



Ref: DGM(F)/Standard Costing/32/02

Date: 5<sup>th</sup> May, 2016

→ CMA Pramod Kumar Bhattad  
President  
Institute of Cost Accountants of India,  
CMA Bhawan, 3, Institutional Area,  
Lodi Road, New Delhi-11003,

Ref.: Our Letter dt. 24<sup>th</sup> February, 2016 – copy enclosed

Sub: Expression of Interest for implementation of ERP based Costing System

Dear Sir,

We write with reference to our above referred letter dated 24<sup>th</sup> February, 2016 addressed to the Joint Director (Professional Development) wherein we had sought institute's assistance for formulating ERP based standard costing system for the products of our company. Upon following up the matter, we have been informed that the Institute has uploaded the requirement in the Institute's official website for expression of interest by professional bodies. However, we are yet to receive any feedback in this regard. We would again like to bring this to your kind notice that we are desperately looking for the Institute's guidance in the subject matter which we have considered as a part of our annual business plan target for the FY 2016-17.

We append below a brief of our company and products for your kind information:

- Numaligarh Refinery Limited is a Miniratna Govt. of India PSU having refining capacity of petroleum products of 3 MMTPA and a subsidiary of Bharat Petroleum Corporation Limited. We had since started our commercial production in the year 2000.
- Our main products are LPG, Naphtha, Motor Spirit (MS), Aviation Turbine Fuel (ATF), Superior Kerosene Oil (SKO), High Speed Diesel (HSD), Raw Petroleum Coke (RPC), Calcined Petroleum Coke (CPC), Sulphur and Paraffin wax.
- Marketing of the products are done through OMC (Oil Marketing Company) mainly within India. And occasional export of Wax, HSD and MS are also emphasizes on demand basis.
- Sales to customers other than OMCs are also taken up based on tender participation and cost economics.
- The refinery configuration is based on state of the art technology with high yield pattern of middle distillates namely HSD, MS, ATF.

It is, therefore, imperative that instituting an ERP based standard costing system will enormously help the management with a regular performance monitoring & concentrating on production and distribution of products with high margin as well as responding to various customers with a competitive pricing mechanism.

पोस्ट: एन. आर. प्रोजेक्ट, जिला: गोलाघाट, असम, पिन-785699  
P.O. : N.R. Project, District : Golaghat, Assam, PIN - 785699

Registered Office:

122 ए, जी एस रोड, क्रिश्चनबस्ती, गुवाहाटी - 781005 (असम), दूरभाष: 0361-2203140/2203147, फेक्स: 0361-2203146, वेबसाइट: www.nrl.co.in  
122A, G.S. Road, Christianbasti, Guwahati - 781005 (Assam), Phone: 0361-2203140/2203147, Fax: 0361-2203146, Website: www.nrl.co.in



We would like to further state that the Oil industry in the country and refiners in particular are following the international quoted price as a basis for their pricing mechanism and cost based comparison is not in practice. Therefore the project of implementation of an ERP based costing system as thought of by NRL, may be first of its kind in the country. You will also appreciate that to remain competitive in terms of conversion cost of crude oil into its finished product is one of the factor eventually influences the refining margin per unit and a standard benchmark will necessitate robust costing system in place.

We therefore sincerely request your esteem Institute to expression of interest for implementation of an ERP based standard costing system in a time bound manner. We shall also be thankful for developing a business blueprint for the process involved and ERP resource support required in this connection. Sir, in order to process an approval from our management, we also solicit from you a broad estimates on remuneration/fee and other incidentals for carrying out the above activities.

In order to have clarity on the subject as well as to firm up a business blue print, a multidisciplinary committee from our side may be available at your call. We shall be keenly waiting for your response.

With warm regards,

A handwritten signature in blue ink, appearing to read 'A.K. Patra', is written over a horizontal line.

A.K. Patra  
DGM-Finance

Cc: Joint Director (Professional development) – for kind information and needful, please.  
Institute of Cost Accountants of India,  
CMA Bhawan, 12 Sudder Street,  
Kolkata – 700016

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