



Mangalore Refinery and Petrochemicals Limited

(A Govt. of India Enterprise and A Subsidiary of ONGC Ltd.)

INVESTING
IN A SUSTAINABLE
TOMORROW



32ND

ANNUAL REPORT
2019-20



Mangalore Refinery and Petrochemicals Limited

(A Government of India Enterprise and Subsidiary of ONGC)

CIN : L23209KA1988GOI008959

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COMPANY SECRETARY

Shri Dinesh Mishra

JOINT STATUTORY AUDITORS

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Chartered Accountants, Mangaluru
M/s. S Venkatram & Co LLP,
Chartered Accountants, Chennai

COST AUDITORS

M/s Chandra Wadhwa & Co,
Cost Accountants, Delhi

SECRETARIAL AUDITORS

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

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Shri Shashi Shanker
Chairman



Shri M Venkatesh
Managing Director



Smt. Pomila Jaspal
Director (Finance)



Shri Sanjay Varma
Director (Refinery)



Shri Subhash Kumar
ONGC Nominee Director



Shri Vinod S. Shenoy
HPCL Nominee Director



Shri Sunil Kumar
Government Nominee
Director



Shri G. K. Patel
Independent Director



Shri Balbir Singh
Independent Director



Shri Sewa Ram
Independent Director



Shri V P Haran
Independent Director



Shri R. T. Agarwal
Independent Director

CHAIRMAN'S MESSAGE TO STAKEHOLDERS



Dear Stakeholders,

I present the 32nd Annual Report for the year 2019-20 to our valued shareholders and also present few highlights for the year's performance.

The past year was an extremely challenging year for the entire oil industry including your Company. MRPL witnessed a significant drop in crude oil prices, unprecedented water scarcity and a minor landslide causing disruption in operations. During the first quarter of operation, the refinery complex faced unprecedented water scarcity affecting plant operations for a month and half. In the second quarter, the refinery complex was affected by a minor landslide as an aftermath of the intensified monsoon in Dakshina Kannada District. During the fourth quarter of the operation, the outbreak of the COVID-19 pandemic globally impacted the business of the Company.

Until the onslaught of COVID-19, world was facing policy uncertainty, trade conflicts and protectionist policies which were undermining investments, jobs and incomes. COVID -19 pandemic across the world has resulted in rapid deceleration of growth globally. The COVID impact on product margins started from January, 2020 and the slowdown of demand started from March, 2020 and impacted the entire Q4 of the FY 2019-20. This is an on-going pandemic that has had a major impact globally. MRPL has been impacted on account of reduction in Demand, depression in Prices and Pressure on Liquidity. In spite of such challenging situations your Company has sustained its operations. I would like to present before you, few highlights for the year 2019-20:

Financial Performance

- Your Company achieved a turnover of ₹ 60,728 crore during the financial year 2019-20 as against a turnover of ₹ 72,283 crore during the previous financial year 2018-19.

- Your Company incurred a loss of ₹ 2,708 crore during the financial year 2019-20 as against a profit of ₹ 332 crore for the financial year 2018-19.
- The Gross Refining Margin (GRM) for financial year 2019-20 was (0.23) \$/bbl as against 4.06\$/bbl during the financial year 2018-19.
- Highest Crude throughput of 1,428 TMT was achieved in the Monsoon Month of July, 2019. (Previous Highest was 1403 TMT in the Month of July, 2017)
- Company secured the highest credit rating from CRISIL, ICRA and CARE which indicates the highest degree of Strength with regard to honouring debts obligations.
- Liquidity position of Company remains sound and good. Company has committed line of credit for both fund based and non-fund based from its empaneled Consortium Bankers as well as outside to honour its commitments so as to come out of the COVID-19 pandemic in a reasonable period of time. Company has met all its financial commitment on its due date.

Physical Performance

- Your Company processed 13.95 MMT of Crude during the FY 2019-20, as against the previous highest crude processing of 16.23 MMT during FY 2018-19. Total input to the refinery was 14.14 MMT as against the previous highest of 16.43 MMT during FY 2018-19.
- India has committed to the global initiative for sustainable development. Increasing energy efficiency is one of the key targets under the Paris accord. Your company too has taken energy efficiency extremely seriously and your company achieved its lowest ever energy intensity (best ever energy efficiency). The refinery achieved Mean Barrel No (MBN) of 75.33 MMBTU/BBL/NRGE.

Safety

- Your Company continues to have a sharp focus of safety and has achieved 1,390 cumulative accident free days as on 31/03/2020. It has also achieved 13.032 million man hours worked in the year 2019-20 as against 13.67 million man hours worked during the previous financial year.
- Several awareness programs were undertaken in the refinery to ensure safety of people, process and assets. Your Company is committed towards providing a healthy and safe work environment to employees, contractors and all the visitors to the

Refinery by 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).

- Innovative approaches to safety like tool-box talk and buddy system have been implemented with a view to further improving safety performance.

Direct Marketing

- Your Company continues to ramp up marketing of its products in order to achieve better value for its products.
- The total direct domestic sales volume of all products during the FY 2019-20 has been 1702 TMT with a sales value of ₹ 5,568 crore which is about 31% less than previous year sales value of ₹ 8,034 crore.
- Your Company continues to enhance its market share for polypropylene with introduction of new and niche grades. The Company manufactured 310 TMT of Polypropylene and saw the sales of ₹ 2,562 Crore in FY 2019-20 compared to the previous year sales of ₹ 4,180 crore.
- MRPL expects to extend its retail presence by adding 50 new outlets every year for the next 5 years in the states of Karnataka, Kerala and Goa. MRPL retail presence will be further expanded to Tamil Nadu, Andhra Pradesh and Telangana in the long term.

Employee Relations

- Your Company holds its employees in the highest esteem and accordingly follows the best HR practices, reviews them periodically and strives to further improve upon that. As a result, the employee relations continues to be cordial and harmonious. As in the past years, this year too I am happy to report that not a single man-hour was lost on account of any industrial disturbance in the year 2019-20.

Environment, Social Responsibility and Sustainable Development

- Your Company had successfully commissioned the largest solar power project located inside the refinery in the country during the last year. The solar plant is fully operational and during the financial year power equivalent to 8.29 million units has been generated thus demonstrating commitment towards sustainable development and reduction in carbon emissions.
- Your Company is establishing a biodiversity park in about 41 acres of marshy land. In this process,

MRPL has entered into an MOU with Dr. Shivarama Karantha Pilikula Nisarga Dhama, the domain experts in this subject. The cost of this project is approximately ₹ 14 crores. In this process, the marshy land will be converted into a full-fledged bio diversity park which will contain native tree species which will help in attracting Birds, Insects, etc. This will also contain aquatic plants which will help in increasing the diversity of fishy and other aquatic animals.

- Your Company has bagged the prestigious ‘**Annual Genentech Environment Award**’ for outstanding achievement in Environment Management second time in a row. Your Company was also awarded ‘**Unnatha Suraksha Puraskar Award 2019**’ by National Safety Council, Karnataka Chapter.
- MRPL celebrated various environment awareness programs amongst citizens of Mangalore through various outreach programs viz. partnering with schools, colleges and other agencies in addition to the District Administration.
- As part of its Corporate Social Responsibility, your Company focused in the areas of rural transformation, health, education, sanitation and has taken up programme that benefit the communities in and around its operational area thereby enhancing the quality of life and economic well-being of local populace over a period of time.
- MRPL Hospital with 24x7 manning of Doctors and trained Nursing Staff and a panel of various specialist Consultants is open to residents of the nearby villages.
- Periodic Environment Awareness programs are organized in association with Karnataka State Pollution Control Board (KSPCB) in the neighboring village school on the topic; ill effects of noise & air pollution and sensitization programme on phasing out use of single-use plastic item etc.

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 : 14/08/2020

VISION AND MISSION

VISION

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.

MISSION

- 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.



Constitution Day Celebration



Inauguration of Computer Lab at DNPG College, Gulaothi, Uttar Pradesh



57th HR Summit of Oil and Gas PSUs organized by MRPL at TMA Pai Convention Centre, Mangaluru on 12th, 13th and 14th September, 2019.



Walkathon as part of Vigilance Awareness



Strategy Meet at Mysore