

30TH ANNUAL REPORT 2017 - 2018

ON THE GROWTH PATH



Mangalore Refinery and Petrochemicals Limited
(A Govt. of India Enterprise and a subsidiary of ONGC Ltd.)



Mangalore Refinery and Petrochemicals Limited

(A Government of India Enterprise and Subsidiary of ONGC)

CIN : L23209KA1988GOI008959

Website : www.mrpl.co.in E-mail: investor@mrpl.co.in

CONTENTS	PAGE NO
Chairman's message to stakeholders	2
Vision and Mission	4
Board's Report	9
C & AG's Comments	51
Management Discussion and Analysis Report	52
Corporate Governance Report	58
Annual Business Responsibility Report (ABRR)	76
Auditors' Report on Standalone Financial Statements ...	86
Standalone Balance Sheet	92
Standalone Statement of Profit & Loss	93
Standalone Cash Flow Statement	94
Notes to Standalone Financial statements	96
Auditors' Report on Consolidated Financial Statements	150
Consolidated Balance Sheet	158
Consolidated Statement of Profit & Loss	159
Consolidated Cash Flow Statement	160
Notes to Consolidated Financial Statements	162
Past Performance	228

COMPANY SECRETARY

Shri Dinesh Mishra

JOINT STATUTORY AUDITORS

M/s. Manohar Chowdhry & Associates,
Chartered Accountants, Mangaluru

M/s. Shreedhar, Suresh & Rajagopalan,
Chartered Accountants, Chennai

COST AUDITORS

M/s Bandyopadhyaya Bhaumik & Co,
Cost Accountants, Kolkata

SECRETARIAL AUDITORS

M/s Kumar Naresh Sinha & Associates,
Practicing Company Secretaries, Noida

REGISTERED OFFICE AND INVESTOR RELATION CELL:

Mudapadav, Post. Kuthethoor, Via Katipalla
Mangaluru- 575030, Karnataka
Tel. No.: 0824-2270400 Fax No.: 0824-2273300
E-mail : investor@mrpl.co.in

REGISTRARS & SHARE TRANSFER AGENT

M/s. LINK INTIME INDIA PVT.LTD
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai- 400 083
Tel.: 022-49186270 Fax No.: 022-49186060
E-mail: mrplirc@linkintime.co.in

INVESTOR RELATION CELL:

DELHI :

SCOPE COMPLEX
7th Floor, Core-8, Lodhi Road
New Delhi – 110003
Tel : 011-24306400 Fax : 011-24361744

MUMBAI :

Maker Towers, ' E ' Wing, 15th Floor,
Cuffe Parade, Mumbai - 400005
Tel : 022-22173000 Fax : 022-22173233

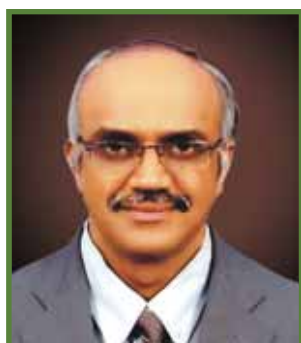
BENGALURU:

Plot A-1, Opp KSSIDC A.O. Building, Industrial Estate
Rajajinagar, Bengaluru – 560010 (Karnataka)
Tel : 080-22642200 Fax : 080-23505501

BOARD OF DIRECTORS



Shri Shashi Shanker
Chairman



Shri M Venkatesh
Managing Director



Shri A K Sahoo
Director (Finance)



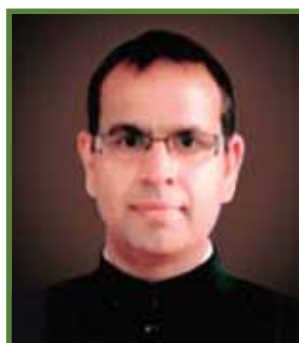
Shri Vinod S. Shenoy
HPCL Nominee Director



Shri Subhash Kumar
ONGC Nominee Director



Shri K M Mahesh
Government Nominee Director



Shri Sanjay Kumar Jain
Government Nominee Director



Dr. G K Patel
Independent Director



Ms. Manjula C
Independent Director



Shri Balbir Singh
Independent Director



Shri Sewa Ram
Independent Director



Shri V P Haran
Independent Director

CHAIRMAN'S MESSAGE TO STAKEHOLDERS



Dear Stakeholders,

It gives me immense pleasure to share my views with our valued stakeholders and present the 30th Annual Report for the year 2017-18.

I am pleased to report that during the year 2017-18, your Company has delivered superior financial and operational performance. Our financial and operational performance in FY 2017-18 was outstanding with strong growth in revenues and record net profit.

Let me highlight some of the major accomplishment during the year 2017-18, which would not have been possible without your support.

- During the year 2017-18, your Company achieved turnover of ₹ 63,067 crore against a turnover of ₹ 59,415 crore during FY 2016-17.
- During the year 2017-18, your Company earned a profit after tax (PAT) of ₹ 2,224 crore against a profit of ₹ 3,644 crore incurred during FY 2016-17 .
- The Board has recommended a dividend of ₹ 3/- per equity share of ₹ 10/- each .
- Highest ever Gross crude processed for FY 2017-18 was 16.31 MMT against the previous highest of 16.27 MMT during FY 2016-17 registering an increase of 0.04 % in throughput. This high performance could be achieved

by optimal crude mix, better equipment reliability, timely shutdown adherence and commendable operational discipline.

- The Gross Refining Margin (GRM) for FY 2017-18 was 7.54\$/bbl as against 7.75 \$/bbl during the FY 2016-17.
- Your Company has achieved 659 cumulative accident free days as on 31st March 2018. It has also achieved 8.51 million man hours worked in the year 2017-18 as against 4.75 million man hours worked during the previous financial year.

The total domestic sales volume of all products during the FY 2017-18 has been 1786 TMT with a sales value of ₹ 5940 crore which is about 15.7% higher than previous year sales value of ₹ 5132 crore. Your company has made in-roads in new geographical areas and has enhanced its sales value in FY 2017-18 to ₹ 2639 crore compared to the previous year sales value of ₹ 2273 crore.

Your company has maintained its leadership position in the Polypropylene market in South India for its MANGPOL brand.

Your company has commenced its retail expansion plan by releasing the advertisement for appointment of dealers for retail outlets in the states of Karnataka & Kerala and process to set up new retail outlets is going on. Letter of Intents have been issued to several shortlisted applicants for time bound commissioning of new retail outlets. Two new outlets were commissioned in the FY 2017-18.

Exceptionally skilled and dedicated employees have essentially resulted in MRPL achieving successful results in FY 2017-18. They continue to be the backbone of your company for achieving the vision of the company i.e., "To be a world-class Refining & Petrochemicals Company, with a strong emphasis on Productivity, Customer Satisfaction, Safety, Health & Environment Management, Corporate Social Responsibility and Care for Employees".

Your Company has always placed a very high importance regarding focus on employee welfare and employee relations and continues to enjoy cordial and harmonious relationship with all the employees. The company takes pride in reporting that not a single man-hour was lost on account of any industrial disturbance in the year 2017-18.

Your Company is committed towards providing a healthy and safe work environment to employees, contractors and all the visitors to the Refinery, adopting the best industry practices. Robust systems and standards have been built for continuously reducing the risks in the refinery associated with Health, Safety and Environment (HSE).

Safety is an integral part of the culture and a non-negotiable

pillar of the core strategy of MRPL. Several awareness programs are undertaken in the refinery to ensure safety of people, processes and assets. Your Company is committed to continuing excellence in petroleum refining in harmony with Nature. The product portfolio comprises quality products, eco-friendly grades and the processing itself is carried out in an eco friendly and safe environment using sound/ efficient technologies. All efforts have been made for efficient use of resources such as raw material, water and energy. Your Company has reinforced the commitment towards environment by reducing the fresh water intake, maximizing recycle of treated effluent and decreasing Sulphur oxides emissions. Your company had demonstrated resilient management system of Quality and Environment and thus got certified for ISO 2015 Standards and has become one of the pioneers in Indian Oil & Gas fraternity to comply with revised ISO standards.

As part of spreading awareness of environment protection, MRPL has celebrated various awareness programmes among citizens of Mangalore like Cyclathon, competitions for school children and seed-ball distribution.

Your Company believes that businesses that address the needs and aspirations of consumers as well as social and environmental challenges will thrive in the long term. This is the foundation of what it means to be future ready. MRPL embraces environmental and social responsibility by creating value for its stakeholders. Your refinery remains focused on maximizing the use of clean energy and higher energy efficiency in refinery operations.

During the year 2017-18, MRPL has contributed ₹ 10.30 crore towards various community development initiatives as against ₹1.45 crore spent in FY 2016-17. Your company focused in the areas of rural transformation, health, education, sanitation and has taken up programs that benefit the communities in and around its operational area which results in enhancing the quality of life & economic well being of the local populace over a period of time. MRPL focuses on such CSR initiatives which results in community goodwill for MRPL and help reinforce a positive & socially responsible image of the Company as a corporate entity. The services of MRPL Hospital are available not only for the employees and their dependents but also for the people from neighboring villages.

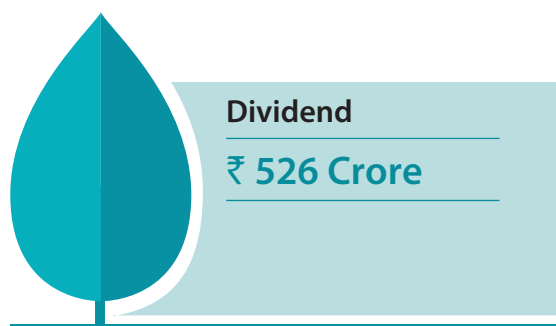
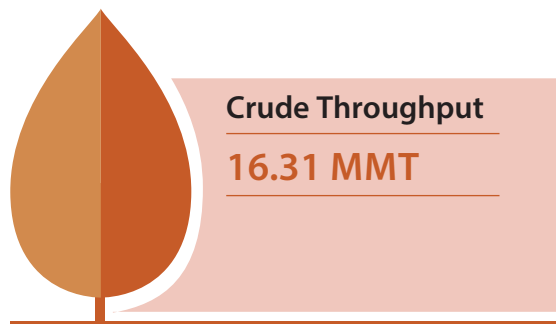
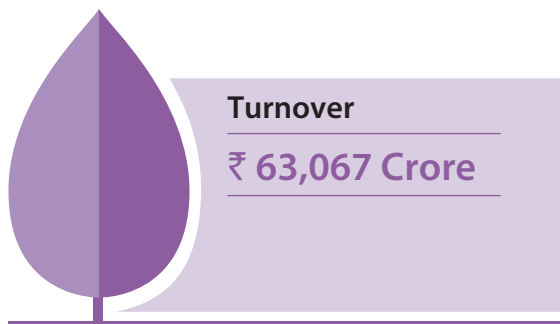
I would like to place on record my sincere appreciation to the Board of Directors for their expertise and guidance. On behalf of the Board, I would also like to express my gratitude to all our stakeholders for their continued support, patronage, trust and confidence.



(Shashi Shanker)
Chairman

Place : New Delhi
Date : 12/07/2018

HIGHLIGHTS



VISION AND MISSION

Vision	Mission
<p>To be a world-class Refining and Petrochemicals Company, with a strong emphasis on Productivity, Customer Satisfaction, Safety, Health and Environment Management, Corporate Social Responsibility and Care for Employees.</p>	<ul style="list-style-type: none"> • Sustain Leadership in energy conservation, efficiency, productivity and innovation. • Capitalise on emerging opportunities in the domestic and international market. • Strive to meet customers' requirements to their satisfaction. • Maintain global standards in health, safety and environmental norms with a strong commitment towards community welfare. • Continuing focus on employee welfare and employee relations. • Imbibe highest standards of business ethics and values.



RECEIPT OF FIRST PARCEL OF OVL EQUITY CRUDE.



ARTIFICIAL LIMB CAMP



ARTIFICIAL LIMB CAMP



CELEBRATION OF 4TH INTERNATIONAL DAY OF YOGA



GST OUTREACH PROGRAMME AT MRPL



RECEIPT OF ADNOC CRUDE AT ISPRL CAVERN, MANGALORE



SOLAR POWER PLANT AT MRPL REFINERY



INAUGURATION OF RETAIL OUTLET AT MANGALURU