPCL.

In the context of performance against retail marketing parameters incorporated in MOU 2011-12, 514 number of sampling from Retail Outlets were carried out, 840 inspections were conducted and sales from outlets certified under Q&Q protocol amounted to 91.6% of total retail sales. Vehicle Tracking System was under implementation during the year and covered 99% of the fleet strength.

The Siliguri Marketing Terminal (SMT) achieved a combined throughput of 1.58 MMT during the year vis-à-vis 1.09 MMT in the previous year.

Management Discussion and Analysis Report

Industry Structure and Developments

The financial year that has just gone by, was challenging for the petroleum refining sector world wide. Crude prices remained firm for most part of the year. Slower growth rate in the U.S., the Euro Zone debt crisis, the tsunami in Japan, unrest in the Middle East and North African countries contributed to unprecedented volatility in crude as well as product prices. Global developments during the year had a negative impact on demand, particularly over auto fuels. According to the International Monetary Fund (IMF), during 2011, after suffering



Signing of B2B Process Document between NRL and OIL

from major setbacks global prospects are gradually strengthening, but downside risks remain elevated.

In India, during 2011-12, economic growth moderated significantly as compared to the previous year. Gross Domestic Product (GDP) grew by 6.5% in 2011-12 compared to a growth of 8.4% in 2010-11. The index of Industrial Production (IIP) growth in 2011-12 declined sharply to 2.8% from 8.2% in the previous year. Growth in the manufacturing sector was a mere 2.5% compared to a robust growth of 7.6% in 2010-11.

The country's refining capacity as on 1st April, 2012 increased to 213 MMTPA compared to 193 MMTPA a year ago. Production of petroleum products increased to 204 MMT in 2011-12 from 196 MMT in 2010-11. On an overall basis, in 2011-12, growth in consumption of petroleum products improved to 4.9% against 2.3% in the previous year. Growth in diesel consumption during the year increased to 7.8% from 6.8% but growth in petrol consumption sharply declined to 5.6% from 10.7% in the previous year.

Strengths

The primary strength of NRL lies in unstinted support from the Company's stakeholders. Besides, the Company has the strength of its modern refining technology with high degree of automation. NRL has a young and lean manpower structure that has enabled the Company to achieve significant milestones in the Indian oil industry. The



Automatic RIM seal Fire Protection System in Crude Oil Tanks

Company has an adequate resource base to ensure implementation of new initiatives that are planned for the near future.

Weaknesses

The fundamental weakness of the Company pertains to sub-economic size of the refinery at 3.0 MMTPA. This limitation is compounded with inadequate availability of crude oil in the North East region leading to restriction in capacity utilization. Another weakness, as in the case of other North East refineries, is the negative impact on profitability from reduction in duties on petroleum products. The other challenges include the refinery's location in a product surplus zone leading to freight under-recoveries, higher burden of taxes on crude oil, burden of irrecoverable CST on products, logistical bottlenecks of the region and high community aspirations.

Opportunities

Utilisation of natural gas in lieu of comparatively costlier Naphtha as fuel and feed in the refinery has led to increase in distillate yield besides reduction in operating costs. Sale of Naphtha thus saved adds to the revenue stream of the Company. Realisation of this opportunity that started in 2011-12 is expected to continue in coming years. Distinct opportunity for NRL lies in expansion and diversification initiatives. The Company has

planned for expansion of refining capacity upto 8.0/9.0 MMTPA besides exploring possibilities for diversification into sectors with promising potential such as power generation, pipelines, exploration and production. The refinery's location in close proximity to geographically contiguous countries like Bangladesh, Bhutan and Myanmar presents another opportunity of natural markets. Completion of the Naphtha Splitter Project and the Wax Project which are currently under active implementation stage would diversify the Company's product slate is yet another opportunity.

Threats

The major threat being faced by NRL is from reduction in customs and excise duties on petroleum products as such measures adversely affects the Company's profitability. Another threat for NRL, as in case with the three other North East refineries lies in profitability being dependent on 50% excise duty benefit, which is actually required to mitigate inherent disadvantages. Measures by the Government on reduction or withdrawal of excise duty benefit stands to threaten the Company's bottom line. Another threat emanates from reduction in crude oil and natural gas supplies in the North East region. Decline in natural gas supplies, particularly in recent months, is a matter of concern.

Product-wise Performance

Product-wise performance for NRL has improved significantly in 2011-12 as compared to 2010-11. Among all products, Motor Spirit (MS) has the highest contribution to the Company's profitability. In 2011-12, total MS production amounted to 310 TMT against 222 TMT in the previous year. Diesel (HSD) production in 2011-12 increased to 1853 TMT from 1395 TMT a year ago. Production of Naphtha in 2011-12 increased to 153 TMT from a mere 14 TMT in 2010-11. This was mainly due to utilization of natural gas in lieu of Naphtha as fuel and feed. LPG and SKO production in 2011-12 were 60 TMT and 212 TMT respectively while ATF production was 65 TMT. Production of heavy ends comprising RPC, CPC and Sulphur during 2011-12 amounted to 103 TMT.

Outlook

The outlook for 2012-13 is very challenging. On 7th April, 2012, a major fire incident occurred in the refinery which led to the planned shutdown being advanced. The damage caused by the incident were repaired and the refinery was brought on full stream within a short period of time after the shutdown. Normal plant operations were resumed from June 2012. Consequently, during first quarter of the year, there has been a significant shortfall in crude throughput compared to MOU target. Amidst this backdrop, achieving the all time high MOU 'Excellent' target set for the year 2012-13 at 2710 TMT, is going to be a challenging task.

To offset the adverse impact on profitability from duty restructuring in June 2011, NRL continues to represent its case for restoration of 100% excise duty benefit before all concerned authorities. In the event the stated benefit is not granted by the Government, erosion of profitability would continue to persist.

Notwithstanding constraints, implementation of identified projects for achieving value addition and growth are envisaged to be actively pursued during 2012-13.

Risks and Concerns

On generalized basis, serious risks are not perceived during 2012-13. However, supply risks pertaining

to crude oil and natural gas would continue to remain at sight. The negative impact from duty reduction in petroleum products, as stated earlier, is a matter of concern. So is the prospect of non-restoration of 100% excise duty benefit by the Government. Higher burden of taxes on crude oil and burden of irrecoverable CST on products also remains a concern.

Internal Control Systems and their adequacy

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

Further, the Company has a full-fledged independent Internal Audit Department which conducts round the year risk focused audits in all key business areas as per the pre-drawn audit plan to provide assurance on the accuracy, reliability, integrity and consistency of records, systems and procedures. The management regularly reviews and takes appropriate action on the Audit findings and recommendations. All significant audit observations and follow up actions are also reported to the Audit Committee along with management's responses/replies. The Audit Committee periodically reviews audit plans, observations and recommendations of the Internal Auditors with reference to significant risk areas and adequacy of internal controls.

Human Resources

Your Company recognizes the potential of human resources in providing competitive advantage and considers its employees as most valuable resource. The Company has achieved its present level of excellence through investment in its human

resources, which are at the back of every achievement and innovation. Your Company continues to work for developing capabilities and realization of best potential of its employees.

The thrust on achieving optimal utilization of manpower continued. The focus on improving productivity and adoption of best operating practices were pursued. Efforts for active participation by employees, implanting a conducive ambience for exhibiting creativity and innovation by employees and ensuring a climate that reflects synergy and contagious enthusiasm has been at the core of HR initiatives and interventions. Strategic alignment of HRM to business priorities and objectives facilitated steps for ensuring smooth transition for upcoming new facilities in the value addition chain, modernization and expansion projects.

NRL's talent base, as on 31st March, 2012 was 841 of which 434 belonged to the unionized category and 407 to the executive cadre. Of the total staff strength, 186 belonged to Scheduled Caste (SC) / Scheduled Tribe (ST) category and 230 to Other Backward Class (OBC) category. Staff strength included 41 women employees, 37 from minority communities and 13 physically challenged employees.

NRL's HR policies are focused towards recruiting talented employees and facilitating their integration into the Company's culture encouraging individual skills. Sustenance of cordial relationship between

management and employees has enabled the Company to avoid industrial unrests and maintain relatively low attrition rate. A structured incentive programme has been formulated that includes performance-linked variable pay structure for certain level of employees.

During 2011-12, continued focus was maintained to organize competency based learning interventions for knowledge workers. The Learning Centre of the refinery acts as a learning ground for employees where various skill development programs were being conducted on regular basis. The Centre also facilitated training of employees in specialized institutions across the country for improving skills in respective fields.

Developmental training was imparted to 653 employees, which works out to 77.6% of total employee strength of 841 employees. A total of 21 management staff were imparted training in project management while training on risk



Inaugural address by MD NRL, Mr. Dipak Chakravarty



Delegates of 45th Personnel Chiefs' Meet of OIL & Gas PSUs hosted by NRL at Kaziranga

management covered 10 management staff. A total of 128 senior executives in Grade-D and above were imparted training in areas other than project / risk management.

SC/ ST Employees

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

Persons with Disabilities

Reservations and concessions are being provided to persons with disabilities since inception for appointments in all categories of identified posts, based on Government guidelines. The Company has identified positions which could be reserved for filling up by persons with disabilities. As on 31st March, 2012, the Company had 13 employees with disabilities.

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

Corporate Social Responsibility

With strong commitment towards promoting socio-economic development of the region, NRL continued to implement definitive measures for improving lives of the people in neighboring areas of the refinery through innovative and people friendly programmes.

NRL's CSR activities encompass the following five thrust areas: agri allied / income generation activities; development of education; infrastructure development; promotion of health and promotion of arts, sports, literature and culture.

During 2011-12, actual expenditure against CSR activities was ₹ 5.86 crores against budget allocation of ₹ 5.58 crores. Expenditure against CSR activities in the previous year was ₹ 4.97 crores. A total of 211 free medical camps were organized with support from the Vivekananda Kendra NRL Hospital, Numaligarh. Besides, demographic survey was conducted covering six villages in the neighbourhood of the refinery. A total of 386 girl students were awarded scholarships under the scheme "Prerana". Hygienic sanitation facilities were provided to 62 families below the poverty line.



NRL donates Tractor as a part of CSR initiatives



Children enjoying a day out on two wheels at township

With the objective of promoting agro-based employment opportunities, NRL promoted a System of Rice Intensification (SRI) in Golaghat district which is expected to increase productivity significantly. In the field of education, several milestones were achieved in 2011-12 through implementation of schemes like 'Prerana', 'Gyandeept' and 'Dronacharya'.

Gender-friendly work place

NRL continues to ensure a gender friendly workplace with equal opportunity to men and women. A committee constituted towards sustaining this objective has representation from both male and female employees. Priority of the Committee is to protect the interests of women and address complaints of any sexual harassment, recommending appropriate remedial measures, as and when applicable.

Communication to Employees

Your Company lays great emphasis on effective communication across the organization. It strongly believes that transparency and openness

in communication with employees is one of the vital and strategic management tools which not only leads to fruitful employee engagement but also creates an environment of trust and sense of belongingness amongst employees. Your Company lays considerable stress in ensuring that all modes and means of communication are fully utilized to ensure timely and regular flow of information, which in turn helps realise partly its Mission of creating a pool of knowledgeable and inspired employees. The flow of communication is facilitated through a variety of tools, which include periodic meetings such as Communication Meetings, Functional Co-ordination Meetings, inter and intra Departmental Meetings etc. The quarterly in-house journal 'Rodali' keeps employees updated about the developments and happenings in the Company and its associates, while the intranet portal 'Eureka' and the Company website www.nrl.co.in ensures free access and sharing of information pertaining to various spheres of activities across the organization. Added to this, publications such as Safety Newsletters, HR Bytes, NRL Chaitnya act as catalysts in strengthening the information sharing process.

Industrial Relations

During 2011-12, 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. The Company's culture of maintaining trust, transparency and teamwork has contributed significantly towards maintenance of a harmonious industrial relations atmosphere throughout the year.



Thrust on Official Language implementation

Implementation of Official Language

Under the Official Language Act, 1963 and the Official Language Rules, 1976, implementation of the official language, viz. Hindi at NRL is being actively pursued. Activities such as imparting training to employees, incentives for use of Hindi in official work, Hindi Workshop are promoting Hindi implementation in the organisation. The Company's in-house journal "Rodali" has a regular Hindi section where employees' actively participate.

Right to Information Act

Your Company has formulated proper mechanisms to dispose off applications received under the RTI Act from any citizen of the country within the stipulated period of 30 days. The RTI applications are handled amicably and prudently in true letter and spirit of the Act which embodies the spirit of democracy by empowering citizens with the right to information held by any public authority, thereby ensuring fairness and transparency in public life.

Vigilance

The Company pursued with right earnest proactive vigilance role by way of initiation of implementation of system improvement and simplification of procedure with a view to achieve transparency, equity and fairness which culminated into effective

decision making. The role of vigilance as constructive contributor in maintaining ethical standards of the organization is well accepted and the Vigilance department made all out efforts for enhancing the ethics and image building in every sphere of the Company's activities.

Vigilance Awareness Week was observed at all locations of the Company from 31st October to 5th November, 2011 with active participation from all employees and stake holders of the company. During the week, several programmes including slogan, essay competitions, interactive seminars were held to promote probity in public life and to generate awareness on the importance of vigilance in all spheres. During the year, a number of surprise/routine inspections of major works and system study on important management process were conducted. Based on outcome of such inspections and study, besides preventive / administrative actions, the Company has taken several system improvements initiatives such as e-payment, e-receipt and B2B transactions. The Company has achieved more than 99% of e-payment / e-receipt.

Customized vigilance orientation programme for different categories of officials and stakeholders were conducted where participants were made aware about the CVC circulars and guidelines.

Vigilance department also conducted detailed investigations into the complaints received. As part

of its commitment to maintain highest standards of ethics in business dealings, the Integrity Pact has been implemented in the Company for all tenders with value in excess of rupees one crore. In addition to half-yearly review of vigilance activities by the Board of Directors of the Company, quarterly structured meetings were held with the Chief Executive for review of vigilance activities.

On completion of tenure of Shri V. K. Thakral,



Release of Vigilance Newsletter by Managing Director

IAS, Chief Vigilance Officer, OIL who was holding the additional charge of CVO, NRL, Shri Sanjeeva Kumar, IAS, Chief Vigilance Officer, ONGC took over additional charge of Chief Vigilance Officer of NRL with effect from 6th February, 2012.

Health and Safety

Your Company continued its priority towards maintaining highest standards in the area of health and safety, and completed one more year without any loss time accident (LTA). As on 31st March, 2012, the refinery recorded 18.27 million LTA free man-hours (10 years, 1 month) since the last LTA on 18th February, 2002.

In 2011-12, a total of 58 Safety Audit points were targeted for liquidation and the achievement was 100%. Safety training was imparted for a total of 884 mandays comprising 420 employees, 181 CISF and 283 POL drivers. Besides, 100% of the workers engaged by contractors totaling 6095 were imparted safety training. Ten safety awareness camps were organized during the year in the neighbourhood of the refinery for educating people on various fire and safety aspects.

During the year, the Company was re-certified under OHSAS 18001 for occupational health and safety management.

The Road Safety Week, National Safety Week and Fire Service Fortnight are observed every year at NRL with active involvement of employees, CISF, security staff, contractors and their workers, nearby public and school students. NRL has also engaged civil defense personnel for training security staff, CISF and nearby public.

NRL rehearses its fire and safety preparedness by conducting Mock-Drills on Minor Fire, Major Fire, Onsite Disaster and Offsite Disaster regularly. In 2011-12, NRL conducted 12 minor fire mock drills, 4 major fire mock drills, 2 onsite disaster mock drills and one offsite mock drill with full involvement of district authorities, local public and media apart from employees of the organisation.

Several awards and incentive schemes have been introduced for promoting safety. Unit-wise monthly awareness programme has been started from October 2011. Every month one safety theme is selected and discussed among the workers so that awareness on that subject can be enhanced at all levels. Monthly Award scheme for workers has been introduced.

OISD surprise safety audit was successfully conducted in April 2011. Besides, Internal Safety Audit for 2011 was conducted with external auditors from the BPCL group of companies.

In the current financial year, on 7th April, 2012 a major fire incident occurred at the Hydrocracker unit. There was no injury or casualty from the incident. The loss due to this fire has been



Live demonstration of Fire Fighting at SMT



Safety Awareness

provisionally estimated by Insurance Surveyor at around ₹ 19 crores.

Environment and Ecology

Numaligarh Refinery has adopted advanced measures towards pollution control, which is essentially the stepping-stone towards environmental protection. In its quest for environmental excellence and continual improvement, NRL has pursued a focused programme towards environment protection through well-defined objectives and has taken up several initiatives that are being implemented in a phased manner.

In context of MOU parameters, during 2011-12, 100% compliance with the revised standards on liquid effluents was achieved. Installation of Double Seals in seven floating roof tanks were completed by 31st January, 2012 for controlling vapour loss.

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.

Generation of hazardous tank bottom oily sludge was minimized during the year by adopting the BLABO process for cleaning of tanks. Oily sludge thus generated were scientifically disposed off through bioremediation.

With a view to spreading of environmental awareness amongst employees and people living in neighbourhood of the refinery, a number of awareness programmers were conducted during the year. 'World Environment Day' was celebrated in a befitting manner. Employees as well as local residents and students actively participated in the programme.

During the year, NRL was re-certified against ISO 14001 under environment management system.

Sustainable Development

During the year, NRL carried out a study through a reputed consultant for estimation of Green House Gas (GHG) inventory and GHG footprint of the refinery for the base year 2009-10 and reporting year 2010-11. The study aimed at improving generation of carbon credits and was completed on 12th November, 2011. During the year, 100% treated effluents were reused ensuring zero discharge of effluents from the refinery as well as from the township. Total expenditure on Sustainable Development activities during 2011-12 was ₹ 67.15 lakhs, which was 0.37% of profit-after-tax for the year.

Certifications & Awards

During the year, NRL received the Greentech Environment Award 2011 under gold category besides the CIDC Viswakarma Award 2011 under best project category for implementation of the Diesel Quality Upgradation Project.



Raising Awareness to conserve our Natural Resources

Integrated Information Systems (IIS)

Your Company has witnessed smooth operation of SAP R/3 ERP system as well as IT systems during the year. Maximum uptime of IT Infrastructure, Systems and Services could be achieved without any loss-time of operation or information security incidents.

The Company has also implemented a few more SAP initiatives during the year i.e. Employee Self service (ESS) and Managers Self service (MSS). The ESS/MSS together with biometric access control system has helped the Company not only to regulate the visitors to the sensitive areas of the refinery but also the data captured is used for employee payroll system. Similarly, contract labour entry/exit to/from refinery is also being tracked/regulated.

Your Company has implemented seamless B2B (Business to Business) transactions for purchase of crude oil and sale of products. This initiative has brought in more than 80 % of Company's major purchase/sale transactions in e-platform resulting in savings in time, effort and money.

- Automatic exchange of crude oil transaction data electronically between NRL and Oil India Limited has been successfully implemented through B2B process using ERP systems of both the companies. This is the first event of B2B implementation between an upstream company and a downstream company in the oil industry. 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 with OIL is now fully operational from 1st April 2012.

- Product exchange process between NRL and Other Oil Marketing Companies viz. HPCL and IOCL has been successfully automated through B2B transactions over ERP systems from 1st August 2011 and 1st November 2011 respectively. After B2B implemented with BPCL, the electronic data exchange process has been extended to include business transactions with HPCL and IOCL, who are the major product customers of NRL.

Upgradation of the intranet web application with latest software platform has enhanced the portal functionalities into a Document Management System to meet compliance to document retention.

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

Projects

Your Company is pursuing a broad array of growth opportunities by way of implementing several value added projects so as to remain profitable and sustain development. Status of major projects under implementation is given below:

Naphtha Splitter Project

The Naphtha Splitter Project involving a project cost of ₹ 87 crores has been taken up for production

of 160 TMTA petrochemical grade Naphtha for supply as feedstock to the Assam Gas Cracker. As on 31st March, 2012, overall progress of the project reached 63.0% with a total expenditure of ₹ 18 crores and financial commitment of ₹ 70 crores. The project is targeted for completion in third quarter of 2012-13. This project is being implemented under the Non-Plan budget for Additional Facilities.

Wax Project

The Wax Project is a Plan project under implementation at NRL. The project envisages production of high value paraffin and micro-crystalline wax utilizing inherent properties of Assam Crude. As on 31st March, 2012, overall progress of the project was 15.5% against schedule of 13.9% while total expenditure was ₹ 35 crores with total financial commitment of ₹ 228 crores. The project is scheduled for completion by December 2013.

Investment in Joint Ventures

Brahmaputra Cracker and Polymer Limited

NRL has 10% equity participation in the joint venture company Brahmaputra Cracker and Polymer Limited which is implementing the Assam Gas Cracker Project in Dibrugarh district of Assam at a project cost of ₹ 8920 crores. NRL's total equity contribution in the joint venture is estimated at ₹ 127 crores and upto 31st March, 2012, ₹ 104.10 crores has been contributed. The Gas Cracker project is scheduled for completion by December 2013.

DNP Limited

NRL has 26% equity participation in the joint venture company DNP Limited which had commissioned a natural gas pipeline from Duliajan to Numaligarh in February, 2011. The pipeline has



Pipe Rake under erection at Naphtha Splitter Unit

facilitated utilization of natural gas in the refinery as a substitute for costlier Naphtha as fuel and feed. NRL had contributed ₹ 35.08 crores towards equity capital in this joint venture upto 31st March, 2012.

Performance during 11th Five Year Plan

During the course of the 11th Five Year Plan (2007-12), total expenditure against Plan projects of NRL was ₹ 652 crores against the approved outlay of ₹ 625 crores.

Performance against MOU 2011-12

With regard to performance against project based parameters in MOU 2011-12, the basic engineering and design package for Solvent Deoiling Unit of Wax project was completed on 15th June, 2011 while that for the Wax Hydrofinishing Unit was completed on 15th July, 2011. Overall progress of the Wax project as on 31st March, 2012 was 15.5%, which although was ahead of scheduled 13.9%, was lower than the 'Excellent' MOU target of 18%. Progress of the Naphtha Splitter Project as on 31st March, 2012 was 63% against 'Excellent' MOU

target of 85%. The shortfall in progress is mainly due to linkage of the project completion time with completion of the Assam Gas Cracker project which is being implemented by the joint venture company Brahmaputra Cracker and Polymer Limited.

Memorandum of Understanding with BPCL

Your Company has been achieving 'Excellent' performance rating consistently since the first Memorandum of Understanding (MOU) was signed with BPCL in the year 2003-04. Based on an internal evaluation of performance for the year 2011-12, NRL is expected to qualify under 'Excellent' category.

Particulars of Employees

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

Conservation of Energy, Technology Absorption

The details regarding energy conservation and



Tankage works under progress at Naphtha Splitter Unit



NRL signs performance MoU with BPCL

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 2011-12. However, foreign exchange outgo during the year was ₹ 144.92 crores mainly on account of purchase of products, know-how and professional consultancy fees.

Corporate Governance

NRL being a non listed Company, stipulations as contained in clause 49 of the listing agreement are not mandatory. However, as a good corporate governance practice and in accordance with the Corporate Governance Guidelines for CPSEs issued by Department of Public Enterprises (DPE) in May 2010, the report on Corporate Governance together with a Certificate from practicing Company

Secretary on compliance of conditions of Corporate Governance as stipulated in the guidelines is annexed as Annexure-B to the Directors' Report.

The Company has engaged Biman Debnath & Associates, Company Secretaries for conducting Secretarial Audit for the year 2011-12. The Secretarial Audit Report is enclosed as a part of Annexure-B.

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

Code of Conduct

In accordance with the Corporate Governance Guidelines for CPSEs issued by the DPE, the Company had adopted the 'Code of Business Conduct and Ethics' for Board and Senior Management Team Members of NRL. The Company has obtained Annual Compliance Report of the Code of Conduct

for the year 2011-12 from all the Board Members and Senior Management Team Members within the stipulated time frame of 30th April, 2012.

Statutory Auditors

S. Ghose & Co., Chartered Accountants, 11, Old Post Office Street, 2nd Floor, Kolkata – 700001, were appointed as Statutory Auditors of the Company for the year 2011-12 by the Comptroller & Auditor General of India under the provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting.

Cost Auditors

Subhadra Dutta & Associates, Cost Accountants, Dibrugarh, Assam, was appointed as the Cost Auditor of the Company for the year 2010-11 in accordance with the provisions of section 233B(2) of the Companies Act, 1956.

Cost Audit Report pertaining to the Refinery Unit of the Company for the year 2010-11 was filed with the Ministry of Corporate Affairs on 06.09.2011 against the due date for filing of cost audit report by 30.9.2011.

The same cost auditor was also appointed for the year 2011-12. The due date of filing of cost audit report for the year 2011-12 is 30.9.2012, for which necessary action is being taken.

Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, applicable Accounting Standards have been followed along with proper explanation relating to material departures.



NRL MD Shri Dipak Chakravarty formally inaugurating the NRL Football Academy by handing over a football to Mr. Oscar Bruzon Barrears



A snapshot of the trainees along with the trainers

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 S. K. Joshi, erstwhile Director (Finance), BPCL resigned from the Board of NRL with effect from 1st September, 2011 on attaining superannuation on 31st August, 2011 from BPCL. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

Shri N. M. Borah, erstwhile Chairman & Managing Director, Oil India Limited (OIL) resigned from the Board of NRL with effect from 1st May, 2012 on attaining superannuation on 30th April, 2012 from OIL. 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 Jatinderbir Singh, IAS, Principal Secretary to the Govt. of Assam, Industries & Commerce Department, who was appointed by the Board as Director on 25th July, 2011 in place of Shri Ravi Kapoor, tendered his resignation from the Board of the Company with effect from 18th June, 2012 on withdrawal of his nomination by the Govt. of Assam. 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 Partha Sarathi Das, Director(DMC), Ministry of Petroleum & Natural Gas has resigned from the Board w.e.f. 07-08-2012 on withdrawal of his nomination by the Government. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

Shri Dipak Chakravarty, Director (Technical), NRL had assumed the office of Managing Director with effect from 1st April, 2011 in pursuance of the appointment by the Government of India. In accordance with his terms of appointment, he had also assumed the additional charge of Director (Technical) upto 4th November, 2011.

Shri B. K. Datta, Director(Refineries), BPCL was appointed by the Board as Director w.e.f. 24th October, 2011 in place of Shri S. K. Joshi, pursuant to Article 100 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956. Shri B. K. Datta will hold office upto the date of the next AGM to which Shri S. K. Joshi would have held office as Director, had he not resigned as aforesaid. Notice under section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri S. R. Medhi, General Manager (Finance) was appointed as Additional Director with effect from 4th November, 2011. He also assumed the office of Director(Technical) from that date in pursuance of the appointment by the Government of India. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri R. T. Jindal, IAS, Principal Secretary to the Govt. of Assam, Industries & Commerce Department was appointed as Additional Director on the Board with effect from 2nd July, 2012 pursuant to Section 260 of the Companies Act, 1956 read with Article 85 of the Articles of Association of the Company. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under section 257 has been received proposing his

name for appointment as Director at the ensuing Annual General Meeting.

Shri S. K. Srivastava, Chairman & Managing Director, Oil India Limited (OIL) was appointed as Director by the Board w.e.f. 26th July, 2012 in place of Shri N. M. Borah, pursuant to Article 100 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956. Shri S. K. Srivastava will hold office upto the date of the next AGM to which Shri N. M. Borah would have held office as Director, had he not resigned as aforesaid. Notice under section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri V. L. V. S. S. Subba Rao, Adviser (IFD), Ministry of Petroleum & Natural Gas was appointed as Additional Director on the Board with effect from 7th August, 2012 pursuant to Section 260 of the Companies Act, 1956 read with Article 85 of the Articles of Association of the Company. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

In accordance with the provisions of section 256 of the Companies Act, 1956, Shri R. K. Singh and Shri J. P. Rajkhowa will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Director at the said Meeting.

As required under Corporate Governance clause, brief bio-data of the above Directors who are

proposed to be appointed/ re-appointed at the Annual General Meeting are provided in the Corporate Governance Report.

Acknowledgment

Your Directors take this opportunity to place on record their profound appreciation to all employees for devoting their whole hearted efforts in their respective areas of work which had helped to achieve its goals and targets.

Your Directors express their gratitude to NRL's customers, dealers, contractors and suppliers for their continued support and patronage.

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

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

For and on behalf of Board of Directors

Sd/-

R. K. Singh
Chairman

Mumbai

Dated : 16th August 2012

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

NRL is committed to conserve energy at all levels, through sustained efforts which had resulted in saving natural resources and protecting the environment. Whilst the objective of attaining excellence in the refining process was pursued with vigour and enthusiasm, the drive to conserve energy further got great support and priority from the Management. During the year 2011-12, the refinery achieved the lowest ever Specific Energy Consumption.

Every conservation effort received continuous focus, both in terms of improvement in operations/maintenance as well as development of new projects. Continuous monitoring of fuel consumption and hydrocarbon loss were undertaken using sophisticated instruments and data acquisition systems.

As a part of NRL's continual efforts towards energy conservation, following are the various energy saving initiatives and loss control measures implemented in the refinery during the year 2011-12:

1. Natural Gas being energy efficient and environment friendly, same was utilized by replacing Naphtha as fuel in GTG and as feed & fuel in HGU during the year which also led to reduced consumption of fuel oil in refinery furnaces.
2. 12 MW STG for Captive Power generation by utilizing and recovering waste energy (thermal and pressure) of HP steam has been running on continuous basis during the year 2011-12, thus reducing the power equivalent fuel in the GTGs.
3. Post implementation of Diesel Quality Up-gradation Project (DQUP), significant reduction in energy consumption in the refinery has been noted which is mainly due to running of H2U with HTER-p (Heat Transfer Exchange Reformer -parallel), improved preheat with three new heat exchangers in the CDU pre-heat train, and use of O2 enriched waste Nitrogen stream produced in N2 plant in Sulfur Recovery Unit by replacing the conventional use of process air.
4. A comprehensive Energy Efficiency Improvement Study (EEIS) was done during the year by an external team of Engineers India Limited (EIL) and Centre for High Technology (CHT) indicating potential savings in all process units and other sources within the refinery. Pinch study carried out in CDU/VDU during the year resulted in identifying several schemes for implementation.
5. Advanced Process Control (APC) was implemented in DCU, HGU and HCU during the year. APC implementation has optimized process parameters besides optimizing energy consumption in the units.
6. An online panel for the Make-up Gas Compressor was installed for monitoring of machine and process parameters, resulting in efficient operation of the compressor.
7. Conventional lighting fixtures (40W) were replaced by more energy efficient fittings of 28W Retrofit T-5 Luminaries. A total of 1888 tube lights were replaced during the year.
8. Hydrocarbon vapor loss and slop oil generation were reduced by operational procedure changes in Delayed Coker Unit during chamber vapor heating, changeover and cooling cycle.

9. Improved insulation of calcium silicate was installed over high pressure steam lines.
10. Transfer of slop from dry slop oil tank directly to the CDU is being done instead of the earlier practice of routing through the crude oil tanks.
11. Steam Trap System Management was carried out for the entire refinery steam network.
12. Furnace efficiency and insulation effectiveness survey was carried out for the refinery heaters by an expert team nominated by oil companies under the autonomous body of CHT-MOPNG.
13. Double mechanical seal was introduced in seven Naphtha/MS tanks. The total number of tanks with double mechanical seal has thus increased to eleven.

Other schemes adding to continual benefit:

14. Telescopic insulation in bare portion of HGU reformer.
15. Unique stepless control system in makeup gas compressor of HCU.
16. Use of slop oil for quenching purpose in DCU.
17. CDU stabilizer off-gas diversion to DCU second stage compressor to recover LPG.
18. CDU desalter de-sludging operation to reduce maintenance.
19. Reuse of vented Nitrogen to inert gas header through process modification.
20. Regular monitoring of valves connected with flare system for any passing by Acoustic Leak Detectors.
21. Fugitive emission survey for detecting and rectifying minor leaks from valve glands, flanges etc. using Gas Measuring Instrument (GMI).

b) Energy conservation measures planned

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

1. Implementation of flare gas recovery system.
2. Replacement of conventional lighting fixtures by more energy efficient fittings.
3. Steam trap survey and rectification covering all the units including utilities & offsite.
4. Implementation of schemes identified in the Energy efficiency Improvement Study.

B. Technology Absorption

In order to further improve the refinery operation, NRL is utilizing natural gas as fuel in GTG and as feed as well as fuel in Hydrogen unit in lieu of Naphtha.

NRL is implementing a wax extraction unit along with associated utilities for extracting wax from the Assam crude processed by the refinery. While the Solvent Deoiling Unit is being licensed by EIL and IIP jointly, the Wax Hydro finishing Unit is being licensed by Axens, France.

As a step towards optimizing plant operations from product quality and energy conservation point of view, NRL has implemented Advance Process Control (APC) in its Hydrogen, Hydrocracker and Delayed Coker Units.

The Process Industry Modeling System (PIMS) has been implemented for optimizing production and blending operations.

FORM B

Form for disclosure of particulars with respect to technology absorption

Research & Development

R&D is being carried out in following areas by the Company:

- Utilisation of surplus naphtha by converting to MS with blend optimization.
- NRL in technology partnership with EIL and CSIR-IIP has undertaken a joint programme on “Demonstration of SO₂ recovery process for flue gas desulphurization” with the objective of improving efficiency in Sulphur Recovery Unit from 96% to 99.9%.
- Development of a model of Numaligarh Refinery in Process Industry Modeling System.
- 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 Needle Coke.

Benefits derived as a result of above R&D:

- Production of enhanced quantity of Euro-III MS without hardware changes in the MS Unit.
- Improvement in SRU efficiency and reduction in SO₂ emission.
- Needle Coke production in association with IOC (R&D) in the DCU.

Technology Absorption, Adaptation & Innovation

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

NRL has progressed on implementation of the Wax project in line with schedule.

Efforts are continuously being made to optimize plant operations through continuous running of the APC. Optimized product mix is evaluated with the help of PIMS.

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

With continuous use of natural gas, NRL has reaped benefit both in financial terms and in convenience of operation besides improvement in distillate yield. Commissioning of the Wax project which is currently under implementation, would lead to improvement in gross refining margin.

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
• Wax Hydrofinishing Unit	2011-12
b) Technology fully absorbed	
• Hydrocracker Revamp (DQUP)	2010
• Hydrogen Unit Revamp (DQUP) along with HTER-p technology	2010
• Wax Hydrofinishing Unit	Under implementation

Report on Corporate Governance

1. Company's philosophy on Code of Corporate Governance

Good Corporate Governance results in corporate excellence by ensuring that the powers vested in the executive management are used with care and responsibility to deliver sustained and long term value to its stakeholders. In NRL, our endeavour is to adopt best governance practices, which in our view are critical to ensure optimization of returns and satisfaction levels accruing to all 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 (CPSEs) issued by Department of Public Enterprises (DPE) in May, 2010, the Company has been complying with the stipulations contained therein to the extent applicable. Relevant information on areas covered under Corporate Governance disclosure during the financial year 2011-12 are furnished below:

2. Board of Directors

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

As on 31st March, 2012, 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 Independent Director, one part-time (Ex-Officio) Director appointed by Oil India Limited and five part-time (Ex-Officio) Directors appointed by the Promoters, namely, BPCL (Three) and Govt. of Assam (Two). For nomination of additional 3 part-time (independent) Directors, required as per Guidelines on Corporate Governance for CPSEs issued by DPE, the Company has been pursuing the matter with the Government of India.

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

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

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

Board Meetings

Seven Board Meetings were held during the financial year 2011-2012 on the following dates :

18 th May, 2011	25 th July, 2011	9 th September, 2011	24 th October, 2011
13 th December, 2011	1 st February, 2012	23 rd March, 2012	

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

Particulars of Directors including their attendance at the Board/Shareholders' Meeting during the financial year 2011-12

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)	Whole Time Directors :						
1.	Shri Dipak Chakravarty Managing Director (w.e.f. 01-04-2011)	BE (Chemical Engineering) and MS (Chemical Engineering)	04-08-2006	7	100	Attended	Director 1. BCPL
2.	Shri Nilmoni Bhakta Director (Finance)	M.Com. AICWAI, PGDPM from NIPM, Kolkata	25-07-2007	7	100	Attended	Director 1. DNP Ltd.
3.	Shri Sona Ram Medhi Director (Technical)	B. Tech. from ISM University Dhanbad & MBA, IIM, Ahmedabad	04-11-2011	3	100*	N.A.	Nil
(b)	Part-time (Ex-Officio)						
1.	Shri R. K. Singh Chairman & Managing Director Bharat Petroleum Corpn. Ltd. Mumbai-400001 (Chairman of the Company)	B. Tech (Mech. Engg)	04-04-06	7	100	Attended	C&MD 1. BPCL Chairman 1. BOREL 2. MBMSPL 3. BREL Director 1. BPRL 2. PLL
2.	Shri Partha Sarathi Das Director (D & MC) Govt. of India, Ministry of Petroleum & Natural Gas New Delhi-110001 (Upto 07-08-2012)	B. Tech (Hons.) from IIT, Kharagpur	24-03-2011	5	71	Attended	Nil
3.	Shri H. S. Das, IAS Principal Secretary to the Govt. of Assam, Finance Department Dispur, Guwahati-781006	M.A. (Eco.)	29-08-2000	4	57	Absent	Director 1. ASEB 2. AHECL
4.	Shri Jatinderbir Singh, IAS Principal Secretary to the Govt. of Assam, Industries & Commerce Department Dispur, Guwahati-781006 (Upto 18-06-2012)	Post Graduate & MBA	25-07-2011	4	80	Attended	Chairman: 1. AIIDCL 2. DNP Ltd Director: 1. AIDC 2. APL 3. BCPL 4. AGCL -VC 5. AHECL - MD
5.	Shri S. K. Joshi Director (Finance) Bharat Petroleum Corpn. Ltd. Mumbai-400001 (Up to 31-08-2011)	A.C.A, M.B.A.	04-04-2006	2	100*	N.A.	--

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
6.	Shri N. M. Borah Chairman & Managing Director Oil India Limited Noida, Uttar Pradesh (Up to 30-04-2012)	B.Tech ,ISM, Dhanbad & PG diploma from Norwegian Institute of Technology, Norway	08-05-2008	2	29	Attended	C&MD 1. OIL
7.	Shri K. K. Gupta Director (Marketing) Bharat Petroleum Corpn. Ltd. Mumbai-400001	B. Sc., (Engg), Mechanical	13-04-2011	7	100	Attended	Director 1. BPCL 2. IGL 3. SGL 4. BSSDPL 5. BSSPL 6. MBMSPL
8.	Shri B. K. Datta Director (Refineries) Bharat Petroleum Corpn. Ltd. Mumbai-400001	BE (Chemical)	24-10-2011	4	100*	NA	Director 1. BPCL 2. BORL 3. BPRL
C.	Part-Time (Independent)						
1.	Shri J. P. Rajkhowa, IAS (Retd.) Former Chief Secretary to the Govt. of Assam Narikal Basti Guwahati-781024	MA (Economics)	26-07-2006	6	86	Attended	Nil

BCPL: Brahmaputra Cracker and Polymer Limited, **BPCL :** Bharat Petroleum Corporation Ltd., **BORL:** Bharat Oman Refineries Ltd, **MBMSPL:** Matrix Bharat Marine Services Pvt. Limited, **BREL:** Bharat Renewable Energy Ltd., **BPRL:** Bharat PetroResources Limited **PLL:** Petronet LNG Ltd., **ASEB:** Assam State Electricity Board, **AHECL:** Assam Hydrocarbon and Energy Company Limited, **AIIDCL:** Assam Industrial Infrastructure Development Corporation Ltd, **AIDC:** Assam Industrial Development Corporation Ltd, **APL:** Assam Petrochemicals Limited, **AGCL:** Assam Gas Company Limited, **OIL :** Oil India Limited, **IGL:** Indraprastha Gas Limited, **SGL:** Sabarmati Gas Limited, **BSSDPL:** Bharat Stars Services (Delhi) Pvt. Ltd, **BSSPL:** Bharat Stars Services Pvt. Limited.

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

3. Audit Committee

NRL took the initiative to introduce Corporate Governance in the Organization during the year 1999 itself, by constituting an Audit Committee. The said committee was reconstituted from time to time in accordance with the provisions of Section 292A of the Companies Act, 1956. The role, powers and functions of the Audit Committee were specified and approved by the Board. The Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, remuneration of Statutory Auditors, appointment and remuneration of Cost Auditors, performance of Internal Auditor and its compliance with the legal and regulatory requirements etc. The quorum for the meetings of the Committee is two members or 1/3rd of the members of the Audit Committee whichever is higher.

The present Audit Committee was reconstituted by the Board on 30th September, 2011 by inducting Shri K. K. Gupta, part-time Director in place of Shri S. K. Joshi along with other two existing 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 K. K. Gupta, Director (Marketing), 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 to the Audit Committee.

The Director (Finance), BPCL and 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 also attend and participate at the meetings, on invitation.

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if, required, the replacement or removal of the statutory auditor, fixation of audit fee and also approval for payment 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 on any significant findings and follow up thereon.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
9. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
10. Reviewing the company's financial and risk management policies.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholder (in case of non payment of declared dividends) and creditors.
12. Defining the significant related party transactions

During the financial year 2011-12, six meetings of the Audit Committee were held on the following dates:

9 th May, 2011	25 th July, 2011	24 th October, 2011	13 th December, 2011
1 st February, 2012	23 rd March, 2012		

Attendance at the Audit Committee Meetings during the financial year 2011-12:

Name of the members	No of Meetings attended	% age thereof [out of 6 nos. meeting held]	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman	5	83	Attended
Shri H.S.Das, Member	4	67	Attended
Shri S. K. Joshi (Upto 31-08-2011)	2	100*	Attended
Shri K. K. Gupta (w.e.f. 30-09-2011)	4	100*	Attended

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

The Committee at its meeting held on held on 25th July 2011, 24th October 2011, 1st February 2012, reviewed the Quarterly/Half Yearly/ Year to date financial statements as on 30th June, 2011, 30th September, 2011 and 31st December, 2011 respectively. Further, Annual Financial Statements as on 31st March, 2012 were reviewed by the Committee at its meeting held on 11th May, 2012, before the same were submitted to the Board for approval.

4. Remuneration Committee

As a part of good corporate governance practice, the Board of NRL in its meeting held on 22nd July, 2008 had constituted a ‘Remuneration/HR Policies Committee’ to examine, review and recommend proposals to the Board relating to perquisites and benefits payable to the employees of the Company within the parameters of the Guidelines issued by the Government of India. The ‘Remuneration/HR Policies Committee’ was last reconstituted on 11th November,2011 comprising the following members:-

1. Shri J.P.Rajkhowa, Director as Chairman
2. Shri Partha S. Das, Director as Member
3. Shri N.M.Borah, Director as Member
4. Shri S. P. Gathoo, Director(HR), BPCL as Member

On resignation of Shri N. M. Borah from the directorship of the Company w.e.f. 1st May,2012, Shri Borah would automatically cease to be a Member of the Committee.

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

During the financial year 2011-12, two meetings of the 'Remuneration/HR Policies Committee' were held on 22nd August,2011 and 5th December, 2011.

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

Name of the members	No of Meetings attended	% age thereof [out of 2 nos. meeting held]	Attendance at the last Annual General Meeting
Shri J. P. Rajkhowa, Chairman	2	100	Attended
Shri Partha S. Das, Member	Nil	Nil	Attended
Shri N. M. Borah, Member	Nil	Nil	Attended
Dr. S. Mohan, Member (Upto 01-11-2011)	1	100*	Attended
Shri S.P. Gathoo, Member (w.e.f. 11-11-2011)	1	100*	N.A.

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

5. Remuneration to Directors

NRL being a Government Company, appointment and remuneration of Whole-time Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. However, certain perquisites and facilities not specifically spelt out in their appointment letters are governed in accordance with the rules and regulations of the Company. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Independent) Directors are paid sitting fees @ ₹ 20,000 for each Board/Audit Committee meeting attended by them and ₹ 10,000 for each of the other Committee meetings.

Details of remuneration paid to the Whole-time Directors during the financial year 2011-12 are given below:

Name of Directors	All elements of remuneration package of the Directors i.e. salary, benefits, bonus, pension etc. (In ₹)	Details of fixed component, Performance Related Pay (PRP) (In ₹)	Other benefits (In ₹)	Service Contracts, notice period, severance fees.
Shri Dipak Chakravarty Managing Director	44,02,027.36	Fixed Com : 26,32,761.36 PRP : 13,03,791.00	4,65,475.00	Appointed for five years w.e.f. 01-04-2011 or till the date of his superannuation. Present contract shall expire on 31-03-2014 i.e. date of his superannuation. Notice period: Three months
Shri Nilmoni Bhakta Director (Finance)	49,67,618.00	Fixed Com : 24,45,036.00 PRP: 12,66,821.00	12,55,761.00	Appointed for five years w.e.f. 25-7-2007. Present contract to be expired on 24-07-2012 has been extended upto 30-04-2013 i.e. the date of his superannuation. Notice period: Three months
Shri S. R. Medhi Director (Technical) (w.e.f. 04-11-2011)	23,81,951.00	Fixed Com: 16,30,656.00 PRP: 6,17,799.00	1,33,496.00	Appointed for five years w.e.f. 04-11-2011. Present contract shall expire on 03-11-2016. Notice period: Three months

PRP : Performance Related Payment

During the year, Shri J. P. Rajkhowa, IAS (Retd), Part-time (Independent) Director received sitting fees amounting to ₹ 2,90,000/- for attending the meetings of the Board/ Sub-Committee of the Board.

6. Investors Grievance Committee :

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

7. Annual/Extra Ordinary General Meetings:

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

	Date and Time of the Meetings	Venue
16 th Annual General Meeting	4 th September, 2009 at 3.00 P.M.	Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
17 th Annual General Meeting	10 th September, 2010 at 3.00 P.M.	Conference hall of Hotel Brahmaputra Ashok, M.G. Road, Guwahati-781001
18 th Annual General Meeting	9 th September, 2011 at 3.00 P.M.	Registered Office of the Company, 122A, G. S. Road, Christianbasti, Guwahati-781005

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 th AGM held on 10-09-2010

c) Postal Ballot:

No resolution was passed in the 18th AGM through postal ballot. In the ensuing 19th AGM also, the Company has no such resolution proposed for approval of the shareholders through postal ballot.

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

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

i) **Shri R. K. Singh**

Shri R. K. Singh, Chairman & Managing Director, Bharat Petroleum Corporation Limited is a B. Tech. (Mechanical Engg.) from Benares Hindu University. He is on the Board of NRL since 04-04-2006. Shri Singh had joined BPCL in 1978 and was holding several important positions. He is having wide experience in the Petroleum Industry. Prior to his appointment as Chairman & Managing Director, BPCL he was holding the position of Director (Refineries) in BPCL. Besides holding directorship in BPCL and NRL, he is also a director of Bharat Renewable Energy Ltd., Bharat Oman Refineries Limited, Bharat Marine Services Pte Ltd, Bharat PetroResources Limited and Petronet LNG Limited.

Shri Singh was appointed as Director by the Shareholders at the 13th AGM held in 22nd September, 2006 and thereafter he was re-appointed by the shareholders at the 15th AGM held on 12th September, 2008 and 17th AGM held on 10th September, 2010. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

ii) **Shri J. P. Rajkhowa**

Shri J. P. Rajkhowa, IAS(Retd.), former Chief Secretary to the Govt. of Assam did his B.A. (Hons.) in Economics from Cotton College under Gauhati University and M.A. (Economics) from Delhi School of Economics under Delhi University with specialization in Industrial & Agricultural Economics. He joined the Indian Administrative Service in 1968 (Assam Meghalaya joint cadre) and was holding various senior posts in the department of Finance, Industry & Commerce, Labour under various departments of Govt. of Assam including deputation in CPSUs etc.

Shri J. P. Rajkhowa, nominated by the Government as Part-time(Independent) Director was appointed by the Board as Additional Director w.e.f. 26th July, 2006. Subsequently, he was appointed as Director by

the Shareholders at the 13th AGM held in 22nd September, 2006. Shri Rajkhowa was re-appointed by the Shareholders at the 16th AGM held on 4th September, 2009. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

iii) Shri B. K. Datta

Shri B.K.Datta, Director (Refineries), BPCL is a Chemical Engineer with over 33 years of experience in refinery operations, technology and projects. He joined BPCL in the year 1979 and has had the distinction of holding key positions in various functions. He had also spearheaded commissioning of DHDS modification units, steering BPCL to being the first in the country to implement BS II fuel standards. He was also associated with Oil Industry Safety Directorate and Centre for High Technology and had audited 8 Refineries as Convenor of the team. In his current position in BPCL, he is responsible for the operations of the Mumbai, Kochi, Joint Ventures and Subsidiary Refineries, R & D, International Trade and Pipelines. Besides holding directorship in BPCL and NRL, he is also a Director of Bharat Oman Refinery Limited and Bharat PetroResources Ltd.

Shri B.K.Datta was appointed by the Board w.e.f. 24th October, 2011 in place of Shri S.K.Joshi. Being appointed in casual vacancy, he will hold office till the date of ensuing Annual General Meeting upto which Shri S. K. Joshi 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 Director of the Company.

iv) Shri S. R. Medhi

Shri S.R.Medhi is an Engineering graduate from ISM University, Dhanbad and a post graduate in Management (MBA) from the Indian Institute of Management, Ahmedabad.

He joined NRL in the year 1995 when the refinery project construction was at its initial stage and contributed significantly in firming up credible financing plan by arranging required term loan/ working capital for the company with multi banking system instead of consortium banking system as was the practice then thereby optimizing the interest cost. Shri Medhi played an important role in evolution of the company's shared vision. He was also actively involved during ERP implementation in the Company initially with RAMCO System and its subsequent migration to SAP.

Prior to joining NRL, he was working with the Indian Institute of Bank Management as Faculty in the area of Financial Management and was involved in imparting training to senior officials of Banks/Government more particularly in the areas of Credit Appraisal and Project Management. Shri Medhi was also involved with a number of Research and Consultancy projects during his tenure with the Institute.

Shri S.R.Medhi was appointed as Additional Director w.e.f. 4th November, 2011 by the Board of Directors. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956, from a member proposing his name as Director of the Company.

v) Shri R. T. Jindal

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

Shri R.T. Jindal, was appointed as Additional Director w.e.f. 2nd July, 2012 by the Board of Directors. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956, from a member proposing his name as Director of the Company.

vi) Shri S. K. Srivastava

Shri S.K. Srivastava did his B.Sc (Hons) and M.Sc.,(Geology) from Lucknow University with first division in both. He had presented several papers and published in various symposia, conferences and refereed journals. He is the member of the prestigious American Association of Petroleum Geologists. Shri Srivastava has assumed the office of Chairman & Managing Director, Oil India Limited(OIL) w.e.f. 1st May, 2012. He worked for over 35 years in the upstream sector, out of which over 3 decades with OIL, a leading upstream Public Sector Undertaking (PSU). During his more than three and half decades experience in OIL in on land and offshore fields in India and abroad, Shri Srivastava had occupied several leadership positions in various capacities.

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

Shri S.K.Srivastava was appointed by the Board w.e.f. 26th July, 2012 in place of Shri N.M.Borah. Being appointed in casual vacancy, he will hold office till the date of ensuing Annual General Meeting upto which Shri Borah 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.

vii) Shri V. L. V. S. S. Subba Rao

Shri V. L. V. S. S. Subba Rao is a senior Member of Indian Economic Service of 1985 batch and holds a Master Degree in Economics. He has a working experience of about 25 years during which he had developed knowledge and experience in the functional areas of Finance, Project Appraisal, Trade Logistics, Training and Economic Administration.

Shri V. L. V. S. S. Subba Rao was appointed as Additional Director w.e.f. 7th August, 2012 by the Board of Directors. Being an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956, from a member proposing his name as Director of the Company.

9. Disclosures and compliance

- a. There was no transaction of material nature with Directors or the Management or their relatives having potential conflict with the interest of the Company at large.
- b. There was no instances of non-compliance of any provisions of Law, guidelines issued by any regulatory authorities as well as no penalties were imposed on the Company during the last three years
- c. An expenditure amounting to ₹ 5.86 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 1.38% during the year.
- f. There are no qualifications in the Auditors' Report on the financial statements to the shareholders of the Company.

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

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

11.Means of communication

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

12. Management Discussion & Analysis Report

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

13. General information to shareholders:

a.

Number of AGM	19 th Annual General Meeting
Date and Time	7 th September, 2012 at 3.00 P.M.
Venue	Hotel Brahmaputra Ashok, M. G. Road, Guwahati - 781001
Dividend payment	The Board has recommended Dividend @ ₹1.00/- per share for the consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, the same will be paid within 30 days from the date of declaration.

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

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

d. Registrars & Share Transfer Agents:

Data Software Research Co. Pvt. Limited
19 Pycrofts Garden Road,
Off. Haddows Road, Nungambakkam, Chennai- 600006
Ph: +91-44-28213738/4487, Fax: +91-44-28214636
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 31-03-2012.

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

g. Plant location:

Numaligarh Refinery Limited
Pankagrang,
P.O. Numaligarh Refinery Complex
Dist. Golaghat, Assam, Pin- 785699
Address for correspondence:

h. 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 31st March 2012, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) , Government of India in May, 2010.

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

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

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

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

For Biman Debnath & Associates
Company Secretaries

Sd/-

Biman Debnath
Proprietor

C. P. No. 5857

Membership No. 16797

Place : Guwahati
Date : 14th July, 2012

Secretarial Audit Report

The Board of Directors

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

We have examined the registers, records, books and papers of Numaligarh Refinery Limited ("the Company") having its registered office at 122A, G. S. Road, Christianbasti, Guwahati - 781005, Assam and having Corporate Identity Number (CIN) U11202AS1993GOI003893, for the financial year ended 31st March, 2012 according to the provisions of the Companies Act 1956 and the Rules made under the Act and also the provisions contained in the Memorandum and Articles of Association of the Company.

- I. In our opinion, based on test check carried out by us, verification of the records produced to us and according to the information furnished to us by the Company, the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to :
1. Maintenance of various Statutory Registers and documents and making necessary entries therein;
 2. Filing of requisite forms , returns , documents and resolutions with the Registrar of Companies, Shillong and Central Government within the time prescribed under the Act and Rules made there under;
 3. Service of documents by the Company on its Members, Auditors and Registrar of Companies;
 4. The Company has adopted a system of taking the date of Annual General Meeting as the record date for declaration & payment of dividend;
 5. Convening and holding of meetings of Directors and Committees of the Directors including passing of resolutions by circulation;
 6. Convening and holding of 18th Annual General Meeting of the Company on 9th September, 2011;
 7. Minutes of the proceedings of General Meeting and the meetings of the Board and its committees were properly recorded in loose leaf form, which are being bound in book form at regular intervals;
 8. Appointment and remuneration of Auditor and Cost Auditor;
 9. Transfer and transmission of shares and issue and delivery of original certificates of shares;
 10. Composition and terms of reference of Audit Committee;
 11. Declaration and payment of Dividend;
 12. Investment of Company's funds including inter-corporate loans and investments and investment and loans to others;
 13. Giving guarantees in connection with loan taken by Associate Companies;
 14. Borrowing and registration, modification and satisfaction of charge;
 15. Deposit of both the Employees' and Employers' Contribution relating to Provident Fund;
 16. Form of Balance Sheet as prescribed under part I of Revised Schedule VI to the Act and requirements as to the Profit and Loss Account as per Part II of the said Schedule;

17. Contracts, Common Seal, Registered Office and publication of name of the Company;
18. Generally, all other applicable provisions of the Act and the Rules made under the Act;

II. We further state that :

19. The Company being a Government Company, appointment and remuneration of Wholetime Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Independent) Directors received sitting fee of Rs. 20,000/- for each Board/Audit Committee meeting attended by them and Rs. 10,000/- for each of the other Committee meetings during the year 2011-12;
20. The Directors have disclosed their interest and concerns in contracts and arrangements, shareholding and directorships in other Companies and interest in other entities as and when required and their disclosures have been noted and recorded by the Board;
21. The Directors have complied with the disclosure requirements in respect of their eligibility of appointments, their being independent and compliance with the Code of Business Conduct and Ethics for Board and Senior Management personnel;
22. The Company has obtained all necessary approvals under the various provisions of the Act;
23. There was no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and no fines and penalties were imposed on the Company/ its Directors and Officers during the financial year, for offences under the Act; and
24. The Company is a non-listed Company and the provisions of the listing agreements are not applicable to the Company except and to the extent that it is a subsidiary of a listed company.

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

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

For Biman Debnath & Associates

Company Secretaries

Sd/-

Biman Debnath

Proprietor

C.P. No. 5857

FCS No. 6717

Place: Guwahati

Date: 12th July, 2012

Annexure-C

Statement showing the total number of employees and the number of Scheduled Castes & Scheduled Tribes amongst them as on 01-01-2012

Group/Class	Permanent/Temporary	Total No. of employees	Scheduled Castes	% of total employees	Scheduled Tribes	% of total employees	Remarks
Group - A Other than lowest rung of Group - A	Permanent	406	52	12.80	35	8.62	-
Lowest rung of Group-A (02)	Permanent	3	NIL	-	-	-	-
Total		409	52	12.71	35	8.55	-
Group - B	Permanent	-	-	-	-	-	-
Group - C	Permanent	429	36	8.39	61	14.21	-
Group - D (Excluding Sweepers)	Permanent	4	2	50	1	25	-
Group - D (Sweepers)	Nil	-	-	-	-	-	-
Total		842	90	10.68	97	11.52	

Statement showing representation of Scheduled Castes & Scheduled Tribes in each service controlled by the Ministry as on 01-01-2012

Grades of the Service including Scale of Pay		Groups	Total no. of Posts	Total No. of Employees	Employees belong to		
Grades	Scale of Pay				Other Community	SC	ST
1	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	NON-SUPERVISORY EMPLOYEES						
I	₹ 9000-15300	D	4	4	1	2	1
II	₹ 9700-16800	C	15	15	8	-	7
III	₹ 10350-31200	C	9	9	8	-	1
IV	₹ 10900-31500	C	2	2	2	-	-
V	₹ 11400-32500	C	43	43	35	2	6
VI	₹ 12200-33500	C	53	53	33	11	9
VII	₹ 12450-35500	C	105	105	72	8	25
VIII	₹ 13150-45000	C	202	202	174	15	13
	SUPERVISORY EMPLOYEES						
02	₹ 20600-46500	A	3	3	3	-	-
A	₹ 24900-50500	A	163	163	137	14	12
B	₹ 29100-54500	A	57	57	24	23	10
C	₹ 32900-58000	A	68	68	57	6	5
D	₹ 36600-62000	A	70	70	62	6	2
E	₹ 43200-66000	A	19	19	14	2	3
F	₹ 51300-73000	A	17	17	14	-	3
G	₹ 51300-73000	A	8	8	7	1	-
H	₹ 51300-73000	A	4	4	4	-	-

Statement showing the number of reserved vacancies filled by members of Scheduled Castes & Scheduled Tribes during the year 2011

Class of Posts	Total No. of Vacancies		Scheduled Castes						Scheduled Tribes						Remarks
	Notified	Filled	No. of Vacancies reserved		No. of SC	No. of SCs	No. of SCs candidates	No. of reservation lapsed	No. of Vacancies reserved		No. of STs	No. of STs vacancies	No. of STs		
			Out of Col.2	Out of Col. 3	Candidates appointed	Vacancies carried forward	Appointed against vacancies reserved for SCs in the 3 rd year of carry forward	After carrying forward for three years	Out of Col 2	Out of Col 3	candidates appointed	carried forward from the previous year .	candidates appointed against vacancies reserved for STs in the 3 rd year of carry forward	No.of reservations lapsed after carrying forward for three years.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Posts filled by Direct Recruitment															
Group A	29	29	3	3	3	NIL	NIL	NIL	1	1	1	NIL	NIL	NIL	
Other than lowest rung of Group-A	1	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Lowest rung of Group-A	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Group B	NIL	NIL	Filled by promotion by selection.												
Group C	4	4	2	2	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Group D (Excluding Sweepers)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Group D (Sweepers)	2	2	2	2	2	2	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Posts filled by Promotion *	No promotions have taken place which attracts reservation.														
Group A	No promotions have taken place which attracts reservation.														
Other than lowest rung of Group-A	No promotions have taken place which attracts reservation.														
Lowest rung of Group-A	No promotions have taken place which attracts reservation.														
Group- B	No promotions have taken place which attracts reservation.														
Group C	No promotions have taken place which attracts reservation.														
Group-D (Excluding Sweepers)	No promotions have taken place which attracts reservation.											-	-	-	

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

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

Annexure-D**Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March 2012**

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

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

Sl.No.	Name	Qualification	Age	Designation/ Nature of Duties	Date of Commencement of Employment	Experience (No.of years)	Remuneration (₹)	Particulars of last employment
1	Bora Prabir Kumar	BE(Chemical)	60	GM (Comm.& CC)	6/5/1995	16	3,977,349.00	Hindustan Paper Corporation Ltd.

Note:

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

Auditors' Report

Auditors' Report to the members of Numaligarh Refinery Limited

1. We have audited the attached Balance Sheet of **Numaligarh Refinery Limited** as at 31st March 2012 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 notes (note No.1 to 45) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - 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

Firm Registration No.302184E

Sd/-

Chandan Chattopadhyay

Partner

Membership No. 51254

Place: New Delhi

Date : 11th May 2012

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. other fixed assets (*Buildings, Plant & Machineries, Tanks & Pipelines, Railway Siding, Dispensing Tanks & Pumps and Vehicles*) have been physically verified by the management during the year and the discrepancies noticed between book records and physical inventory, though not significant, have been duly adjusted in the accounts.
 - (c) In our opinion, the disposals of fixed assets during the year are not of a significant value and do not affect the going concern assumption.
2. (a) As explained to us the inventories of Finished Goods, Raw Materials and Stores and Spares except those lying with contractors / third parties have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In accordance with the information and explanations given to us, the procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared with book records were not material considering the size of the company and the nature of its business and the same have been properly adjusted in the accounts.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Sub-clauses of Sub-para (3) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We have not observed any major weaknesses in the internal control system.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, there was no transactions that needed to be entered in the Register required to be maintained under Section 301 of Companies Act, 1956, exceeding the value of ₹ Five Lacs in respect of any party in the financial year.
6. According to information and explanations given to us, the Company has not accepted any deposits from the Public. Hence, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 are not applicable to the Company.

7. The Company has its Internal Audit System commensurate with its size and nature of business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been maintained.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid statutory dues were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and the information and explanations given to us the particulars of disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2012 are given below :

Name of the Statute	Nature of Dues	Since when Pending	Amount (₹ in Crores)	Where Dispute is Pending
The C. Excise Act, 1944 (Excise Duty including Penalty and Interest)	Interest on erroneous refund of additional excise duty on HSD	25-02-11	73.16	Deptt.'s appeal against favourable order to NRL is pending before CESTAT, Kolkata
	Penalty & Interest on wrongful admissibility of CENVAT credit	25-03-05	73.77	CESTAT Kolkata
	Excise Duty on adoption of lower transaction value for OMC's other than M/S BPCL (HSD & MS)	26-12-05	85.65	CESTAT Kolkata
	Adoption of lower transaction value on sales to Oil Marketing Companies (other than BPCL)	06-01-11	0.52	C.Excise Appellate Authority at Guwahati
	Availment of Cenvat Credit on GTA services on outward transportation upto Place of removal upto Mar 08	05-01-07	0.94	CESTAT Kolkata
The Income Tax Act, 1961	Income Tax demand on write back of provision for retirement benefits for F.Y. 2006-07	27-01-10	0.11	CIT (Appeals)
The Finance Act relating to Service Tax	Service Tax on Services received from foreign entities that do not have office in India.	26-10-07	1.55	CESTAT Kolkata
The Finance Act relating to Service Tax	Classification of Service under Business Support Service by the Department instead of Rent on Immovable Property Services	01-06-06	0.31	C.Excise Appellate Authority at Guwahati
The Assam Entry Tax Act	Entry Tax	Nov-06	209.93	Supreme Court of India

10. According to the information and explanation provided to us , the Company has no accumulated losses as at 31st March, 2012 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, there was an instance of alleged fraud of under-invoicing to a customer and the matter is being investigated. The financial impact will be known after the investigation is completed.

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

Sd/-
Chandan Chattopadhyay
Partner
Membership No. 51254

Place: New Delhi
Date : 11th May 2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NUMALIGARH REFINERY LIMITED, GUWAHATI FOR THE YEAR ENDED 31ST MARCH, 2012

The preparation of financial statements of Numaligarh Refinery Limited, Guwahati for the year ended 31st March, 2012 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 11-05-2012.

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 31st March 2012. 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: 19th June 2012

Balance Sheet as at 31st March, 2012

₹ in Crores

	Notes	31-03-2012	31-03-2011
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	735.63	735.63
Reserves and Surplus	4	1,963.63	1,865.42
Total Shareholders' funds		2,699.26	2,601.05
Non Current Liabilities			
Long-Term Borrowings	5	64.71	88.94
Deferred tax liabilities (net)	6	203.87	238.47
Other Long-Term Liabilities	7	7.42	5.52
Long-Term Provisions	8	19.17	7.75
Total Non-current liabilities		295.17	340.68
Current Liabilities			
Short-Term Borrowings	9	218.68	122.98
Trade Payables	10	1,346.04	1,279.58
Other Current Liabilities	11	449.53	388.40
Short-Term Provisions	12	182.43	268.78
Total current liabilities		2,196.68	2,059.74
Total Equity and Liabilities		5,191.11	5,001.47
Assets			
Non Current Assets			
Fixed Assets			
Tangible Assets	13	1,881.56	2,040.25
Intangible Assets	14	8.94	7.86
Capital work-in-progress	15	128.90	71.67
Non Current Investment	16	121.24	60.03
Long-Term Loans and Advances	17	62.72	69.79
Other Non-Current Assets	18	4.90	4.90
Total Non-Current Assets		2,208.26	2,254.50
Current Assets			
Current Investments	19	63.84	63.83
Inventories	20	2,015.52	1,632.19
Trade Receivables	21	800.42	755.60
Cash & Bank Balances	22	0.12	201.67
Short-Term Loans and Advances	23	64.62	93.21
Other Current Assets	24	38.33	0.47
Total Current Assets		2,982.85	2,746.97
Total Assets		5,191.11	5,001.47
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S. Ghose & Co.

Chartered Accountants

Firm Registration No.302184E

Sd/-

Chandan Chattopadhyay

Partner

Membership No.51254

Place: New Delhi

Date : 11th May 2012

For and on behalf of the Board of Directors

Sd/-

Dipak Chakravarty

Managing Director

Sd/-

Nilmoni Bhakta

Director (Finance)

Sd/-

H. K. Sarmah
Company Secretary

Place: New Delhi

Date : 11th May 2012

Profit and Loss Statement for the year ended 31st March, 2012

₹ in Crores

	Notes	31-03-2012	31-03-2011
Revenue			
Revenue from operations (Gross)	25	14,075.58	8,997.38
Less : Excise duty		(647.58)	(666.16)
Revenue from operations (Net)		13,428.00	8,331.22
Other income	26	21.73	34.23
Total revenue		13,449.73	8,365.45
Expenses			
Cost of material consumed	27	12,360.43	6,972.79
Purchases of traded goods		72.55	216.81
Changes in inventories of finished goods and work in progress	28	(303.90)	35.07
Employee benefits expenses	29	143.28	138.01
Finance costs	30	38.58	29.16
Depreciation and amortisation expense	13 & 14	173.97	170.17
Other expenses	31	659.22	384.47
Total Expenses		13,144.13	7,946.48
Profit before exceptional and extraordinary items and tax		305.60	418.97
Exceptional items		-	-
Profit before extraordinary items and tax		305.60	418.97
Extraordinary Items		-	-
Prior period items (net)	32	18.14	4.84
Profit Before Tax		287.46	414.13
Tax Expense			
Current tax	33	133.02	143.51
Deferred Tax	6	(34.59)	(0.92)
Short/(excess) provision for Taxation in earlier years provided for	33	5.33	(7.72)
Profit / (Loss) for the period from continuing operations		183.70	279.26
Profit / (Loss) for the period from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit / (Loss) for the period from discontinuing operations (after tax)		-	-
Profit / (Loss) for the period		183.70	279.26
Earnings per equity share (in ₹):			
Basic	34	2.50	3.80
Diluted	34	2.50	3.80
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For S. Ghose & Co.

Chartered Accountants

Firm Registration No.302184E

Sd/-

Chandan Chattopadhyay

Partner

Membership No.51254

Place: New Delhi

Date : 11th May 2012

For and on behalf of the Board of Directors

Sd/-
Dipak Chakravarty
Managing DirectorSd/-
Nilmoni Bhakta
Director (Finance)Sd/-
H. K. Sarmah
Company Secretary

Place: New Delhi

Date : 11th May 2012

Notes to Accounts

1. Corporate Information:

Numaligarh Refinery Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

2. Significant Accounting Policies

I. 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.

II. Change in Accounting Policy

The Ministry of Corporate Affairs has notified the Revised Schedule VI on 28th February, 2011 which has replaced the existing Schedule VI in respect of Balance Sheet and Profit & Loss Account from the financial year commencing 1st April, 2011. Accordingly the Company has adopted the Revised Schedule VI from 1st April, 2011 which does not impact recognition and measurement of principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements.

III. Use of Estimates

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.

IV. Fixed Assets

IV.a Land

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

IV.b Fixed Assets other than Land

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

IV.b.ii Expenditure on assets, other than plant and machinery, not exceeding ₹ 1000/- per item is charged to revenue.

IV.b.iii 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.

IV.c Expenditure during construction period

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

Notes to Accounts

transmission lines, roads, culverts etc. the ownership of which is not with the Company are charged to revenue in the accounting period of incurrence of such expenditure.

IV.d Intangible Assets

IV.d.i 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.

IV.d.ii In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

V. 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.

VI. 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 ready for use. Other borrowing costs are recognised as expense in the period in which these are incurred.

VII. Depreciation/amortisation

VII.a 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.

VII.b Individual assets costing not more than ₹ 5000/- each are depreciated @100 percent in the year of capitalisation.

VII.c 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.

VII.d Cost of leasehold land (other than perpetual lease) are amortised over the period of lease.

VIII. Investments

VIII.a Current investments are individually valued at lower of cost or fair market value.

VIII.b Long Term investments are valued at cost. Provision for diminution is made to recognise a decline, other than of temporary nature, in the value of such investments.

IX. Inventory

IX.a Raw materials and Intermediates are valued at cost or net realisable value, whichever is lower. Cost is determined as follows:

IX.a.i Raw materials on weighted average cost.

IX.a.ii Intermediate Stocks at raw material cost plus cost of conversion.

Notes to Accounts

- IX.b Finished products are valued at weighted average cost or net realisable value inclusive of North East Excise duty benefit, whichever is lower.
- IX.c 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.

X. Revenue Recognition

- X.a 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.
- X.b Other claims are booked when there is a reasonable certainty of collectability.
- X.c Provisions, as appropriate, are made based on the merits.
- X.d Income from sale of scrap is accounted for on realisation.

XI. Classification of Income / Expenses

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

XII. Employee Benefits

- XII.a Contribution to Provident Fund for the year is recognised in the Profit & Loss Account. Liability towards superannuation benefits is charged to Profit & Loss Account.
- XII.b 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.
- XII.c 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.
- XII.d 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.

XIII. 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.

Notes to Accounts

XIV. Foreign Currency Transactions

- XIV.a Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.
- XIV.b Monetary items denominated in foreign currency are converted at exchange rate prevailing on the date of balance sheet.
- XIV.c 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.

XV. Government Grants

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

XVI. Provisions, Contingent Liabilities and Capital Commitments

- XVI.a Show cause Notices issued by various Government Authorities are not considered as contingent liabilities.
- XVI.b 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 exceeding ₹ 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.
- XVI.c Capital Commitments: Estimated amount of contracts remaining to be executed on capital account above ₹ 0.05 crores, in each case, are considered for disclosure.

XVII. Taxes on Income

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

Notes to Accounts

3 Share Capital

₹ in Crores

	31-03-12	31-03-11
Equity Shares		
Authorised		
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>
Issued, subscribed and paid-up		
73,56,31,544 fully paid Equity Shares of ₹ 10 each)	<u>735.63</u>	<u>735.63</u>
Total	<u>735.63</u>	<u>735.63</u>

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

	31-03-12		31-03-11	
	Number	₹ Crores	Number	₹ Crores
Equity Shares				
Shares outstanding at the beginning of the year	735,631,544	735.63	735,631,544	735.63
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	735,631,544	735.63	735,631,544	735.63

b. Terms/rights attached to equity shares

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

During the year ended 31st March 2012, the amount of dividend per share recognised as distributions to equity shareholders is ₹ 1.00 (31st March, 2011: ₹ 1.50).

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

c. Shares held by holding company

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

₹ in Crores

	31-03-12	31-03-11
Bharat Petroleum Corporation Limited. (with nominees)		
45,35,45,998 (previous year 45,35,45,998) equity shares of ₹ 10 each fully paid	<u>453.55</u>	<u>453.55</u>

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

	31-03-12		31-03-11	
	Number	% of Holding	Number	% of Holding
Name of Shareholder				
Bharat Petroleum Corporation Limited.	453,545,998	61.65%	453,545,998	61.65%
Oil India Limited.	191,264,202	26.00%	191,264,202	26.00%
Governor of Assam.	90,821,344	12.35%	90,821,344	12.35%

Notes to Accounts

4 Reserves and Surplus

₹ in Crores

		Capital Reserve	General Reserve	Profit & Loss Account	Total
As at	01-04-2010	100.00	1,614.39	0.01	1,714.40
	Profit/(Loss) for the year	-	-	279.26	279.26
	Dividend to Equity shareholders	-	-	(110.34)	(110.34)
	Tax on Distributed Profits	-	-	(17.90)	(17.90)
	Transfer (to)/from	-	151.02	(151.02)	-
As at	31-03-2011	100.00	1,765.41	0.01	1,865.42
As at	01-04-2011	100.00	1,765.41	0.01	1,865.42
	Profit/(Loss) for the year	-	-	183.70	183.70
	Dividend to Equity shareholders	-	-	(73.56)	(73.56)
	Tax on Distributed Profits	-	-	(11.93)	(11.93)
	Transfer (to)/from	-	98.21	(98.21)	-
As at	31-03-2012	100.00	1,863.62	0.01	1,963.63
		-	-	-	-

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

Notes to Accounts

5 Long-term Borrowings

₹ in Crores

	31-03-12	31-03-11
Term Loans		
From Banks		
Secured	-	-
Unsecured	-	-
From Oil Industry Development Board		
Secured	-	-
Unsecured	64.71	88.94
Total	64.71	88.94

Unsecured Loans from Oil Industry Development Board consist of 2 loans as on 31-03-2012:

- ₹ 23.94 crores drawn at 5.00% p.a. and to be repaid in the next 3 years in annual installments of ₹ 7.98 crores.
- ₹ 65.00 crores drawn at 7.48% p.a. and to be repaid in the next 4 years in annual installments of ₹ 16.25 crores.

6 Deferred Tax Liabilities (Net)

As per requirement of the Accounting Standard 22 -“Accounting of Taxes on Income” the net tax asset credited to Profit and Loss Account during the year is ₹ 34.59 crores (previous year ₹ 0.92 crores). The year end position of Deferred Tax Liability and Asset is given below:

₹ in Crores

	31-03-12	31-03-11
Deferred Tax Liability		
Difference of Book Depreciation & Tax Depreciation	297.67	317.58
Deferred Tax Assets		
Difference in write offs under Companies Act and Income Tax Act	-	-
Disallowed U/S 43B of Income Tax Act'1961	74.82	65.10
Others including retirement benefits	18.98	14.01
Total	93.80	79.11
Net Deferred Tax Liability	203.87	238.47

Notes to Accounts

7 Other Long-Term Liabilities

₹ in Crores

	31-03-12	31-03-11
Trade Payables	-	-
Others	<u>7.42</u>	<u>5.52</u>
Total	<u>7.42</u>	<u>5.52</u>
Trade payables includes outstanding dues to Micro and Small Entreprises.		
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 2011-12.		
Principal amount remaining unpaid to any supplier as at the end of each accounting year;	-	-
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
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.	-	-

Notes to Accounts

8 Long-Term Provisions

Provision for employee benefits

These are non funded defined benefit obligations

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

₹ in Crores

Reconciliation of balances of Defined Benefit Obligations	Long Service Award Non Funded		Post Retirement Medical Non Funded		Resettlement Allowance Non Funded	
	31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11
Defined Obligations at the beginning of the year	2.50	1.75	3.75	3.09	1.68	1.06
Interest Cost	0.21	0.15	0.32	0.26	0.14	0.08
Current Service Cost	0.22	0.20	0.26	0.24	0.11	0.10
Benefits paid	(0.01)	(0.06)	(0.05)	(0.03)	(0.41)	(0.21)
Actuarial (Gains)/ Losses on obligations	1.70	0.46	9.43	0.19	0.17	0.65
Defined Obligations at the end of the year	4.62	2.50	13.71	3.75	1.69	1.68
Amount recognised in Balance Sheet	4.62	2.50	13.71	3.75	1.69	1.68
Less: Current portion	0.04	0.04	0.78	0.09	0.03	0.05
Non Current Portion	4.58	2.46	12.93	3.66	1.66	1.63
Amount recognised in P&L Account						
Current Service Cost	0.22	0.20	0.26	0.24	0.11	0.10
Interest Cost	0.21	0.15	0.32	0.27	0.14	0.08
Expected Return on Plan Assets						
Actuarial (Gains)/ Losses	1.70	0.45	9.43	0.19	0.17	0.65
Expenses for the period	2.13	0.80	10.01	0.70	0.42	0.83
Major Actuarial Assumptions						
Discount Rate	8.50%	8.40%	8.50%	8.40%	8.50%	8.40%
Salary Escalation / Inflation	7.00%	7.00%	8.00%	0.00%	8.00%	10.00%
Expected Return on Plan Assets	-	-	-	-	-	-

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.

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

	31-03-12	31-03-11
Change in Liability for : 1% increase in Discount Rate	1.05	0.56
Change in Liability for : 1% decrease in Discount Rate	(1.14)	(0.72)

Notes to Accounts

9 Short-term Borrowings

₹ in Crores

	31-03-12	31-03-11
Loans repayable on demand		
From banks		
Secured	218.58	120.96
Un-Secured	0.10	2.02
From other parties		
Secured	-	-
Un-Secured	-	-
Total	218.68	122.98

Secured loan from State Bank India carries interest @ 10% p.a. The loan is repayable on demand. The loan is secured by hypothecation of current assets i.e. stocks of raw material, finished goods, semi-finished goods and book debts.

Un-secured loan in form of over draft from HDFC Bank with a limit of ₹ 3 crores, carries interest @ 12.00% p.a. The loan is repayable on demand.

10 Trade Payables

₹ in Crores

	31-03-12	31-03-11
Trade Payables	1,346.04	1,279.58
Total	1,346.04	1,279.58

Trade payables includes outstanding dues to Micro and Small Enterprises.

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 2011-12.

Principal amount remaining unpaid to any supplier as at the end of each accounting year;	0.41	0.65
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
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.	-	-

Notes to Accounts

11 Other Current Liabilities

₹ in Crores

	31-03-12	31-03-11
Current maturities of long term debt	24.23	7.98
Advances from Customers	14.30	13.12
Interest Accrued but not due on borrowings	0.51	0.83
Statutory Liabilities	316.58	282.29
Employee related liabilities	15.07	16.45
Deposits from customers	4.44	4.27
Other deposits and retentions	17.15	22.36
Other Payables	57.25	41.10
Total	449.53	388.40

a. Statutory liabilities include Assam Entry Tax liability of ₹ 144.53 crore (previous year ₹ 144.53 crore).

b. Other liabilities includes outstanding dues to Micro and Small Enterprises.

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 2011-12.

Principal amount remaining unpaid to any supplier as at the end of each accounting year;	0.15	0.10
Interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
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.	-	-

Notes to Accounts

12 Short-Term Provisions

a) Provision for employee benefit

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.

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

Other defined benefits: These are non funded defined benefit obligations

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

	₹ in Crores	
	31-03-12	31-03-11
Gratuity	(0.71)	(0.12)
Leave Encashment	30.85	25.57
Pension	4.97	18.70
Other defined benefits		
Long Service Award	0.04	0.04
Post Retirement medical Benefit	0.78	0.09
Resettlement Allowance	0.03	0.05
Other short term employee benefits	0.29	0.34
	<u>36.25</u>	<u>44.67</u>
b) Other Provisions		
Provision for Taxation (net of Tax paid)	60.69	95.87
Proposed Dividend	73.56	110.34
Provision for Tax on Proposed Dividend	11.93	17.90
	<u>146.18</u>	<u>224.11</u>
Total	<u>182.43</u>	<u>268.78</u>

Notes to Accounts

₹ in Crores

	31-03-12	31-03-11
Leave Encashment		
Reconciliation of balances of Defined Benefit Obligations	Non Funded	
Defined Obligations at the beginning of the year	25.57	10.70
Interest Cost	2.15	0.82
Current Service Cost	1.24	1.14
Benefits paid	(2.45)	(2.11)
Actuarial (Gains)/ Losses on obligations	4.34	15.02
Defined Obligations at the end of the year	30.85	25.57
	-	-
Amount recognised in P&L Account		
Current Service Cost	1.24	1.14
Interest Cost	2.15	0.82
Expected Return on Plan Assets		-
Actuarial (Gains)/ Losses	4.34	15.03
Expenses for the period	7.73	16.99
Major Actuarial Assumptions		
Discount Rate	8.50%	8.00%
Salary Escalation / Inflation	8.00%	10.00%
Expected Return on Plan Assets	0.00%	0.00%
Gratuity		
Reconciliation of balances of Defined Benefit Obligations	Funded	
Defined Obligations at the beginning of the year	10.61	6.22
Interest Cost	0.89	0.48
Current Service Cost	1.12	0.62
Benefits paid	(0.30)	(1.09)
Actuarial (Gains)/ Losses on obligations	6.61	4.38
Defined Obligations at the end of the year	18.93	10.61
Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund		
Fair Value at the beginning of the year	10.73	2.11
Expected Return	1.00	0.15
Actuarial (Gain)/Losses	0.01	(0.05)
Actual return on Plan assets	1.00	0.19
Contribution by employer	8.21	9.51
Benefits paid	(0.30)	(1.09)
Fair Value of Plan Assets at the end of the year	19.64	10.73
Amount recognised in Balance Sheet	(0.71)	(0.12)

Notes to Accounts

₹ in Crores

	31-03-12	31-03-11
Amount recognised in P&L Account		
Current Service Cost	1.12	0.62
Interest Cost	0.89	0.48
Expected Return on Plan Assets	(1.00)	(0.15)
Actuarial (Gains)/ Losses	6.60	4.33
Expenses for the period	7.61	5.28
	-	-
Major Actuarial Assumptions		
Discount Rate	8.50%	8.40%
Salary Escalation / Inflation	8.00%	10.00%
Expected Return on Plan Assets	8.50%	9.30%

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.

Investment pattern for Gratuity Fund

Category of Asset	%	%
Government of India Asset	-	-
Corporate Bonds	-	-
Special Deposit Scheme	-	-
State Government	-	-
Others (LICI)	100	100
Total	100	100

As per our best estimate, ₹ 1.21 crores is expected to be paid to the Gratuity Fund as contribution in the year 2012-13.

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 :

- Actuarial valuation for all long term benefits viz. Gratuity, Post Retirement Medical Benefit, Leave encashment, Long service awards and Resettlement benefits.
- Actual contribution towards Provident Fund.
- Actual/fair estimation basis by the Management for all known short term employee benefits.

Notes to Accounts

13 Tangible Assets

₹ in Crores

	Gross Block/Cost				Depreciation				Net Block	
	As at 01-04-2011	Addition (2)	Deductions on account of Re- tirement/ Re- classifications (3)	As at (4)=(1+2+3)	As at 01-04-2011 (5)	Addition (6)	Deductions on account of Retire- ment/ Re-classifi- cations (7)	As at (8)=(5+6+7)		As at (9)=(4-8)
Land Freehold	28.82	-	-	28.82	-	-	-	-	28.82	28.82
Land Leasehold	1.89	-	(1.17)	0.72	0.28	0.07	(0.21)	0.14	0.58	1.61
Buildings	458.67	25.90	(55.47)	429.10	68.08	11.20	(7.76)	71.52	357.58	390.59
Plant and Equipment	2,684.17	44.85	0.82	2,729.84	1,235.59	158.10	(0.12)	1,393.57	1,336.27	1,448.58
Furniture and Fixtures	7.97	0.75	(0.11)	8.61	4.36	0.51	(0.06)	4.81	3.80	3.61
Vehicles	23.16	0.21	(1.84)	21.53	16.17	0.81	(0.56)	16.42	5.11	6.99
Office equipments	41.74	5.71	(0.92)	46.53	25.35	4.31	(0.99)	28.67	17.86	16.39
Other equipments	63.09	4.61	1.47	69.17	17.58	5.02	(0.12)	22.48	46.69	45.51
Tanks and Pipelines	229.55	0.87	(0.08)	230.34	181.23	5.51	(0.01)	186.73	43.61	48.32
Dispensing Tanks and Pipelines	22.75	0.99	(8.13)	15.61	4.25	1.11	(1.94)	3.42	12.19	18.50
Railway Sidings	48.08	-	-	48.08	16.75	2.28	-	19.03	29.05	31.33
Total	3,609.89	83.89	(65.43)	3,628.35	1,569.64	188.92	(11.77)	1,746.79	1,881.56	2,040.25
Previous Year Figures	3,306.69	348.51	(45.31)	3,609.89	1,426.96	168.40	(25.72)	1,569.64	2,040.25	1,879.73

a) Freehold Land includes ₹ 11.00 Crore (₹ 11.00 Crore) in respect of 352.78 acres (352.78 acres) of Land acquired through Government of Assam for which the process of registration is on and registration in the name of the Company is pending. Free hold land includes Nil acres (Nil acres) of disputed land.

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

- (i) ₹ 5.51 crore (₹ 0.32 crore) on account of Write off of Physical Verification discrepancies.
- (ii) ₹ 58.00 crore (₹ 33.70 Crore) on account sale retirement, deletions and reclassifications.
- (iii) ₹ Nil crore (₹ 5.46 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.

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

- (i) Charged to Profit & Loss Account ₹ 171.52 Crore (₹ 168.05 Crore)
- (ii) Charged to previous year expenses ₹ 16.90 Crore (₹ 0.06 Crore)
- (iii) Charged to project expenses ₹ 0.50 crore (₹ 0.29 crore)

d) Deduction from Depreciation(Column 7) includes :

- (i) ₹ 0.28 crore (₹ 0.30 Crore) on account of Write off of Physical Verification discrepancies.
- (ii) Withdrawal of depreciation of ₹ 10.31 Crore(₹ 17.31 Crore) on account sale, deletions, retirement & reclassification.
- (iii) Withdrawal of depreciation of ₹ Nil Crore(₹ 0.07 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.

e) Gross Block (Column 1) includes ₹ Nil crore (₹ 14.82 Crore) assets held for sale the value of which has been written down to estimated net realisable value of ₹ Nil crore (₹ 9.90 crore).

Notes to Accounts

14 Intangible Assets

₹ in Crores

	Gross Block/Cost			Amortisation				Net Block		
	As at	Addition	Disposal/ adjustments	As at	As at	Addition	Disposal/ adjustments	As at	As at	As at
	01-04-2011			31-03-2012	01-04-2011			31-03-2012	31-03-2012	31-03-2011
Computer Software	8.34	-	-	8.34	7.92	-	-	7.92	0.42	0.42
(SAP Implementation cost)										
Computer Software	-	3.04	-	3.04	-	0.35	-	0.35	2.69	-
(Aspen PIMS)										
Licenses - SAP Upgradation	1.66	0.29	-	1.95	0.59	0.40	-	0.99	0.96	1.07
Licenses - MS Plant	1.51	0.20	-	1.71	1.43	0.19	-	1.62	0.09	0.08
Licenses - Hydrocracker	7.55	-	-	7.55	1.26	1.51	-	2.77	4.78	6.29
Total	19.06	3.53	-	22.59	11.20	2.45	-	13.65	8.94	7.86
Previous Year Figures	10.88	8.18	-	19.06	9.12	2.11	(0.03)	11.20	7.86	1.76

15 Capital Work-in-Progress

₹ in Crores

	31-03-12	31-03-11
Capital work-in-progress (at Cost)		
Work-in-progress	109.51	57.75
Less : Provision for Capital Losses	<u>(4.55)</u>	<u>(0.33)</u>
	104.96	57.42
Capital Stores	16.24	11.47
Capital goods in transit	<u>1.24</u>	<u>0.08</u>
	<u>122.44</u>	<u>68.97</u>
Construction period expenses		
Opening balance	2.70	8.92
Add : Expenditure during the year		
Establishment charges	2.76	2.96
Depreciation	0.50	0.29
Finance Cost	-	-
Rates & Taxes	-	0.02
Others (including miscellaneous stores)	<u>0.50</u>	<u>0.09</u>
	6.46	12.28
Less : Allocated to assets during the year	-	9.58
Balance pending allocation at the end of the year	<u>6.46</u>	<u>2.70</u>
Total	128.90	71.67

Notes to Accounts

16 Non Current Investment

₹ in Crores

	Number of Shares	Face Value ₹	31-03-12	31-03-11
Trade Investment (valued at cost unless stated otherwise)				
Investments in Equity Instruments (Unquoted)				
Brahmaputra Cracker and Polymer Ltd.	8,61,55,029	10	86.16	32.47
Investments in associates				
DNP Limited	3,50,80,000	10	35.08	27.56
Other Investments				
Total			121.24	60.03

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

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

17 Long-Term Loans and Advances

₹ in Crores

	31-03-12	31-03-11
Capital Advances		
(Unsecured, considered good)	3.08	3.92
Security Deposits		
(Unsecured, considered good)	5.18	1.79
Loans and advances to related parties		
(Secured, considered good)	0.13	0.14
Other Loans and advances		
To Employees		
(Secured, considered good)	35.22	32.30
Advance for investment		
(Unsecured, considered good)	17.95	30.42
Others		
(Unsecured, considered good)	1.16	1.22
(Unsecured, considered doubtful)	-	-
Less: Provision for doubtful advances	-	-
Total	62.72	69.79

Loans and advances due from Officers : ₹ 18.17 crore (previous year ₹ 17.21 crore)

Loans and advances due from Directors : ₹ 0.13 crore (previous year ₹ 0.14 crore)

Advance for investment is made towards equity shares of Brahmaputra Cracker and Polymer Limited.

Notes to Accounts

18 Other Non-Current Assets

₹ in Crores

	31-03-12	31-03-11
Non Current Bank Balances	-	-
Long Term Trade Receivables		
Unsecured Considered good	4.90	4.90
Total	4.90	4.90

19 Current Investments

₹ in Crores

	31-03-12	31-03-11
Valued at cost or fair value unless stated otherwise		
Investments in 7% Oil Companies GOI Special Bonds 2012 (Non-Trade, Quoted)	64.31	64.31
Less: Provision for Diminution in value in Investment	(0.47)	(0.48)
	63.84	63.83
Investments in Mutual Funds (Non-Trade, Quoted)	-	-
Investments in Inter Corporate Deposits (Non-Trade, Unquoted)	-	-
Total	63.84	63.83

Government Bonds'2012 is due for maturity in September 2012.

Aggregate market value of 7% Oil Companies GOI Special Bonds 2012 is ₹ 63.84 crores (previous year ₹ 63.83 crores).

Aggregate amount of provision made for diminution in value of investment is ₹ 0.47 crores. (previous year ₹ 0.48 crores).

Notes to Accounts

20 Inventories

₹ in Crores

	31-03-12	31-03-11
Raw materials	360.26	252.24
Stock in process	86.42	132.08
Finished products	1,486.67	1,137.11
Stores and spares	123.47	158.36
Less:Provision for losses	(41.38)	(51.87)
Stores and spares in Transit	0.08	4.27
Total	2,015.52	1,632.19
Details of Inventory of Finished Products		
<i>Manufactured goods</i>		
LPG	5.01	6.46
Naphtha	263.07	149.58
MS	302.67	222.18
ATF	39.07	15.23
SKO	124.02	81.27
HSD	708.33	644.27
RPC	16.72	2.92
Sulphur	0.17	0.80
CPC	27.61	14.40
<i>Traded goods</i>		
MS	-	-
HSD	-	-
Total	1,486.67	1,137.11

Raw materials and Intermediates are valued at cost or net realisable value, whichever is lower. Cost is determined as follows:

Raw materials on weighted average cost.

Intermediate Stocks at raw material cost plus cost of conversion.

Finished products are valued at weighted average cost or net realisable value inclusive of North East Excise duty benefit, whichever is lower.

Stores and spares are valued at weighted average cost. Obsolete, slow moving/non- moving stores for 3 years and above and other materials including project materials identified as surplus are provided for in full so as to value them at ₹ Nil.

Notes to Accounts

21 Trade Receivables

₹ in Crores

	31-03-12	31-03-11
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	15.55	0.60
Considered doubtful	1.09	0.21
Provision for doubtful receivables	(1.09)	(0.21)
	<u>15.55</u>	<u>0.60</u>
Other receivables	-	-
Considered good	784.87	755.00
Considered doubtful	-	-
	<u>784.87</u>	<u>755.00</u>
Total	<u>800.42</u>	<u>755.60</u>

22 Cash & Bank Balances

₹ in Crores

	31-03-12	31-03-11
Cash & Cash Equivalents		
Balances with bank :		
On current accounts	0.02	0.03
Deposits with original maturity of less than three months	-	201.54
On unpaid dividend account	-	-
Other earmarked balances with bank	0.09	0.09
Cheques, Drafts on hand	-	-
Cash on hand	0.01	0.01
Other Bank Balances		
Deposits with original maturity for more than three months	-	-
Total	<u>0.12</u>	<u>201.67</u>

Notes to Accounts

23 Short-Term Loans and Advances

₹ in Crores

	31-03-12	31-03-11
Security Deposits		
(Unsecured, considered good)	0.91	7.64
Loans and advances to related parties		
(Secured, considered good)	0.01	0.01
Other Loans and advances		
To Employees		
(Secured, considered good)	3.26	3.15
To others		
(Unsecured, considered good)	16.32	5.83
(Unsecured, considered doubtful)	0.45	0.66
Less: Provision for doubtful advances	(0.45)	(0.66)
Prepaid expenses	0.20	0.31
Claims Receivable		
(Unsecured, considered good)	2.47	2.70
(Unsecured, considered doubtful)	2.46	3.06
Provision for doubtful claims	(2.46)	(3.06)
Deposits with Statutory Authorities	18.67	22.05
Advance Income Tax (net of provision for taxation)	22.78	51.52
Total	64.62	93.21

Loans and advances due from Officers : ₹ 1.72 crore (previous year ₹ 1.68 crore)

Loans and advances due from Directors : ₹ 0.01 crore (previous year ₹ 0.01 crore)

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

24 Other Current Assets

₹ in Crores

	31-03-12	31-03-11
Interest accrued but not due on Fixed Deposits	-	0.18
Interest accrued but not due on Investments	0.29	0.28
Interest accrued on other loans	0.03	0.01
Other Receivables	38.01	-
Total	38.33	0.47

Notes to Accounts

25 Revenue from operations (Gross)

₹ in Crores

	31-03-12	31-03-11
Sale of Products (Gross)	14,004.25	8,955.14
Other Operating Revenue		
Terminal Charges from Oil Marketing Companies	23.50	17.05
Other	47.83	25.19
Total	14,075.58	8,997.38
Details of Products Sold		
<i>Manufactured goods</i>		
LPG	269.49	155.68
Naphtha	567.67	60.13
MS	2,134.06	1,336.95
ATF	324.66	174.21
SKO	914.03	738.81
HSD	9,553.17	6,148.12
RPC	63.55	39.89
Sulphur	3.40	1.44
CPC	112.02	97.35
	13,942.05	8,752.58
<i>Traded goods</i>		
MS	15.91	43.12
HSD	46.29	159.44
	62.20	202.56
Total	14,004.25	8,955.14

26 Other Income

₹ in Crores

	31-03-12	31-03-11
Interest Income		
On Bank Deposits	1.46	3.98
On Current Investments	4.51	4.50
Others	1.33	1.24
Dividend Income		
On Current Investments	5.15	5.17
Net gain/(loss) on sale of investment	-	-
Other non-operating income	9.28	19.34
Total	21.73	34.23

Notes to Accounts

27 Cost of material consumed

₹ in Crores

	31-03-12	31-03-11
Opening Stock	252.24	149.55
Add : Purchases	<u>12,468.45</u>	<u>7,075.48</u>
	12,720.69	7,225.03
Less : Closing Stock	<u>360.26</u>	<u>252.24</u>
Cost of material consumed	<u>12,360.43</u>	<u>6,972.79</u>
Details of material consumed		
Crude Oil	11,988.19	6,840.34
MTBE and Py-Gas	253.24	132.45
Natural Gas	<u>119.00</u>	-
Total	<u>12,360.43</u>	<u>6,972.79</u>

28 Changes in inventories of finished goods and work in progress

₹ in Crores

	31-03-12	31-03-11
Value of closing stock of		
Finished goods	1,486.67	1,137.11
Stock in process	<u>86.42</u>	<u>132.08</u>
	1,573.09	1,269.19
Less:		
Value of opening stock of		
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
Total	<u>303.90</u>	<u>(35.07)</u>

29 Employee benefits expenses

₹ in Crores

	31-03-12	31-03-11
Salaries and wages	73.07	81.62
Contribution to provident fund and other funds	14.59	8.01
Contribution to gratuity fund	7.61	5.28
Bonus	10.49	10.16
Leave Encashment	7.73	16.99
Welfare expenses	<u>29.79</u>	<u>15.95</u>
Total	<u>143.28</u>	<u>138.01</u>

Employee benefits to Related Parties

Key Management Personnel (Whole time Directors)

Mr. Dipak Chakravarty Managing Director
Mr. Nilmoni Bhakta Director (Finance)
Mr. Sona Ram Medhi Director (Technical)

Nature of transaction

Salary and Allowances	0.58	0.86
Contribution to Provident Fund & other funds	0.09	0.08
Other benefits	<u>0.50</u>	<u>1.39</u>

Notes to Accounts

30 Finance costs

₹ in Crores

	31-03-12	31-03-11
Interest expense on loans	19.24	28.77
Interest expense others	17.89	0.06
Interest expense on delayed payments	1.35	0.06
Other borrowing costs	0.10	0.27
Net (gain)/loss on foreign currency transactions and translations	-	-
Total	38.58	29.16

31 Other expenses

₹ in Crores

	31-03-12	31-03-11
Consumption of stores, spares and materials	12.81	36.76
Power and Fuel	129.85	2.11
Rent	4.51	4.52
Other Duties and taxes	203.66	132.07
Transportation	164.83	95.97
Repairs to buildings	0.33	0.33
Repairs to machinery	33.76	41.13
Repairs others	43.54	28.07
Insurance	5.19	5.12
Rates and taxes, excluding taxes on income	1.14	1.00
Payment to Auditor as Remuneration	0.05	0.04
Payment to Auditor for other services	0.01	0.01
Payment to Auditor for reimbursement of expenses	-	0.01
Utilities	3.37	3.36
Facility hire charges	7.50	3.03
Travelling and conveyance	12.65	10.52
Telephone, Telex, Cables, Postage etc.	0.60	0.51
Miscellaneous expenses	20.83	15.60
Increase/(Decrease) in Excise Duty on closing stock	(4.96)	(19.42)
Loss on sale/write off of Fixed Assets (net)	7.20	17.74
Exchange Fluctuation Loss (Net)	0.79	(0.20)
Provision for Stores	-	-
Provision for Doubtful Debts, Advances and Claims	(0.18)	0.40
Provision Against Capital Work in Progress	4.23	0.13
Provision for diminution in value of investment	(0.01)	0.48
Bad debts and claims written off	0.47	-
Charity and donation	7.05	5.18
Total	659.22	384.47

The company has taken operating lease of product tanks from IMC Limited, Cargo Partner Logistics India Pvt. Limited and MPRS Logistics Care for 12 - 36 months duration with renewable option and lease rent amounting to ₹ 1.38 crore (previous years ₹ 1.75 crore) has been debited to Profit and Loss Account. The future minimum lease payment is as under:

Not later than one year	5.40	5.71
Later than one year and not later than five years	4.05	9.46
Later than five years	-	-

Notes to Accounts

32 Prior period items (net)

₹ in Crores

	31-03-12	31-03-11
Sale of Products	-	-
Purchase for Resale	-	-
Raw Materials Consumed	0.11	(0.25)
Consumption of Stores	0.11	-
Employee Cost - Post Retirement Medical Benefit	-	-
Other operating and administration expenses	1.02	5.03
Depreciation	16.90	0.06
Total	18.14	4.84

33 Provision for taxation for the financial year 2011-12 amounting to ₹ 138.35 crores (previous year ₹ 135.79 crores) has been made as per normal provisions of the Income Tax Act.

34 Earnings per equity share

₹ in Crores

	31-03-12	31-03-11
Face value ₹ 10/- each		
Net Profit as per Profit and Loss account available to Equity Shareholders (in ₹ crores)	183.70	279.26
Weighted average number of Equity Shares outstanding during the year	73,56,31,544	73,56,31,544
Basic earnings per share (₹)	2.50	3.80
Diluted earnings per share (₹)	2.50	3.80

35 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.

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

37 An amount of ₹ 203.66 crores (Previous year ₹ 132.07 crores) has been charged to Profit & Loss Account towards under recovery of CST on petroleum products.

38 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, 2012.

Notes to Accounts

39 Pending finalization of the Crude Oil Sales Agreement (COSA) purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in the financial year 2011-12 in line with FY 2010-11.

Govt. of Assam vide Gazette Notification no. FTX.55/2005/Pt-VII/I dt. 12th April'2011 has increased the VAT rate on crude oil from earlier 4% to 5% w.e.f. 12th April'2011, on account of which an additional amount of ₹ 107.72 crores have been charged to cost of crude oil during FY 2011-12.

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. The Company's share of the transportation cost and other incidentals thereof has been included in crude cost as well as for valuation of the closing stock.

40 Contingent Liabilities and Commitments:

₹ in Crores

Contingent Liabilities :	31-03-12	31-03-11
Claims against the Company not acknowledged as debts :		
i) Claim by Contractors, Arbitration cases/other extra claims on capital account	132.52	117.70
ii) Land matters	2.16	1.58
Guarantees:		
i) Guarantees in favour of Oil Industry Development Board for long term loans extended to associate companies DNP Ltd & BCP Ltd.	67.38	79.32
In respect of taxation matters of prior years		
i) Excise Duty Matters	234.04	228.29
ii) Service Tax Matters	1.86	1.48
iii) Sales Tax Matters	-	5.01
iv) Income Tax Matters	0.11	0.11
v) Entry Tax Matters	21.39	15.40
vi) ESI Matter	1.86	-
Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net off Advance)	150.50	105.53
Uncalled liability on shares	22.79	54.64
Commitments relating to lease arrangements	9.45	15.17

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

₹ in Crores

	31-03-12	31-03-11
Raw Materials	123.00	51.24
Components and spare parts	14.65	8.58
Capital goods	5.60	2.01

Notes to Accounts

42 Expenditure in foreign currency (accrual basis)

₹ in Crores

	31-03-12	31-03-11
Royalty	-	-
Know-how	5.89	0.41
Professional Consultancy Fees	1.53	0.59
Purchase of products	137.41	59.28
Other matters		
i) Travelling	0.09	0.06
ii) Others	-	-

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

	Imported		Indigenous		Total
	₹ in Crores	%	₹ in Crores	%	₹ in Crores
Crude Oil	-	-	11,988.19	100.00	11,988.19
	-	-	(6,840.34)	100.00	(6,840.34)
Others	136.85	54.04	116.39	45.96	253.24
	(54.42)	41.09	(78.03)	58.91	(132.45)
Natural Gas	-	-	119.00	100.00	119.00
	-	-	-	-	-
Stores/Spare parts and Components (including chemicals & catalysts)	0.56	4.37	12.25	95.63	12.81
	(21.71)	59.06	(15.05)	40.94	(36.76)

44 Earnings in foreign currency (accrual basis)

	31-03-12	31-03-11
Exports at F. O. B. Value	Nil	Nil

45 Previous year figures

The Ministry of Corporate Affairs has notified the Revised Schedule VI on 28th February, 2011 which has replaced the existing Schedule VI in respect of Balance Sheet and Profit & Loss Account from the financial year commencing 1st April, 2011. Accordingly the Company has adopted the Revised Schedule VI from 1st April, 2011 which does not impact recognition and measurement of principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements. Previous year figures has been reclassified for comparison and conforms to current year's classification.

Cash Flow Statement

₹ in Crores

For the year ended 31 st March	Notes	2012	2011
A. Cash Flow from Operating Activities			
Net Profit Before tax & perior period items (read with Note No.: 45 of the financial statements)		305.60	418.97
<i>Adjustments for:</i>			
Depreciation & Amortisation		173.97	170.17
Interest expenditure		23.46	5.27
(Profit) / Loss on Sale/Write Off of fixed assets (net)		7.20	17.74
Income from Investments		(5.98)	(8.48)
Dividend Received		(5.15)	(5.17)
Interest Income		(7.36)	(9.23)
Other Non-Cash items	Note 4	(8.28)	(5.20)
Operating Profit before Working Capital Changes		483.46	584.07
<i>(Invested in) / Generated from:</i>			
Trade receivables		(45.70)	(643.19)
Other receivables		(30.51)	21.05
Inventories		(372.84)	(80.06)
Current Liabilities & Provisions		118.92	583.54
Cash generated from Operations		153.33	465.41
Income Tax and Interest thereon (net of refund)		(153.18)	(94.24)
Cash flow before Prior Period Items		(2.85)	371.17
Prior Period Items		(18.14)	(4.84)
Non-Cash items		16.90	0.06
Net Cash from Operating Activities		(4.09)	<u>366.39</u>

For the year ended 31 st March	Notes	2012	2011
B. Cash Flows from Investing Activities			
Purchase of fixed assets		(140.19)	(145.89)
Purchase of intangible assets		(3.53)	(8.18)
Sales of fixed assets		41.81	0.10
Investment in Joint Venture Companies		(61.21)	(30.40)
Income from Investment		5.97	12.43
Dividend Received		5.15	5.17
Interest Received		1.49	1.18
Net Cash from Investing Activities		<u>(150.51)</u>	<u>(165.59)</u>
C. Cash Flows from Financing Activities			
Long term Borrowings		-	65.00
Repayment of Long-term loans/borrowings		(7.98)	(7.98)
Net Increase / Decrease (-) in other borrowings		95.70	(44.77)
Interest paid		(6.43)	(4.96)
Dividend Paid		(110.34)	(110.34)
Corporate Dividend Tax		(17.90)	(18.75)
Net Cash used in Financing Activities		<u>(46.95)</u>	<u>(121.80)</u>
D. Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)		<u>(201.55)</u>	<u>79.00</u>
E. Cash & Cash Equivalents at beginning of Period	Note 1	<u>201.67</u>	<u>122.67</u>
F. Cash & Cash Equivalents at end of Period (D+E)	Note 1	<u>0.12</u>	<u>201.67</u>

Notes to the Cash Flow Statement

1. Cash and Cash Equivalents

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

₹ in Crores

Cash and Cash equivalents as at 31 st March	2012	2011
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
	<u>201.67</u>	<u>122.67</u>
Cash / cheques in Hand	0.01	0.01
Cash at Bank	0.11	0.12
Remittance in transit	-	-
Fixed Deposits with Banks	-	201.54
Cash and Cash Equivalents as restated	<u>0.12</u>	<u>201.67</u>
Net change in Cash and Cash equivalents	<u>(201.55)</u>	<u>79.00</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 : 11th May 2012

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 31st March 2012 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

New Delhi
Date : 11th May 2012

Sd/-
Chandan Chattopadhyay
Partner
Membership No. 51254

Human Resource Accounting

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

Category	Age				Total
	20-30	30-40	40-50	Over 50	
Technical					
Executives	89	114	65	33	301
Workmen	25	172	206	4	407
Sub Total	114	286	271	37	708
Others					
Executives	14	30	44	23	111
Workmen	0	7	22	3	32
Sub Total	14	37	66	26	143
Grand Total	128	323	337	63	851
		Average age 39 years			

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

- (I) Continuity of present pattern of employee compensation, both direct and indirect.
- (ii) Continuity in career growth as per present policy of the Company.
- (iii) The future earnings have been discounted at the cost of capital of 3.67% (previous year 5.85%)

Value of Human Resources

₹ in Crores

	2011-12	2010-11	2009-10	2008-09	2007-08
Executives	1,659.65	1,305.62	923.62	624.81	652.66
Staff	1,037.57	1,051.41	461.62	454.61	490.53
	<u>2,697.22</u>	<u>2,357.03</u>	<u>1,385.25</u>	<u>1,079.42</u>	<u>1,143.19</u>
Human Assets vis-à-vis Total Assets					
Value of Human Assets	2,697.22	2,357.03	1,385.25	1,079.42	1,143.19
Net Fixed Assets	2,010.46	2,111.92	2,155.43	2,071.31	2,086.27
Net Current Assets	941.01	746.38	615.52	447.43	395.35
	<u>5,648.69</u>	<u>5,215.33</u>	<u>4,156.20</u>	<u>3,598.16</u>	<u>3,624.81</u>
Profit before tax	287.46	414.13	361.71	319.59	413.10
Value Added	812.92	896.84	741.27	690.31	728.57
Ratio of :					
Profit(before tax) to Human Resources	11%	18%	26%	30%	36%
Value Added to Human Resources	30%	38%	54%	64%	64%
Human Resources to Total Resources	48%	45%	33%	30%	32%

Social Accounts

₹ in Crores

	2011-12	2010-11	2009-10	2008-09	2007-08
I. SOCIAL BENEFITS AND COSTS TO EMPLOYEES					
a) Social Benefits to Employees					
1 Welfare facilities	7.92	6.34	6.20	5.28	4.62
2 Ex-gratia/Awards	10.49	10.16	15.93	9.07	4.55
3 Medical facilities	10.78	8.16	7.83	6.38	5.13
4 Retirement Benefits	25.33	5.99	0.91	4.42	0.47
5 Interest Concessions	0.87	2.20	0.74	0.59	0.69
6 Training and career development	0.62	0.78	0.59	0.81	1.10
7 Clothing and Uniform	-	0.26	0.71	2.35	1.42
8 Holiday Facilities	4.90	3.23	3.31	0.99	1.78
9 Transport Facilities	3.48	2.84	2.49	2.45	2.26
10 Insurance	0.65	0.28	0.34	0.47	0.79
11 Educational Facilities	1.74	1.39	1.60	0.06	0.17
12 Township Costs	5.10	4.36	4.18	3.74	3.04
13 Power Service at Township	0.94	1.23	1.10	0.85	2.09
14 Others	19.79	11.59	9.60	15.08	10.26
Total (a)	92.61	58.81	55.53	52.54	38.37
b) Social Cost to Employees :					
1 Out of pocket expenses surrendered	0.99	1.34	0.30	0.80	0.17
Total (b)	0.99	1.34	0.30	0.80	0.17
Net Social Income to Employees	91.62	57.47	55.23	51.74	38.20
II. SOCIAL BENEFITS TO COMMUNITY					
1 Local Taxes	0.66	0.59	0.49	0.39	0.55
2 Environment Improvements	1.10	0.47	0.43	0.28	0.32
3 Expenditure on Project-Education	1.69	1.90	1.34	1.35	0.85
4 Expenditure on -Agriculture & allied	0.72	0.54	0.64	0.45	0.36
5 Expenditure on -Infrastructure	2.00	1.46	1.71	1.40	1.32
6 Expenditure on -Medical	0.53	0.35	0.50	0.23	0.59
7 Expenditure on -Sports & Culture	0.93	0.72	0.51	0.60	0.39
8 Generation of job potential to local people	7.58	7.48	6.88	6.80	4.98
9 Generation of business	181.76	323.60	264.62	234.07	219.13
Total Social Income to Community	196.97	337.11	277.12	245.57	228.49

₹ in Crores

	2011-12	2010-11	2009-10	2008-09	2007-08
III. SOCIAL COST AND BENEFIT TO THE GENERAL PUBLIC					
a) Benefits to the General Public					
1 Taxes paid to State Government	542.49	340.61	364.45	326.72	420.80
2 Dividend paid to State Government	13.43	13.62	13.62	18.16	22.71
3 Taxes and Duties paid to Central Government	859.60	791.98	803.12	702.28	851.80
Total (a)	1,415.52	1,146.21	1,181.19	1,047.16	1,295.31
b) Costs to the General Public :					
1 Purchase of Power	3.37	3.36	2.38	2.02	0.61
Total (b)	3.37	3.36	2.38	2.02	0.61
Net Social Income to the General Public (a-b)	1,412.15	1,142.85	1,178.81	1,045.14	1,294.70
Net Social Income to Employees, Community and General Public (I+II+III)	1,700.74	1,537.43	1,511.16	1,342.45	1,561.39

Economic Value Added

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

₹ in Crores

	2011-12	2010-11
Cost of Capital		
Cost of Equity	3.67%	5.85%
Cost of Debt (net of tax)	4.49%	4.91%
Weighted Average Cost of Capital	3.67%	5.85%
Average Capital Employed	2,642.17	2,584.26
Economic Value Added		
Operating Profits	326.04	443.29
Less: Tax	103.76	134.87
Cost of Capital	96.97	151.18
Economic Value Added	125.31	157.24
Return Ratios		
PAT/Average Capital Employed	6.95%	10.81%
EVA/Average Capital Employed	4.74%	6.08%



