

ओएमपीएल



OMPL

A Govt. of India Enterprise

ओ एन जी सी मंगलौर पेट्रोकेमिकल्स लिमिटेड

( मंगलौर रिफाइनरी एंड पेट्रोकेमिकल्स लिमिटेड की एक सहायक कंपनी )

ONGC Mangalore Petrochemicals Limited

(A Subsidiary of Mangalore Refinery and Petrochemicals Ltd.)

# 13<sup>TH</sup> ANNUAL REPORT

## 2018-19



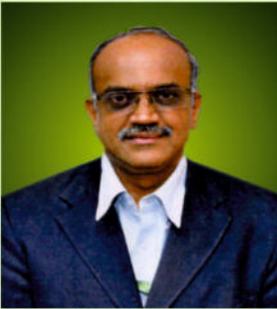
We Planned...  
We Executed..  
We Accomplished.



## Board of Directors



**Shri Shashi Shanker**  
Chairman



**Shri M Venkatesh**  
Director



**Shri Rajesh Kakkar**  
Director



**Shri Sanjay Kumar Moitra**  
Director



**Smt. Alka Mittal**  
Director



**Shri M Vinayakumar**  
Director

## KEY EXECUTIVES



**Shri S S Nayak**  
Chief Executive Officer



**Shri Surendra Nayak**  
Chief Financial Officer

**BOARD OF DIRECTORS**

|   |          |
|---|----------|
| Shri Shashi Shanker (DIN 06447938)      | Chairman |
| Shri M Venkatesh (DIN 07025342)         | Director |
| Shri Rajesh Kakkar (DIN 08029135)       | Director |
| Shri Sanjay Kumar Moitra (DIN 08065998) | Director |
| Smt Alka Mittal (DIN 07272207)          | Director |
| Shri M Vinayakumar (DIN 08225553)       | Director |

**COMMITTEE OF DIRECTORS**

|                          |          |
|--------------------------|----------|
| Shri M Venkatesh         | Chairman |
| Shri Sanjay Kumar Moitra | Director |
| Smt Alka Mittal          | Director |

**NOMINATION AND REMUNERATION COMMITTEE**

|                    |          |
|--------------------|----------|
| Shri M Venkatesh   | Chairman |
| Shri Rajesh Kakkar | Director |
| Smt Alka Mittal    | Director |

**AUDIT AND ETHICS COMMITTEE**

|                          |          |
|--------------------------|----------|
| Shri Sanjay Kumar Moitra | Chairman |
| Smt Alka Mittal          | Director |
| Shri M Vinayakumar       | Director |

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

|                    |          |
|--------------------|----------|
| Shri Rajesh Kakkar | Chairman |
| Smt Alka Mittal    | Director |
| Shri M Vinayakumar | Director |

**HUMAN RESOURCE MANAGEMENT COMMITTEE**

|                    |          |
|--------------------|----------|
| Shri M Venkatesh   | Chairman |
| Smt Alka Mittal    | Director |
| Shri M Vinayakumar | Director |

**KEY EXECUTIVES**

Shri S S Nayak, Chief Executive Officer  
Shri Surendra Nayak, Chief Financial Officer

**COMPANY SECRETARY**

Shri K B Shyam Kumar

**STATUTORY AUDITORS**

M/s. Manohar Chowdhry & Associates  
Mangaluru

**SECRETARIAL AUDITORS**

M/s Kumar Naresh Sinha & Associates, Noida

**BANKERS**

State Bank of India  
Bank of Baroda  
United Bank of India  
ICICI Bank  
Axis Bank  
HDFC Bank

**REGISTERED OFFICE AND INVESTOR RELATION CELL**

Company Secretary  
ONGC Mangalore Petrochemicals Limited  
Mangalore Special Economic Zone,  
Permude, Mangaluru- 574 509  
Phone: 0824 – 2872120  
Website: <http://ompl.co.in>  
Email ID: [cs@omplindia.com](mailto:cs@omplindia.com)

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## **Vision & Mission**

### **Vision**

To be a world-class leader in petrochemicals Industry

### **Mission**

Providing quality products and services by means of continuous innovation, learning and operational excellence.  
Maintaining highest standards of Safety, Health and Environmental protection.  
Sustaining maximum value for stakeholders.

**BOARD'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 13th Annual Report of the Company and the Audited financial statements for the financial year ended 31st March, 2019, together with the Auditors' Report and comments on the Accounts by Comptroller and Auditor General of India (C&AG) thereon.

**1. PERFORMANCE OF THE COMPANY****1.1 FINANCIAL RESULTS**

The financial performance of your Company for the year ended 31st March, 2019 is summarised below:

| Particulars                        | For the year Ended on<br>31st March, 2019<br>(₹ in million) | For the year Ended on<br>31st March, 2018<br>(₹ in million) |
|------------------------------------|---|---|
| Revenue from operations            | 83,624.34   | 55,612.94   |
| Revenue from Other Income          | 2,058.68  | 805.98  |
| Expenses                           | 84,941.16   | 61,177.41   |
| Profit (Loss) before Taxation      | 741.86  | (4,758.49)  |
| Tax Expenses:                      |   |   |
| Current Tax                        | -   | -   |
| Deferred Tax                       | 512.92  | (287.42)  |
| Profit (Loss) for the Year         | 228.94  | (4,471.07)  |
| Other Comprehensive Income         | (14.10)   | 2.72  |
| Total Comprehensive Income/ (Loss) | 214.84  | (4,468.35)  |

**1.2 RESULTS OF OPERATIONS**

During the period under review, your Company has posted positive Profit Before Tax (PBT) of Rs.741.86 million for the first time since incorporation. The Company has achieved a turnover of Rs. 83,624.34 million and posted a Profit After Tax (PAT) of Rs.214.84 million mainly on account of higher margins & availability of feedstock. During the year, your

Company has taken measures to augment the capacity utilisation by sourcing Heavy Naphtha from other oil companies to bridge the deficit in supplies and to ensure continuous feedstock for plant operation. As a result of various efforts, the overall capacity utilisation of the Complex for the period was increased to 99%.

**1.3 OPERATIONAL PERFORMANCE**

During the year, the Company has

- produced 0.773 MMT Para-xylene, 0.219 MMT Benzene and 0.249 MMT Paraffinic Raffinate.
- exported Para-xylene and Benzene worth about Rs.59,433.71 million and Rs.11,270.58 million, respectively.

**1.4 DIVIDEND AND TRANSFER TO RESERVES**

In view of the losses incurred in previous financial years, your Board of Directors has not recommended any dividend for the financial year 2018-19 and no amount has been transferred to General Reserve during the financial year 2018-19.

**1.5 SHARE CAPITAL**

The Authorised Share Capital of the Company is Rs.22,000 million. The Issued Capital of your Company as on 31st March, 2019 stood Rs.21,276.26 million. The Subscribed and Paid up Equity Share Capital of your Company as on 31st March, 2019 stood at Rs.21,276.25 million. During the year under review, the Company has issued 25 Crore equity shares of Rs.10/- each at a premium of Rs.2/- per share on Rights basis and 24,99,99,602 shares have been subscribed. After the Rights issue the paid-up capital of the Company as on 31st March 2019 stood at Rs. 21,276.25 million.

**1.6 FINANCIAL RESOURCES****i. Issue of Debentures**

During financial year 2015-16 and 2016-2017, the Company had issued Secured, Redeemable, Non-Cumulative, Taxable, Non-Convertible Debentures (NCDs) through private placement with a coupon rate of 8.40% aggregating Rs.5,000 million and at a coupon rate of 8.12% aggregating Rs.20,000 million respectively. Total debentures of Rs.25,000 million were secured by way of extension of mortgage on the assets i.e., mortgage of immovable properties in favour of the Debenture Trustees.

The NCDs issued by your Company is rated as 'IND AAA/RWE' (Rating Watch Evolving) by India Ratings and Research Private Limited (Fitch Group) indicating highest degree of safety regarding timely servicing of financial obligations. These NCDs are listed on the Wholesale Debt Market (WDM) segment of the Bombay Stock Exchange Limited (BSE). During the current financial year, Company has repaid Rs.5,000 million of NCDs.

ii. **ECB**

Your Company has availed External Commercial Borrowing (ECB) for project purpose. The outstanding ECB as on 31st March 2019 was Rs.10,433 million. ECBs raised by the Company is rated as 'IND AAA/RWE (Rating Watch Evolving)' by India Ratings and Research Private Limited (Fitch Group) indicated high degree of safety regarding timely servicing of financial obligations.

iii. **Foreign Currency Loans**

Your Company has availed Foreign Currency Term Loan from Banks during the year where interest rate is linked to 1 month / 6 months Libor. The outstanding foreign currency loan as on 31st March 2019 was Rs.32,505 million. The Foreign currency loans are rated by M/s ICRA with the rating of A1+.

iv. **Other Short term loans and working capital facilities**

Your Company, from time to time has mobilised funds through issue of commercial paper (CP) whenever required apart from utilising working capital facilities (PCFC and CC) from Banks. The outstanding balance of CP on 31st March 2019 was NIL. The CPs were dual rated as A1+ by ICRA Ltd and CRISIL which indicate very strong degree of safety regarding timely servicing of financial obligations.

**1.7 MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT.**

There is no occurrence of material change and commitment made between the end of financial year and date of this report which has affected financial position of the company.

**1.8 FINANCIAL ACCOUNTING**

Your Company's financial statements for the year ended 31st March, 2019 are the financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

**1.9 DEPOSITS**

Your Company has not accepted any deposits and as such, no amount on account of principal or interest on deposits was outstanding as on the date of the balance sheet.

**1.10 LOANS, INVESTMENTS OR GUARANTEES**

Your Company has not given any loans, made any investments, provided guarantee or provided any security in connection with a loan to any other body corporate as required to be reported under section 186 of the Companies Act, 2013.

**1.11 CREDIT PROFILE**

India Ratings and Research, a Fitch Group Company has assigned a rating of "IND AAA"/RWE to the NCDs issued and ECB Loan of your company (the said rating has been upgraded as "IND AAA"/Stable on 13th June, 2019).

CRISIL has assigned A1+ (pronounced A One Plus) for the short term facilities (including commercial papers) of your Company.

ICRA has assigned A1+ (pronounced A One Plus) for the short term working capital facilities and "AA+" (pronounced Double A plus) for the long term working capital facilities of the Company.

**1.12 AMALGAMATION OF THE COMPANY WITH MANGALORE REFINERY AND PETROCHEMICALS LIMITED**

On July 08, 2015, the Board has accorded consent for amalgamation of your Company into and with Mangalore Refinery and Petrochemicals Limited (MRPL) subject to the requisite approvals of shareholders, creditors and Ministry of Corporate Affairs and other regulatory authorities. It was opined that shareholders' value would be enhanced by integrating aromatic plant of the Company with refinery of MRPL to create greater synergies in business operations, optimal utilization of the plant of both the companies to maximize combined margins of refinery and petrochemicals in tune with the market dynamics and optimal utilization of resources for better administration and cost reduction.

**2 MARKETING & BUSINESS DEVELOPMENT**

OMPL continues to be among the leading producers of Para xylene (PX) and Benzene (BZ) in the country with an impeccable track record in terms of Quantity and Quality commitments. The entire production of PX and BZ during the year was exported through New Mangalore Port Trust (NMPT) with significant improvement (17% - YOY) in product movement.

Major feedstock viz., Naphtha, in addition to supplies from Refinery, was supplemented via International contracts, resulting in enhanced capacity utilization.

**Paraxylene**

OMPL posted impressive sales of 794 KT during the year, an increase of 16% over the previous year. Exports during the year were mainly to major consuming regions of Northeast Asia and Southeast Asia.

PX prices remained high during the year resulting in improved margins compared to previous year.

**Benzene:**

Benzene sales were at an all-time high of 226 KT with an YOY increase of 16%.

**New products:**

OMPL expects to introduce Paraffinic Raffinate, currently transferred to Refinery as return stream and Heavy Aromatics, used as internal fuel, to the outside market in the next financial year.

**3 HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE (HSE)**

The Company's philosophy on the HSE is to perform better than minimum required by statutes. Your Company has earmarked Rs.2.26 crore for the financial year 2018-19 towards HSE activities.

**A) HEALTH**

Annual Medical Checkup of employees was carried out in compliance with the Rules under Factories Act and Karnataka Factories Rules.

Occupational Health Centre (OHC) with 24 X 7 availability of Medical Staff is functional.

**B) SAFETY PERFORMANCE**

The major achievements in the Safety are summarized as under:

1. Your Company has been accredited for ISO-9001:2015, OSHAS-18001-2007, ISO14001-2015 & ISO-5001:2011 with effect from 09th October 2018 by M/s Bureau VERITAS.
2. Your Company has achieved Zero Loss Time Incident (LTI) for FY-18-19. It is an exemplary achievement to achieve 1251 Safe working days without LTI as on 31st March 2019 which is equal to 7.568 Million Man Hours worked as on 31st March 2019.
3. Your Company has received four triangle rating in Safety audit from National Safety council audit.
4. Your Company has also received first prize in Best Safe Boiler category from Karnataka State Safety Institute & Director of Factories, Boiler, Industrial Safety & Health, Bangalore for best safety practices.
5. Your Company is committed towards imparting continuous training in fire and safety practices and 97% employees have undergone the training.
6. Regular internal mock drill exercises were conducted considering the various emergency scenarios in plant and non-plant areas. Offsite Mock drill was also conducted in presence of District Crisis Group (DCG) and demonstrated the emergency preparedness of your company.
7. Your Company conducted different levels of Safety meeting involving all disciplines to address Safety issues arising at the plant.
8. Internal Safety Audits as well as external safety audit were conducted successfully in FY 2018-19 as per statutory requirement.
9. Your Company observed Chemical Disaster prevention week from 04th December, 2018 to 11th December, 2018. Various training programmes were imparted to staff & workmen and competitions were held.
10. National Safety Day/week 2019 was observed from 04th March, 2019 to 08th March, 2019 involving different Safety awareness programs and competitions.
11. Public Awareness Programme on Safety and Environment conducted at Pejavara High School, Kalavar on 25th July, 2018 in presence of Deputy Director of Factories and Environment officer of KSPCB Mangaluru including Fire Tender demonstration.
12. Your Company organised blood donation camp in association with Indian Red Cross Society, Blood Bank, Mangaluru within OMPL Premises on 21st December, 2018. Total 104 members donated the blood.
13. Your Company organised Swachh Bharath Abhiyan near Hosabettu, Surathkal area in association with Ramakrishna Mission on 16th December, 2018, wherein around 180 volunteers participated in cleaning activities at the both sides of the National highway.
14. 100% health checkup of employees completed as per schedule during the year 2018-19.

**C) ENVIRONMENT PERFORMANCE**

Your Company is committed to enhance the Green wealth while running the day to day operations of the Aromatic Complex. Your Company has taken various initiatives in line with GoI Sustainable Development Goals, as chartered in UN summit such as in-house development & execution of DYNAMIC ALARM LIMITS for Dual Fired Heaters, CAAQM installation and commissioning, Leak Detection Survey and CEMS to Heaters to have a check on GHG emissions.

Further, your Company is in the final stages of implementing usage of environment friendly LNG fuel, besides a noble initiative of tapping renewable Solar energy from Roof Top Panels and Floating Solar Panels on reservoir in the Financial Year ending March, 2020. In order to bring down fresh water consumption, the Complex is designed to utilize treated Municipal Sewage Water in Cooling Water System, on availability. At OMPL, Plastic water bottles have been substituted by Glass containers for drinking water in meeting halls, conference rooms. In line with Plastic Ban Abhiyaan, your company is relentlessly promoting Plastic Ban Awareness Programs through usage of alternatives such as Jute/Cloth bags. 'Greening the world' in and around OMPL is the initiative nurtured on day to day basis by Management to contain water emergency, hotter days across the globe.

#### 4 RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year were on an arm's length basis and in the ordinary course of business. Further, there were no material related party transactions during the year with the Promoters, Directors or Key Managerial Personnel.

Particulars of contracts or arrangements with related parties referred to in section 188 of the Companies Act, 2013 in the form AOC-2 form part of the Director's Report and placed at **Annexure-A**. MCA vide Notification dated 05th June, 2015, has exempted the applicability of Section 188 (1) of the Companies Act, 2013 for transactions entered into between two Government Companies. In view of the same, shareholders' approval has not been solicited for the transactions with Government Companies.

#### 5 INTERNAL CONTROL SYSTEM

Your Company has a well-established and efficient internal control system and procedure. The Company has appointed Internal Auditors and Audit observations are periodically reviewed by the Audit Committee of the Board and compliance to corrective directions are monitored diligently.

#### 6 INTERNAL CONTROL OVER FINANCIAL REPORTING

Your Company has carried out a detailed study on the Internal Control over Financial Reporting through risk and control matrices, flow chart and narratives and effectiveness of the design and training. The remedial measures and the recommendation of effective control are tested on continuous basis. Your Company has adequate internal financial control systems and is operating effectively during the year.

#### 7 ENTERPRISE RISK MANAGEMENT SYSTEM

Your Directors have approved Enterprise Risk Management Policy and Procedure in February 2015. Your Company operates in a business environment that is characterized by increasing globalization of market and intense competition. Due to this, your Company is exposed to number of risks viz., operational risk, strategic risk, reputational risk, compliance risk, financial risk, information risk, environmental risk, etc. The Risk Management Policy of your Company is clearly structured and defines the procedure for Risk Identification, Risk Assessment, Risk measuring, Risk mitigation, Risk monitoring, Risk reporting and Risk Optimizing.

The Enterprise Risk Management Reporting System manages, monitors and reports the principal risks and uncertainties that can impact the growth and ability to achieve strategic objective of the Company. The Integrated Enterprise Risk Management System is designed to drive a common integrated view of risk and optimal risk mitigation. Audit Committee scrupulously monitors the risk register on quarterly basis and deliberates on the mitigation measures taken by the company.

#### 8 VIGIL MECHANISM

As required under Section 177 (9) of Companies Act, 2013, the Board has established an active vigil mechanism for directors and employees to report genuine concerns in your Company. The Chief Vigilance Officer of MRPL is appointed as the Chief Vigilance Officer for your Company and he can be contacted at [cvo@mrpl.co.in](mailto:cvo@mrpl.co.in) for any complaint.

#### 9 CORPORATE SOCIAL RESPONSIBILITY (UNDER SECTION 135 OF COMPANIES ACT, 2013)

Your Company is fully committed to ensuring equitable and sustainable growth of society in and around the area of its operations besides complying with government directives to discharge its social responsibility. CSR activities are essentially guided by project based approach in line with the provisions of Companies Act, 2013 promulgated by Ministry of Corporate Affairs and Companies (CSR Policy) Rules, 2014 as amended from time to time.

Pursuant to enactment of Companies Act, 2013 and Companies (CSR Policy) Rules 2014 by Ministry of Corporate Affairs, the CSR Policy has been approved by the Board of Directors in its 55th meeting held on August 01, 2016. The same was uploaded on the Company's website. The Company has not made any provision for CSR activities during the financial year 2018-19 as there was no average net profit during the immediately preceding three financial years.

**10 DIRECTORS****10.1 POLICY ON DIRECTORS' APPOINTMENT ETC.**

Your Company being a Government Company, the provisions of section 134(3)(e) of the Companies Act, 2013 shall not apply in view of the exemption provided to government companies under the Companies Act, 2013.

**10.2 PERFORMANCE EVALUATION**

Your Company being a Government Company, the provisions of section 134(3)(p) of the Companies Act, 2013 shall not apply in view of the exemption provided to government companies under the Companies Act, 2013.

**10.3 AUDIT COMMITTEE**

The Company has constituted Audit Committee which consists of three non-executive directors. There were no instances where the recommendations of the Audit Committee were not accepted by the Board.

**10.4 BOARD MEETINGS**

Seven Board Meetings were held during the year ended on 31st March 2019. Details of the Board Meetings held during the year have been furnished in the Corporate Governance Report.

**10.5 MEETING OF INDEPENDENT DIRECTORS**

As there were no independent directors on the Board of the Company, no meetings of independent directors were held during the financial year 2018-19.

**10.6 APPOINTMENTS/CESSATION ETC**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Smt Alka Mittal, Director retires by rotation and being eligible, offers herself for re-appointment.

Following changes took place in Board of Directors of your Company:

- Shri Rajesh Kakkar appointed on the Board of the Company on 15.05.2018
- Shri Sanjay Kumar Moitra appointed on the Board of the Company on 15.05.2018
- Shri Kumar Hariharan, ceases to be Director with effect from 01.06.2018
- Shri M Vinayakumar appointed on the Board of the Company on 14.11.2018
- Shri A K Sahoo, ceases to be Director with effect from 11.12.2018

**10.7 DETAILS OF OTHER KEY MANAGERIAL PERSONNEL AS PER RULE 8 (5) (III) OF THE COMPANIES (ACCOUNTS) RULES, 2014:**

Shri S S Nayak, Chief Executive Officer was appointed as Key Managerial Personnel with effect from 01st October, 2018.  
Shri Surendra Nayak, Chief Financial Officer was appointed as Key Managerial Personnel with effect from 01st October, 2018.  
Shri K B Shyam Kumar, Company Secretary was appointed as Key Managerial Personnel with effect from 16th August, 2014.

**11. CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. A Report on Corporate Governance is annexed to this Report.

**12. HUMAN RESOURCES / PERSONNEL**

Your Company continued to enjoy cordial and harmonious relations with the collectives and there was no industrial disturbance during the year 2018-19.

Total employee strength as on 31st March, 2019, was 465. Out of which, 169 employees belong to Management cadre and 296 employees belong to Non-Management cadre. It includes 299 Project Displaced Family (PDFs) Candidates and 79 Women employees constituted over 17 percent of your company's workforce.

During the year 2018-19, Your Company devoted 1335.39 Mandays for Training, Development and Learning which amounted to an average of 2.87 Mandays per employee. This includes functional, developmental and special training programs covering the entire spectrum of employees.

During the year, Women in Public Sector (WIPS) of the Company have arranged many programmes specially organized for women employees and some women employees were nominated for outside training programs. Women employees have won the 1st prize in Best women non-executive award and 3rd prize in Best women executive award from WIPS APEX, Delhi in 2018-19.

Your Company complies with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2018-19, no cases of sexual harassment were reported.



**13. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES**

Your Company being, a Government Company, is exempted from furnishing information under Section 197 of the Companies Act, 2013.

**14. INSURANCE**

All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

**15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant and material order was passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

**16. AUDITORS**

**Statutory Auditors:**

The Comptroller and Auditor General of India (C&AG) has appointed M/s. Manohar Chowdhry & Associates, Chartered Accountants, Mangaluru, as Statutory Auditors for the financial year 2018-19 as required for the Government Companies. They have audited the Financial Statements for the Financial Year ended 31st March, 2019 and submitted their report which forms part of this report.

**Auditors' Report**

The Auditors' Report to the Members of the Company for the year under review does not have any adverse remark or qualification statement and therefore no explanation is required to be given on the report of the Statutory Auditors.

**Comptroller and Auditor General (C&AG) Report:**

The comments of Comptroller and Auditor General of India (C&AG) forms part of this Report and is attached as **Annexure – B**. There is no qualification in the Auditors Report on the Financial Statements of the Company.

**Secretarial Audit:**

M/s. Kumar Naresh Sinha & Associates, Practicing Company Secretaries, conducted Secretarial Audit pursuant to the provisions of Section 204 of the Companies Act, 2013, for the financial year 2018-19. M/s. Kumar Naresh Sinha & Associates, Practicing Company Secretaries have submitted the Report confirming compliance with the applicable provisions of Companies Act, 2013 and other rules and other regulatory authorities for corporate law. The report in Form MR-3 is placed at **Annexure – C**.

As regards to the observation relating to appointment of independent directors in terms of Section 149 of the Companies Act, 2013 and non-compliance under section 135, 177 and 178 pertaining to Constitution of CSR Committee, Audit Committee and Nomination and Remuneration Committee, respectively, the Company has taken up the matter with the Ministry of Petroleum & Natural Gas for nominating three independent directors on the Board of the Company.

As regards to the observation on overtime working hours under Factories Act, 1948, a proposal to increase the number of hours of overtime work is being considered by the Government of Karnataka to cater demand of industries.

**Cost Audit**

As per the Rule 4(3)(ii) of Companies (Cost Records and Audit) Amendment Rules, 2014, Cost Audit is not applicable to the companies which are operating from a Special Economic Zone. In view of the above, Cost Audit was not done for the period under review.

**17. EXTRACT OF ANNUAL RETURN**

As per requirement of section 92(3) of the Companies Act, 2013, the extract of the annual return in form MGT-9 is placed at **Annexure-D**, in accordance with section 134(3)(a) of the Companies Act, 2013, amended provision, the provisional annual return in the prescribed format has been made available on the website of the company at <https://www.ompl.co.in/annualreports/13-agm/provisional MGT-7 FY 2018-19.pdf>

**18. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY**

The implementation of Official Language Policy has been undertaken by the Company from July 2016.

**19. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

**19.1 CONSERVATION OF ENERGY:**

Your Company is successfully operating Captive Power Plant and a peak power load of 41.5 MW was achieved. During the design stage, various energy conservation measures were taken and have now been implemented effectively. Conservation measures implemented are:

1. Heat recovery from the waste process condensate to heat inlet DM water (increases temperature of DM water by 70 Deg C).
2. Condensate recovery system to minimize the water usage.
3. Recovery of boiler blow down and using it as a makeup to cooling tower.
4. Installation of timers in all plant lighting systems for automatic switch on and off.
5. Roof Top solar power panels are installed up to 500KWh.

Operational changes to that resulted in substantial reduction in the energy include:

- Reduction in Excess oxygen in Fired heaters.
- Shifted to two GT operation from 1STG+1GT operation to minimise the energy consumption.
- Using of excess fuel gas in to Boilers.
- Reduction of specific energy consumption by high capacity utilisation.

#### 19.2 TECHNOLOGY ABSORPTION AND ADAPTATION:

- i) Your company has made the following efforts towards technology absorption and adaptation as a licensed user:
  - a. Technologies for the process units i.e. NHT, Platformer, CCRG, SSU, Tatoray unit, BTF unit, Xylene unit, Parex unit and Isomar unit have been absorbed.
  - b. The utility units i.e., CPP, Nitrogen, IA/PA, RWTP units etc., have been commissioned along with the process complex.
  - c. Benefits derived as a result of the above effort, the unit complex has been meeting the international standard of p-xylene and benzene quality consistently.
  - d. Various measures were taken with in-house expertise to improve safety standard and operational improvements like.
    - i. The complex is certified in Integrated Management System (IMS) in the month of August 2018,
    - ii. NABL accreditation for Laboratory in the month of June 2018.
    - iii. Implementation of Total Quality Management, Good Idea scheme & Behaviour Based Safety Program.
    - iv. Installed feed filters and Spent catalyst vessels in Naphtha circuit to protect the reactor from foreign materials and to enhance run length of units thereby increasing production.
    - v. Installed electrical system for import of power from MRPL.
    - vi. Solomon study was conducted by CHT.
    - vii. Two new naphtha tanks have been constructed and commissioned to maintain higher load of units despite of variations in Naphtha supplies from refinery.
    - viii. 2nd external OISD audit was completed successfully.
    - ix. Four star rating achieved by NSC Audit.
  - ii) Information regarding Imported Technology for last five years:
    - a. Technology imported: The Company has imported Technology, as a licensed user, for supply of know-how for Aromatic Plant from M/s UOP, USA for the process units viz; Naphtha Hydro Treater, Continuous Catalytic Reformer, Xylene Fractionation Unit, PX Recovery Unit, Xylene Isomerization Unit, Benzene Toluene Extraction Unit, Benzene Toluene Fractionation and Trans Alkylation & Disproportionation Unit.
    - b. Has the technology been fully absorbed? – Yes
    - c. If not fully absorbed- areas where this has not taken place, reason thereof, and future plans of action. – Not applicable

The Company has not carried out any research and development activity during the year under review.

#### 19.3 FOREIGN EXCHANGE EARNINGS AND OUTGO DURING THE YEAR:

Foreign Exchange Earned: Rs. 70,704.29 million (Previous Year Rs. 46,315.23 million)

Foreign Exchange Outgo: Rs. 15,615.79 million (Previous Year Rs. 4,502.43 million)

#### 20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(C) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis;
- (v) The Directors have laid down internal financial controls which are being followed by the Company and that such internal financial controls are adequate and are operating effectively; and



- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating.

**21. ACKNOWLEDGEMENTS**

The Directors wish to thank and acknowledge the co-operation, assistance and support extended by Government of India, Ministry of Petroleum and Natural Gas, Government of Karnataka, Oil and Natural Gas Corporation Limited, Mangalore Refinery and Petrochemicals Limited, Banks, lenders, shareholders and debenture holders of the Company.

Your Directors acknowledge the continuing co-operation and support received from New Mangalore Port Trust, other stakeholders such as vendors, contractors, transporters and the valued customers for the products of the Company.

The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

On behalf of the Board of Directors of  
ONGC Mangalore Petrochemicals Limited

Dated : June 18, 2019  
Place : New Delhi

Sd/-  
Shashi Shanker  
Chairman

Annexure - A

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:-NIL

- (a) Name(s) of the related party and nature of relationship:- NA
- (b) Nature of contracts/arrangements/transactions:- NA
- (c) Duration of the contracts / arrangements/transactions:- NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:- NA
- (e) Justification for entering into such contracts or arrangements or transactions:- NA
- (f) date(s) of approval by the Board :- NA
- (g) Amount paid as advances, if any:- NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:- NA

## 2. Details of material contracts or arrangement or transactions at arm's length basis

(in million)

| (a) Name(s) of the related party and nature of relationship                      | (b) Nature of contracts/ arrangements/ transactions | (c) Duration of the contracts / arrangements/ transactions | (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | (e) Date(s) of approval by the Board, if any: | f) Amount paid in advance, if any: |
|--|---|--|---|---|------------------------------------|
| Mangalore Refinery and Petrochemicals Limited (Holding Company)                  | Purchase of Product                                 | FY 2018-19   | Agreement<br>Rs.59,579.83   | 15.01.2019                                    | Nil                                |
|  | Sale of Product                                     | FY 2018-19   | Agreement<br>Rs.15,863.32   | 15.01.2019                                    | Nil                                |
|  | Services Received - Facilitation, Power & Others    | FY 2018-19   | Actual<br>Rs.262.00   | NA  | Nil                                |
|  | Deputation Services Received                        | FY 2018-19   | Deputation Letter<br>Rs. 2.95   | NA  | Nil                                |
|  | Deputation Services rendered                        | FY 2018-19   | Deputation Letter<br>Rs.1.22  | NA  | Nil                                |
| Mangalore SEZ Limited (Associate of Ultimate Holding Company)                    | Lease Rent  | FY 2018-19   | Agreement<br>Rs.23.40   | 12.04.2012                                    | Nil                                |
|  | Water, Marine Outfall                               | FY 2018-19   | Agreement<br>Rs.121.13  | 14.10.2014                                    | Nil                                |
|  | Power   | FY 2018-19   | Agreement<br>Rs.207.94  | 05.08.2017                                    | Nil                                |
|  | Zone O & M Charges                                  | FY 2018-19   | Agreement<br>Rs. 37.52  | 08.05.2019                                    | Nil                                |
|  | Corridor O & M Charges                              | FY 2018-19   | Agreement<br>Rs.25.19   | 19.03.2016                                    | Nil                                |
|  | Others  | FY 2018-19   | Actual<br>Rs. 0.09  | NA  | Nil                                |
| Hindustan Petroleum Corporation Limited (Subsidiary of ultimate Holding Company) | Purchase of products                                | FY 2018-19   | As per Contract<br>Rs.281.55  | NA  | Nil                                |



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ONGC MANGALORE PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of ONGC Mangalore Petrochemicals Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 17 June 2019 which supersedes their earlier Audit Report dated 25 April 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of ONGC Mangalore Petrochemicals Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143(6)(a) of the Act.

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

Sd/-  
**R. AMBALAVANAN**  
Director General of Commercial Audit and  
Ex-Officio Member, Audit Board, Chennai

Place : Chennai  
Date : 17 June 2019

Form MR – 3  
**Secretarial Audit Report**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**  
 [Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
 (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Annexure - C

To,  
 The Members,  
 ONGC MANGALORE PETROCHEMICALS LIMITED  
 [CIN: U40107KA2006GOI041258]  
 Mangalore Special Economic Zone, Permude,  
 Mangalore- 574509 Karnataka, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ONGC Mangalore Petrochemicals Limited (hereinafter called "The Company"), having its Registered Office at Mangalore Special Economic Zone, Permude, Mangalore- 574509 Karnataka, India. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable during the period under review)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable during the period under review)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable during the period under review)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable during the period under review)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable during the period under review)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the period under review)
- (vi) The other laws, as informed and certified by the management of the Company which, are specifically applicable to the Company based on their sector/ industry are:
  - a) Petroleum Act, 1934 and Rules made thereunder
  - b) The Special Economic Zones Act, 2005 and Rules made thereunder

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals.

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review and as per the explanations and representations made by the officers and management and subject to the clarifications given to us, the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a. During the year under review the company did not have the required number of Independent Directors in term of section 149 of Companies Act, 2013. No Independent Directors were appointed during the Financial Year 2018-19.
- b. Provisions of Sec.135, Sec.177 and Sec.178 of the Companies Act, 2013 pertaining to Constitution of CSR Committee, Audit Committee and Nomination and Remuneration Committee respectively were not complied during the period under review as the Independent Directors as per provisions of Sec.149 of the Companies Act were not appointed during the Financial Year 2018-19.
- c. Provisions of Sec.203 of the Companies Act, 2013 relating to Appointment of KMP by the Company is not complied with as the Company has not appointed managing director, or Chief Executive Officer or manager and in their absence, a whole-time director till 30th September, 2018.
- d. The Company has not complied with the laws/ rules/guidelines with regard to Overtime working hours required under the Factories Act, 1948

We further report that:

The Board of Directors of the Company consists of Non-Executive Directors with the exception of the requisite number of Independent Directors on the Board as per the Section 149 of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period,

- The company has increased its Authorized Share Capital from Rs.2000,00,00,000/- (Rupees Two Thousand Crore only) consisting of 200,00,00,000 (Two Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten) each to Rs.2200,00,00,000/- (Rupees Two Thousand Two Hundred Crore only) consisting of 220,00,00,000 (Two Hundred and Twenty Crore) Equity Shares of Rs.10/- (Rupees Ten) each.
- The Company has increased its paid up equity share capital by way of issue and allotment of 24,99,99,602 shares of Rs.10/- each, at Rs.12/- per share, on Rights basis aggregating to Rs.299,99,95,222/- (Two Hundred Ninety Nine Crore Ninety Nine Lakh Ninety Five Thousand Two Hundred and Twenty Two only).
- The Board had accorded consent for amalgamation of the company with the holding company Mangalore Refinery and Petrochemicals Limited (MRPL) subject to necessary approvals. The Ministry of Petroleum and Natural Gas, GoI, has issued 'No Objection' vide letter dated April 18, 2018 in this regard to holding company MRPL.

Date : 06th June, 2019  
Place : Mangaluru

For Kumar Naresh Sinha & Associates  
Company Secretaries

sd/-  
Naresh Kumar Sinha  
(Proprietor)  
FCS No.: 1807, CP No.: 14984

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.



To,  
The Members  
ONGC MANGALORE PETROCHEMICALS LIMITED  
[CIN: U40107KA2006GOI041258]  
Mangalore Special Economic Zone, Permude,  
Mangalore- 574509 Karnataka, India.

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our finding/ audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have relied upon the Reports of statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statement of the relevant financial year, which give a true and fair view of the state of the affairs of the Company.
4. We have relied upon the reports of statutory auditors regarding compliance of Fiscal Laws including Goods and Service Tax and not gone into that.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Kumar Naresh Sinha & Associates  
Company Secretaries

Date : 06th June, 2019  
Place : Mangaluru

Sd/-  
Naresh Kumar Sinha  
(Proprietor)  
FCS No.: 1807, CP No.: 14984

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March 2019**  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

|      |   |   |   |
|------|---|---|---|
| i)   | CIN   | : | U40107KA2006GOI041258   |
| ii)  | Registration Date   | : | 19th December 2006  |
| iii) | Name of the Company   | : | ONGC Mangalore Petrochemicals Limited   |
| iv)  | Category / Sub-Category of the Company  | : | Public Sector Enterprise  |
| v)   | Address of the Registered office and contact details                                      | : | MSEZ Permude, Mangalore-574509  |
| vi)  | Whether listed company  | : | Yes (NCDs are listed)   |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any (For NCDs only) | : | M/s Link Intime India Private Limited<br>247, Lal Bahadur Shastri Marg, Surya Nagar,<br>Gandhi Nagar,<br>Vikhroli West, Mumbai, Maharashtra 400083<br>Tel No.: 91 22 49186000   Extn: 2470  <br>Fax No.: 91 22 49186060  <br>Email bonds.helpdesk@linkintime.co.in<br>Contact Person : Mr. Vinayak Bendal |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

| Sl. No | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1      | Paraxylene                                       | 19201                            | 71.07%                             |
| 2      | Benzene  | 19201                            | 13.48%                             |
| 3      | Paraffinic Raffinate                             | 19201                            | 11.90%                             |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

| Sl. No | Name and Address of The Company                          | CIN                   | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1      | M/s Mangalore Refinery and Petrochemicals Limited (MRPL) | L23209KA1988GOI008959 | Holding                        | 51%              | 2(87)(ii)          |
| 2      | M/s Oil and Natural Gas Corporation Limited (ONGC)       | L74899DL1993GOI054155 | Associate                      | 48.99%           | 2(6)               |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## I) Category-wise Share Holding :

| Category of Shareholders  | No. of Shares held at the beginning of the year |            |            |                   | No. of Shares held at the end of the year |          |            |                   | % Change during the year |
|---|---|------------|------------|-------------------|---|----------|------------|-------------------|--------------------------|
|   | Demat   | Physical   | Total      | % of Total Shares | Demat                                     | Physical | Total      | % of Total Shares |                          |
| <b>A. Promoters</b>   |   |            |            |                   |   |          |            |                   |                          |
| (1) Indian  |   |            |            |                   |   |          |            |                   |                          |
| a) Individual/HUF   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| b) Central Govt   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| c) State Govt   | NIL   | 1877621500 | 1877621500 | 99.9998           | 2127620401                                | 500      | 2127620901 | 99.9998025        | 13.31%                   |
| d) Bodies Corp.   | NIL   | 1877621500 | 1877621500 | 99.9998           | 2127620401                                | 500      | 2127620901 | 99.9998025        | 13.31%                   |
| e) Banks / FI   | NIL   |            |            |                   |   |          |            |                   |                          |
| f) Any Other.   | NIL   |            |            |                   |   |          |            |                   |                          |
| <b>Sub-total (A)(1)</b>   | NIL   | 1877621500 | 1877621500 | 99.9998           | 2127620401                                | 500      | 2127620901 | 99.9998025        | 13.31%                   |
| (2) Foreign   |   |            |            |                   |   |          |            |                   |                          |
| a) NRI-individual   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| b) Other Individual   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| c) Bodies Corp.   | NIL   |            |            |                   |   |          |            |                   |                          |
| d) Banks / FI   | NIL   |            |            |                   |   |          |            |                   |                          |
| e) Any Other.   | NIL   |            |            |                   |   |          |            |                   |                          |
| <b>Sub-total (A)(2)</b>   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                 | NIL   | 1877621500 | 1877621500 | 99.9998           | 2127620401                                | 500      | 2127620901 | 99.9998025        | 13.31%                   |
| <b>B. Public Shareholding</b>   |   |            |            |                   |   |          |            |                   |                          |
| (1) Institutions  |   |            |            |                   |   |          |            |                   |                          |
| a) Mutual Funds   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| b) Banks / FI   | NIL   |            |            |                   |   |          |            |                   |                          |
| c) Central Govt   | NIL   |            |            |                   |   |          |            |                   |                          |
| d) State Govt   | NIL   |            |            |                   |   |          |            |                   |                          |
| e) Venture Capital Funds  | NIL   |            |            |                   |   |          |            |                   |                          |
| f) Insurance Companies  | NIL   |            |            |                   |   |          |            |                   |                          |
| g) FIIs   | NIL   |            |            |                   |   |          |            |                   |                          |
| h) Foreign Venture Capital Funds  | NIL   |            |            |                   |   |          |            |                   |                          |
| i) Others (specify)   | NIL   |            |            |                   |   |          |            |                   |                          |
| <b>Sub-total (B)(1)</b>   | NIL   | NIL        | NIL        | NIL               | NIL                                       | NIL      | NIL        | NIL               | NIL                      |
| (2) Non Institutions  |   |            |            |                   |   |          |            |                   |                          |
| a) Bodies Corp.   |   |            |            |                   |   |          |            |                   |                          |
| i) Indian   |   |            |            |                   |   |          |            |                   |                          |
| ii) Overseas  |   |            |            |                   |   |          |            |                   |                          |
| b) Individuals shareholders holding nominal share capital upto Rs. 1 lakh | NIL   | 4000       | 4000       | 0.0002            | 1701                                      | 2500     | 4201       | 0.00019745        | 5.025%                   |

| Category of Shareholders   | No. of Shares held at the beginning of the year |            |            |                   | No. of Shares held at the end of the year |          |                |                   | % Change during the year |
|--|---|------------|------------|-------------------|---|----------|----------------|-------------------|--------------------------|
|  | Demat   | Physical   | Total      | % of Total Shares | Demat                                     | Physical | Total          | % of Total Shares |                          |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh |   |            |            |                   |   |          |                |                   |                          |
| <b>Sub-total (B)(2)</b>  | NIL   | 4000       | 4000       | 0.0002            | 1701                                      | 2500     | 4201           | 0.00019745        | 5.025%                   |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                               | NIL   | 4000       | 4000       | 0.0002            | 1701                                      | 2500     | 4201           | 0.00019745        | 5.025%                   |
| C. Shares held by Custodian for GDRs & ADRs                                      |   |            |            |                   |   |          |                |                   |                          |
| <b>Grand Total (A+B+C) 13.31%</b>  | NIL   | 1877625500 | 1877625500 | 100               | 2,12,76,22,102                            | 3000     | 2,12,76,25,102 | 100               | 13.31%                   |

## (ii) Shareholding of Promoters:

| Sr. No. | Shareholder's Name                            | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |   |   |
|---------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|---|---|
|         |   | No. of Shares                             | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total shares of the Company | % of Shares Pledged/ encumbered to total shares | % change in share holding during the year |
| 1       | Oil and Natural Gas Corporation Limited       | 92,00,00,000                              | 48.99                            | —  | 1,04,24,95,141                      | 48.9981                          | —   | 13.31%                                    |
| 2       | Mangalore Refinery and Petrochemicals Limited | 95,76,21,500                              | 51                               | —  | 1,08,51,25,260                      | 51.0017                          | —   | 13.31%                                    |

## (iii) Change in Promoters' Shareholding:

| Sr No.   | Particulars                                   |            |          | Cumulative Shareholding during the year |                                  |               |                                  |
|--|---|------------|----------|---|----------------------------------|---------------|----------------------------------|
|  |   |            |          | No. of Shares                           | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| <b>At the beginning of the year</b>                      |   |            |          |   |                                  |               |                                  |
| 1  | Oil and Natural Gas Corporation Limited       | 01.04.2018 |          | 920000000                               | 48.99                            | 920000000     | 48.99                            |
| 2  | Mangalore Refinery and Petrochemicals Limited | 01.04.2018 |          | 957621500                               | 51                               | 957621500     | 51                               |
| <b>Increase/decrease in shareholding during the year</b> |   |            |          |   |                                  |               |                                  |
| 1  | Oil and Natural Gas Corporation Limited       | 21.11.2018 | Increase | 122495141                               | 48.99                            | 1042495141    | 48.99                            |
| 2  | Mangalore Refinery and Petrochemicals Limited | 21.11.2018 | Increase | 127504260                               | 51                               | 1085125260    | 51                               |
| <b>At the end of the year</b>                            |   |            |          |   |                                  |               |                                  |
| 1  | Oil and Natural Gas Corporation Limited       | 31.03.2019 |          | 1042495141                              | 48.99                            | 1042495141    | 48.99                            |
| 2  | Mangalore Refinery and Petrochemicals Limited | 31.03.2019 |          | 1085125260                              | 51                               | 1085125260    | 51                               |

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr No.   | Particulars               |              | No. of Shares | % of total shares of the Company | Cumulative Shareholding during the year |                                  |
|--|---------------------------|--------------|---------------|----------------------------------|---|----------------------------------|
|  |                           |              |               |                                  | No. of Shares                           | % of total shares of the Company |
| <b>at the beginning of the year</b>  |                           |              |               |                                  |   |                                  |
| 1  | Shri Sameer Jain          | Equity Share | 500           | 0.000221                         | 500                                     | 0.0001974                        |
| 2  | Shri Bhavesh Goel         | Equity Share | 500           |                                  | 567                                     |                                  |
| 3  | Shri Aditya Kumar Mishra  | Equity Share | 500           |                                  | 567                                     |                                  |
| 4  | Shri Ankur Sharma         | Equity Share | 500           |                                  | 567                                     |                                  |
| 5  | Shri Apurav Goyal         | Equity Share | 500           |                                  | 500                                     |                                  |
| 6  | Shri Ashith B. Shetty     | Equity Share | 500           |                                  | 500                                     |                                  |
| 7  | Shri Sanjeev J.           | Equity Share | 500           |                                  | 500                                     |                                  |
| 8  | Smt. Kavita Sharma        | Equity Share | 500           |                                  | 500                                     |                                  |
| 9  | Shri Subhaschandra Pai. T | Equity Share | 100           |                                  | 100                                     |                                  |
| 10   | Shri Yogish Nayak. S      | Equity Share | 100           |                                  | 100                                     |                                  |
| 11   | Shri Sushil Chandra. M    | Equity Share | 100           |                                  | 100                                     |                                  |
| 12   | Shri B. Prashantha Baliga | Equity Share | 100           |                                  | 100                                     |                                  |
| 13   | Shri Shyam Prasad Kamath  | Equity Share | 100           |                                  | 100                                     |                                  |
| <b>Increase/decrease in shareholding during the year</b><br>On 21.11.2018 increase of Shares no. 67 each to Shri Bhavesh Goel, Shri Aditya Kumar Mishra, Shri Ankur Sharma |                           |              | 201           |                                  | 201                                     |                                  |
| <b>At the end of the year 31.03.2019</b>   |                           |              | 4 701         | 0.0001974                        | 4,701                                   | 0.0001974                        |

## (v) Shareholding of Directors and Key Managerial Personnel:

| Sr No.   | Particulars              |          | Cumulative Shareholding during the year |                                  |               |                                  |
|--|--------------------------|----------|---|----------------------------------|---------------|----------------------------------|
|  |                          |          | No. of Shares                           | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| <b>For Directors</b>                                     |                          |          |   |                                  |               |                                  |
| 1  | Shri Shashi Shanker      | Chairman | 0                                       | 0.00                             | 0             | 0.00                             |
| 2  | Shri M Venkatesh         | Director | 0                                       | 0.00                             | 0             | 0.00                             |
| 3  | Shri Rajesh Kakkar       | Director | 0                                       | 0.00                             | 0             | 0.00                             |
| 4  | Shri Sanjay Kumar Moitra | Director | 0                                       | 0.00                             | 0             | 0.00                             |
| 5  | Smt Alka Mittal          | Director | 0                                       | 0.00                             | 0             | 0.00                             |
| 6  | Shri M Vinayakumar       | Director | 0                                       | 0.00                             | 0             | 0.00                             |
| <b>Key Managerial Personnel</b>                          |                          |          |   |                                  |               |                                  |
| 1  | Shri S S Nayak           | CEO      | 0                                       | 0.00                             | 0             | 0.00                             |
| 2  | Shri Surendra Nayak      | CFO      | 0                                       | 0.00                             | 0             | 0.00                             |
| 3  | Shri K B Shyam Kumar     | CS       | 0                                       | 0.00                             | 0             | 0.00                             |
| <b>Increase/decrease in shareholding during the year</b> |                          |          | NIL                                     | NIL                              | NIL           | NIL                              |
| <b>At the end of the year 31.03.2019</b>                 |                          |          | 0                                       | 0.00                             | 0             | 0.00                             |

## (vi) Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:-

(₹ in Million)

|  | Secured Loans/ deposits | Unsecured Loan | Deposits | Total indebtedness |
|--|-------------------------|----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the Financial year</b> |                         |                |          |                    |
| i) Principal Amount  | 4,001.65                | 2,969.2        | -        | 6,970.85           |
| ii) Interest due but not paid                              | -                       | -              | -        | -                  |
| iii) Interest accrued but not due                          | 30.71                   | 0.18           | -        | 30.89              |
| <b>Total (i+ii+iii)</b>                                    | 4,032.36                | 2,969.38       | -        | 7,001.74           |
| <b>Change in indebtedness during the Financial year</b>    |                         |                |          |                    |
| Addition   | 6,485.13                | 9,192.71       | -        | 15,677.85          |
| Reduction  | 7,129.10                | 8,872.38       | -        | 16,001.48          |
| <b>Net Change</b>  | -643.96                 | 320.33         | -        | -323.64            |
| <b>Indebtedness at the end of the Financial year</b>       |                         |                |          |                    |
| i) Principal Amount  | 3,199.13                | 3,287.52       | -        | 6,486.65           |
| ii) Interest due but not paid                              | -                       | -              | -        | -                  |
| iii) Interest accrued but not due                          | 189.27                  | 2.18           | -        | 191.46             |
| <b>Total (i+ii+iii)</b>                                    | 3,388.40                | 3,289.703      | -        | 6,678.10           |

**(vii). Remuneration of directors and key managerial personnel:**

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager: As there is no MD, WTD and / or Manager, the information is NIL.
- B. Remuneration to other directors:  
Company has not paid sitting fees to the Director during financial year 2018-19, Hence The setting fees of Directors is not exceeding one lakh rupees per meeting , as required under Section 197(5) Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.
- C. Remuneration to key managerial personnel other than MD/Manager/WTD:

| Sr. no. | Particulars of Remuneration   | Shri S S Nayak | Shri K Sushil Shenoy | Shri Surendra Nayak | Shri K B Shyam Kumar | Total Amount   |
|---------|---|----------------|----------------------|---------------------|----------------------|----------------|
|         |   | CEO*           | CFO#                 | CFO~                | CS                   |                |
| 1       | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Rs.20,74,833   | Rs. 33,82,060        | Rs.19,68,048        | Rs. 23,67,956        | Rs.97,92,897   |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961   | Nil            | Nil                  | Rs.3,56,519         | Nil                  | Rs.3,56,519    |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961                              | Nil            | Nil                  | Nil                 | Nil                  | Nil            |
| 2       | Stock Option  | Nil            | Nil                  | Nil                 | Nil                  | Nil            |
| 3       | Sweat Equity  | Nil            | Nil                  | Nil                 | Nil                  | Nil            |
| 4       | Commission<br>- As % of profit<br>- Other,  | Nil            | Nil                  | Nil                 | Nil                  | Nil            |
| 5       | Others, please specify  | Nil            | Nil                  | Nil                 | Nil                  | Nil            |
|         | Total   | Rs.20,74,833   | Rs.33,82,060         | Rs.23,24,567        | Rs. 23,67,956        | Rs.1,01,49,416 |

\* Chief Executive Officer is appointed w.e.f 1st October 2018, emoluments considered on pro-rata for the period.

# Superannuated as at 30th Sept 2018

~ Under secondment from MRPL as CFO from 1st Oct 2018, emoluments considered proportionately

**(viii). PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

### Corporate Governance Report for the year 2018-19

#### Company's philosophy on Corporate Governance

ONGC Mangalore Petrochemicals Limited (the Company) is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. It is an integral part of the Company's core values which include transparency, integrity and honesty in its dealings. The Company believes in practicing good Corporate Governance and endeavours to improve on these aspects on an ongoing basis.

#### Board of Directors

As on March 31, 2019, the Board of Directors has six directors, including a woman director. The Board comprises of six Promoter Directors. All the Board members are Non-Executive. The Board members possess necessary skills, adequate experience and overall expertise to guide the Company.

The composition of the Board as on 31st March 2019 was as under:

| Sl. No. | Name of the Director     | Business Relationship | Category of Directorship |
|---------|--------------------------|-----------------------|--------------------------|
| 1       | Shri Shashi Shanker      | Chairman              | Non -Executive           |
| 2       | Shri M Venkatesh         | Director              | Non -Executive           |
| 3       | Shri Rajesh Kakkar       | Director              | Non -Executive           |
| 4       | Shri Sanjay Kumar Moitra | Director              | Non -Executive           |
| 5       | Smt Alka Mittal          | Director              | Non -Executive           |
| 6       | Shri M Vinayakumar       | Director              | Non -Executive           |

#### Changes in the Board of Directors during 2018-19

1. Shri Kumar Hariharan, ceases to be Director with effect from 01.06.2018
2. Shri Rajesh Kakkar appointed on the Board of the Company on 15.05.2018
3. Shri Sanjay Kumar Moitra appointed on the Board of the Company on 15.05.2018
4. Shri A K Sahoo, ceases to be Director with effect from 11.12.2018
5. Shri M Vinayakumar appointed on the Board of the Company on 14.11.2018

#### Board Meetings held during the year 2018-19

During the year ended on 31<sup>st</sup> March 2019, Seven Board Meetings were held and the details are as under:-

| Sl. No. | Date of Meeting                | Place of Meeting |
|---------|--------------------------------|------------------|
| 1       | 10 <sup>th</sup> April 2018    | New Delhi        |
| 2       | 15 <sup>th</sup> May 2018      | New Delhi        |
| 3       | 02 <sup>nd</sup> July 2018     | New Delhi        |
| 4       | 11 <sup>th</sup> August 2018   | Mangaluru        |
| 5       | 11 <sup>th</sup> October 2018  | New Delhi        |
| 6       | 14 <sup>th</sup> November 2018 | New Delhi        |
| 7       | 05 <sup>th</sup> February 2019 | New Delhi        |

#### Attendance of Directors at the Board meeting held during the year 2018-19

The attendance at the Board Meetings held during the year ended on 31st March 2019 and at the last Annual General Meeting are as under:-

| Sl. No. | Name of the Director                 | No. of Meeting Attended (Held = 7) | Attended last AGM | No. of other directorship |         | No. of outside committee # |          |
|---------|--------------------------------------|------------------------------------|-------------------|---------------------------|---------|----------------------------|----------|
|         |                                      |                                    |                   | Public                    | Private | Member                     | Chairman |
| 1       | Shri Shashi Shanker                  | 6                                  | Yes               | 7                         | -       | -                          | -        |
| 2       | Shri M Venkatesh                     | 7                                  | Yes               | 4                         | -       | 5                          | -        |
| 3       | Shri Rajesh Kakkar                   | 5                                  | No                | 3                         | -       | 2                          | -        |
| 4       | Shri Sanjay Kumar Moitra             | 6                                  | Yes               | 2                         | -       | 2                          | -        |
| 5       | Smt Alka Mittal                      | 6                                  | Yes               | 1                         | -       | 1                          | -        |
| 6       | Shri M Vinayakumar (from 14.11.2018) | 2                                  | NA                | 1                         | -       | 2                          | -        |
| 7       | Shri H Kumar (Till 01.06.2018)       | 2                                  | NA                | -                         | -       | -                          | -        |
| 8       | Shri A K Sahoo (Till 11.12.2018)     | 4                                  | Yes               | -                         | -       | -                          | -        |

# Chairmanship/Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies

#### Resume of the directors proposed to be re-appointed

The notice of the 13th Annual General Meeting contains the brief resume of Director retiring by rotation including nature of his experience in specific functional areas, names of companies in which he holds directorship and membership/ chairmanship of Board/Committee.

#### Board Committees

The Company has the following Committees of the Board:

#### Audit Committee

The Company has listed its Non-convertible Debentures on Bombay Stock Exchange Limited. Hence the provisions of Chapter III and V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to the Company. Pursuant to Section 177 of the Companies Act 2013, the Company has an Audit Committee which was originally constituted on 1st September 2010 and thereafter reconstituted from time to time as a good Corporate Governance Practice. The Audit Committee deals with the matters entrusted by the Board of Directors from time to time which include accounting matters, financial reporting and internal controls. The power, role, delegation, responsibilities and terms of reference of the Audit Committee have been derived from Section 177 of the Companies Act, 2013 and include the following:

- A. Overview the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- B. Recommendation relating to remuneration of auditors of the company;
- C. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- D. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
  - Matters required to be included in the Director's Responsibility Statement in the Board's report
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with legal requirements relating to financial statements
  - Qualifications in the draft audit report
- E. Mandatorily review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.
- F. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- G. Evaluation of internal financial controls and risk management systems;
- H. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- I. Reviewing the adequacy of internal audit function, if any, 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;
- J. Holding discussion with internal auditors of any significant findings and follow up there on;

- K. 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;
- L. Holding discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- M. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- N. Reviewing the functioning of the Whistle Blower mechanism;
- O. Considering and reviewing the following with the management, internal auditor and the independent auditor:
- Significant findings during the year, including the status of previous audit recommendations
  - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information,
- P. Investigating into any matter in relation to the items specified above or referred to it by the Board and it shall have power to obtain professional advice from external sources and have full access to information in the records and to seek information from any employee.
- Q. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- R. Granting approval or any subsequent modification of transactions of the company with related parties;
- S. Monitoring the end use of the funds raised through public offers and related matters;
- T. Scrutinising inter-corporate loans and investments;
- U. Carrying out valuation of undertakings or assets of the company, wherever it is necessary;

The information pertaining to composition of the Audit Committee, number of meetings held and attendances there by the Members of the Audit Committee meeting held in 2018-19 have provided herein below:

| Sl. No. | Name of Director                           | Designation | No. of Meeting Attended (Held = 7) |
|---------|--|-------------|------------------------------------|
| 1       | Shri Sanjay Kumar Moitra (From 02.07.2018) | Chairman    | 5                                  |
| 2       | Shri A K Sahoo (Till 11.12.2018)           | Chairman    | 4                                  |
| 3       | Shri M Venkatesh (till 14.05.2018)         | Member      | 2                                  |
| 4       | Smt Alka Mittal                            | Member      | 7                                  |
| 5       | Shri M Vinayakumar (from 14.11.2018)       | Member      | 1                                  |

All the Members are Non- Executive Directors.

Seven meetings of the Audit Committee were held during the year 2018-19:

| Sl. No. | Date of Meeting                | Place of Meeting |
|---------|--------------------------------|------------------|
| 1       | 10 <sup>th</sup> April 2018    | New Delhi        |
| 2       | 14 <sup>th</sup> May 2018      | New Delhi        |
| 3       | 02 <sup>nd</sup> July 2018     | New Delhi        |
| 4       | 08 <sup>th</sup> August 2018   | New Delhi        |
| 5       | 01 <sup>st</sup> November 2018 | New Delhi        |
| 6       | 14 <sup>th</sup> November 2018 | New Delhi        |
| 7       | 31 <sup>st</sup> January 2019  | New Delhi        |

The Internal Auditors and Statutory Auditors of the Company were invited to the meeting. The Company Secretary acts as the Secretary to the Audit Committee.

#### Nomination and Remuneration Committee

The Company has constituted Nomination and Remuneration Committee on 28th March 2015 in terms of Section 178 of the Companies Act, 2013. The terms of reference, inter alia, includes the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal.
- To recommend to the Board a policy, relating to the remuneration for the directors, KMP and other employees.

- To formulate a policy which ensures that
  - ▲ The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - ▲ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - ▲ Remuneration to directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- To carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director

The information pertaining to composition of the Members of the Nomination and Remuneration Committee have provided herein below:

The Committee consists of three members viz, Shri M Venkatesh, Chairman, Shri Rajesh Kakkar, Member and Smt Alka Mittal, Member.

The Members of the Nomination and Remuneration Committee elect Chairman of the meeting. All the Members are Non-Executive Directors. During the year 2018-19, the Committee has met once on 08.08.2018. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

#### Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013 it is necessary to constitute a Corporate Social Responsibility Committee to oversee the CSR activities. Accordingly, Corporate Social Responsibility Committee was constituted by the Board of Directors in its 52nd meeting held on March 15, 2016.

The terms of reference, inter alia, includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made thereunder
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the CSR Policy of the Company from time to time

The CSR Policy was approved by the Board on August 01, 2016 and is uploaded on the Company's website. During the year 2018-19, the Committee has met once on 02.07.2018. As the Company commenced its commercial operation during 2014-15 and was not having positive average profits during the immediately preceding three financial years, the Company has not spent any amount on CSR activities.

The Committee consists of three members viz., Shri Rajesh Kakkar, Chairman, Smt Alka Mittal, Member and Shri M Vinayakumar, Member.

#### Committee of Directors

The Board of Directors of the Company constituted a Committee of Directors on 26th November 2009 to look into, deliberate and approve high value contracts, negotiate with the short-listed parties and to resolve various issues regarding pricing, payment mechanism, guarantees, support etc.

The composition of the Committee of Directors during the year under review and the details of meetings attended by the Members of the Committee are given below:

| Sl. No. | Name of Director                  | Designation | No. of Meeting Attended (Held = 8) |
|---------|-----------------------------------|-------------|------------------------------------|
| 1       | Shri H Kumar (Till 01.06.2018)    | Chairman    | 1                                  |
| 2       | Shri M Venkatesh                  | Chairman    | 8                                  |
| 3       | Shri A K Sahoo (Till 11.12.2018)  | Member      | 3                                  |
| 4       | Shri S K Moitra (from 14.11.2018) | Member      | 4                                  |
| 5       | Smt Alka Mitta                    | Member      | 6                                  |

All the Members of the Committee of Directors are Non- Executive Directors.

Eight meetings of the Committee of Directors were held during the year 2018-19 as under:

| Sl.No. | Date of Meeting    | Place of Meeting |
|--------|--------------------|------------------|
| 1.     | 30th April 2018    | Bengaluru        |
| 2.     | 08th August 2018   | Mangaluru        |
| 3.     | 22nd October 2018  | Mangaluru        |
| 4.     | 29th November 2018 | Mangaluru        |
| 5.     | 17th December 2018 | New Delhi        |
| 6.     | 02nd January 2019  | Mangaluru        |
| 7.     | 19th February 2019 | Mangaluru        |
| 8.     | 29th March 2019    | Mangaluru        |

The Company Secretary acts as the Secretary to the Committee of Directors.

The Committee consists of three members viz., Shri. M Venkatesh, Chairman, Shri Sanjay Kumar Moitra, Member and Smt Alka Mittal, Member.

#### Remuneration to Directors

All the Directors on the Board of Directors of the Company are Non-executive Directors. Sitting fees were paid @ Rs.10,000/- for each meeting for attending the meetings of the Board of Directors and Committee meetings to the Independent Directors. With effect from September 03, 2016, the same was increased to Rs.25,000/- per Board Meeting and Rs.20,000/- per Committee Meeting.

Since Company does not have Independent Director during 2018-19, no sitting fee was paid.

#### Annual General Meetings (AGM)

The details of the last three Annual General Meetings of the Company are as under:

| Financial Year Ended        | Date of AGM                     | Time      | Venue                                   | Special resolutions passed  |
|-----------------------------|---------------------------------|-----------|---|---|
| 31 <sup>st</sup> March 2018 | 11th August 2018                | 14:30 hrs | Registered office at Permude, Mangalore | Offer or invitation for subscription for Non - Convertible Debentures (NCDs) aggregating to Rs.2,500 Cr on private placement. |
| 31st March 2017             | 19th August 2017                | 14.00 hrs | Registered office at Permude, Mangalore | No Special Resolution was passed in the meeting.  |
| 31 <sup>st</sup> March 2016 | 03 <sup>rd</sup> September 2016 | 14.30 hrs | Registered office at Permude, Mangalore | Appointment of Independent Directors  |

#### General Shareholder Information

##### Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U40107KA2006GOI041258.

The Annual General Meeting is scheduled to be held on: August 03, 2019

**Financial Calendar:**

| Adoption of Half yearly results for the period ending | Tentative date of the meeting of the Board |
|---|--|
| 30 <sup>th</sup> June 2019 (unaudited)                | August I week, 2019                        |
| 30 <sup>th</sup> September 2019 (unaudited)           | November I week, 2019                      |
| 31 <sup>st</sup> December 2019                        | February I week, 2019                      |
| 31 <sup>st</sup> March 2020 (audited)                 | May II week, 2020                          |

These dates are tentative and subject to change and the last date for submission of the unaudited half yearly and year to date financial results to the stock exchange is within forty-five days of end of the quarter (except the last quarter). The last date for submission of the financial results of the last quarter is within sixty days from the end of the financial year.

Book Closure: None

Registrars/Transfer Agents (for shares) : In-house by Secretarial Department  
 Registrars/Transfer Agents (for NCDs) : M/s Link Intime India Private Limited  
 247, Lal Bahadur Shastri Marg, Surya Nagar, Gandhi Nagar,  
 Vikhroli West, Mumbai, Maharashtra 400083  
 Tel No.: 91 22 49186000 | Extn: 2470 |  
 Fax No.: 91 22 49186060 |  
 E-mail: vinayak.bendal@linkintime.co.in

**Listing on Stock Exchanges:**

The Non-convertible Debentures (NCDs) are listed on the Wholesale Debt Market (WDM) segment of Bombay Stock Exchange Limited and the details are as below:

| Name and address   | Telephone/Fax/E-Mail/Website ID   | Trading symbol          |
|--|---|-------------------------|
| BSE Limited (BSE)<br>PhirozeJeejeebhoy Towers, Dalal<br>Street, Mumbai 400 001 | Telephone:022-22721233/4<br>Fax: 022-22721919<br>E-mail:info@bseindia.com<br>Website:www.bseindia.com | 84ONGC19<br>812ONGCMP19 |

**Scrip Code**

8.40% Debentures: 953380 (Redeemed on 14<sup>th</sup> March 2019)  
 8.12% Debentures: 954148 (Redeemed on 10<sup>th</sup> June 2019)

**Listing Fee**

Annual listing fee for the year 2019-20, as applicable, has been paid to BSE.

**Demat ISIN Number in NSDL & CDSL**

8.40% Debentures: INE053T07018 (Till 14.03.2019)  
 8.12% Debentures: INE053T07026 (Till 10.06.2019)

Custody fee of CDSL has been paid for the financial year 2019-20.

**Details of the Debenture Trustees**

Axis Trustee Services Limited  
 (A wholly owned subsidiary of Axis Bank Limited)  
 Axis Bank Limited) Ground Floor, Axis House,  
 Wadia International Centre, PandurangBudhkar Marg,  
 Worli, Mumbai – 400025  
 Tel No.: 022- 62260084, 62260087  
 Email: debenturetrustee@axistrustee.com

**Address for correspondence**

Investor Correspondence  
 For Shares/Debentures held in Physical/demat form

Shri K B Shyam Kumar  
 Company Secretary  
 ONGC Mangalore Petrochemicals Limited  
 MSEZ, Permude  
 Mangaluru – 574 509  
 Phone:0824-2872120  
 Fax:0824- 2872004  
 Email: cs@omplindia.com / shyamkumar@omplindia.com

## Shareholding Pattern as on 31st March 2019

| Sr. No. | Name of Shareholder                                      | No. of Shares         | % of Shareholding |
|---------|--|-----------------------|-------------------|
| 1       | M/s Oil and Natural Gas Corporation Limited (ONGC)       | 1,04,24,95,141        | 48.9980655        |
| 2       | M/s Mangalore Refinery and Petrochemicals Limited (MRPL) | 1,08,51,25,260        | 51.0017136        |
| 3       | Others (Individuals)                                     | 4,701                 | 0.000221          |
|         | <b>TOTAL</b>   | <b>2,12,76,25,102</b> | <b>100 %</b>      |

**Means of communication**

Half yearly/Annual Results: The Company regularly intimated un-audited as well as audited financial results to the Stock Exchange, immediately after they were approved. These financial results were normally published in the leading English daily having wide circulation across the country. The results are also displayed on the website of the Company <http://ompl.co.in>.

**Website:** The Company's website <http://ompl.co.in> contains separate dedicated section 'Financials' wherein information for shareholders/ debenture holders is available.

**Annual Report:** Annual Report containing inter-alia, Audited Accounts, Board's Report, Corporate Governance Report, Auditor's Report including information for the shareholders and other important information is circulated to the members and others entitled thereto.

**SEBI Complaints Redress System (SCORES):** The investor complaints were processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated Exclusive email-id:** The Company has designated the following email-id exclusively for investor servicing: [cs@omplindia.com](mailto:cs@omplindia.com)

**Transfer to Investor Education and Protection Fund (IEPF)**

The Company has not accepted any deposits from the public and also the Company has not declared any dividend since its incorporation. Interests on debentures were paid to their holders and no amount is lying as unclaimed. Therefore, there were no amounts which remained unpaid/unclaimed for a period of seven years and which were required to be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 124 of the Companies Act, 2013.

**Code of Conduct**

Your Company has framed its own Code of Conduct for the members of the Board of Directors and senior management personnel of the Company.

**Fee to Statutory Auditors**

The fee paid/ payable to the Statutory Auditors for the year was Rs.4,50,000 (previous year Rs.4,50,000) for Statutory Audit fees, Rs.4,50,000 for certification services plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

**Disclosures**

There were no significant related party transactions i.e. transactions of the Company of a material nature, with its promoters, the directors or the key managerial personnel or their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

**Compliances**

The Company has complied with applicable rules (except as otherwise stated in this report) and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during last three years. All returns/ reports were filed within stipulated time with stock exchanges/ other authorities.

**Plant Location**

MSEZ  
 Permude  
 Mangaluru - 574509

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ONGC MANGALORE PETROCHEMICALS LIMITED

**Report on the Audit of the Standalone Financial Statements****Opinion**

We have audited the standalone financial statements of ONGC Mangalore Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March 2019, the profit (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter  | Auditors Responses & Principal Audit Procedures adopted   |
|---------|---|---|
| 1.      | <p>Deferred Tax Asset - Note 46 of Notes to Financial statements:</p> <p>The company Balance sheet has a Deferred Tax Asset (net) of INR 7,654.11 Million.</p> <p>A deferred tax asset is only recognized if it is likely that the company will have taxable future profits on which this asset may be used.</p> <p>The company's ability to recover deferred tax assets is assessed by management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the recoverability of such deferred tax assets on tax losses carried forward as a key audit matter due to the importance of management's estimation and judgment and the materiality of amounts at stake.</p> | <p>We have used our own internal expertise in evaluating the assumptions and profitability forecasts made by management in the Budget and the Cash flow projections provided to us to ensure that the future taxable income will be available for set off against the tax losses carried forward.</p> |
| 2.      | <p>Contingent Liabilities - Note 38 of Notes to Financial statements</p> <p>Contingent liabilities and Claims against the company regarding claims of differential duty against the company and pending litigations, impact of which is not known at this stage</p>   | <p>We have involved our internal team to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution as given by the company's tax and legal department.</p>  |

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and take necessary actions as per applicable laws and regulations.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure – A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Based on the verification of Records of the Company and based on information and explanations given to us, we give herebelow a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act:
  - a. The company has system in place to process all the accounting transactions through IT system, there are no implications of processing of accounting transactions outside IT system on the integrity of accounts.
  - b. There is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.
  - c. No funds have been received/receivable for specific schemes from Central/State agencies. Government grants in the form of export incentives received by company in the form of MEIS scrips have been properly accounted as per the terms and conditions.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and 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 those books;
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
  - e. Disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015;
  - f. With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure - B;

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the standalone financial statements;
  - b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

We refer to our Audit Report dated 25th April 2019 already issued on the above referred Balance Sheet as on 31st March 2019, the Statement of Profit and Loss, Cash Flow Statement and the Statement of changes in equity. The said report is suitably amended to comply with the observations of Comptroller and Auditor General of India with respect to the Auditors Report. There have been no changes in the Balance Sheet as on 31st March 2019, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity referred in our earlier report dated 25th April 2019.

For **Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration Number: 001997S

Sd/-  
CA. Sandeep Mogalapalli  
Partner  
Membership Number: 221848

Place : Delhi  
Date : 17/6/2019

**Annexure - A to the Independent Auditors' Report  
(referred to in our report of even date):**

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. As explained to us, physical verification of inventories has been conducted by the management at reasonable intervals. In our opinion and according to the explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. As per the information given to us, no material discrepancies were noticed on such verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has not advanced loans, given guarantee or provided security to directors / to a Company in which the Director is interested to which provisions of Section 185 of the Act apply. The company has not given any loans, guarantee or security or made investments covered under provisions of section 186 of the Act.
- v. The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder.
- vi. We have broadly reviewed the records maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- vii.
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, duty of customs, cess, Goods and Services Tax and other statutory dues with the appropriate authorities during the year.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, duty of customs, cess, Goods and Services Tax and other statutory dues were in arrears as at 31st March, 2019, for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there are no dues of duty of customs, Income tax, sales tax, duty of excise, service tax, Goods and Services Tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii. According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in the repayment of dues to financial institutions, banks, Government and debenture holders.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. As per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015, the provisions of Section 197 of the Act as regards managerial remuneration are not applicable to the Company since it is a Government Company.

- xii. As the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the standalone Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the Order are not applicable to the Company.

For **Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration Number: 001997S

Sd/-  
CA. Sandeep Mogalapalli  
Partner  
Membership Number: 221848

Place : Delhi  
Date : 17/6/2019

**Annexure -B to the Independent Auditor's Report  
(Referred to in our report of even date)**

**Report on the Internal Financial Controls with reference to financial Statements under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of ONGC Mangalore Petrochemicals Limited ("the Company") as of 31st March, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Manohar Chowdhry & Associates**  
Chartered Accountants  
Firm Registration Number: 001997S

Sd/-  
CA. Sandeep Mogalipalli  
Partner  
Membership Number: 221848

Place : Delhi  
Date : 17/6/2019

## BALANCE SHEET AS AT MARCH 31, 2019

|     | Particulars   | Notes | As at March 31, 2019 | As at March 31, 2018 |
|-----|---|-------|----------------------|----------------------|
|     |   |       | ₹ in Millions        | ₹ in Millions        |
|     | <b>ASSETS</b>   |       |                      |                      |
| (1) | <b>Non-current assets</b>   |       |                      |                      |
|     | (a) Property, plant and equipment   | 5     | 56,286.35            | 58,008.53            |
|     | (b) Capital work-in-progress  | 6     | 127.98               | 146.00               |
|     | (c) Intangible assets   | 7     | 7.08                 | 6.70                 |
|     | (d) Financial assets  |       |                      |                      |
|     | (i) Investment  | 8     | 4.80                 | 4.80                 |
|     | (ii) Loans  | 9     | 19.20                | 19.22                |
|     | (e) Deferred tax assets (net)   | 31    | 7,654.11             | 8,159.46             |
|     | (f) Other non-current assets  | 11    | 3,072.53             | 3,160.15             |
|     | <b>Total non-current assets</b>   |       | <b>67,172.05</b>     | <b>69,504.86</b>     |
| (2) | <b>Current assets</b>   |       |                      |                      |
|     | (a) Inventories   | 12    | 5,144.03             | 5,207.23             |
|     | (b) Financial assets  |       |                      |                      |
|     | (i) Trade receivables   | 13    | 3,578.36             | 1,453.88             |
|     | (ii) Cash and cash equivalents  | 14    | 20.82                | 0.16                 |
|     | (iii) Loans   | 9     | 3.59                 | 3.59                 |
|     | (iv) Other financial assets   | 10    | 0.91                 | 1.78                 |
|     | (c) Current tax assets (net)  | 15    | 0.54                 | 2.67                 |
|     | (d) Other current assets  | 11    | 1,692.13             | 1,229.71             |
|     | <b>Total current assets</b>   |       | <b>10,440.38</b>     | <b>7,899.02</b>      |
|     | <b>Total assets</b>   |       | <b>77,612.43</b>     | <b>77,403.88</b>     |
|     | <b>EQUITY AND LIABILITIES</b>   |       |                      |                      |
| (1) | <b>EQUITY</b>   |       |                      |                      |
|     | (a) Equity share capital  | 16    | 21,276.25            | 18,776.26            |
|     | (b) Other equity  | 17    | (14,944.54)          | (15,656.38)          |
|     | <b>Total equity</b>   |       | <b>6,331.71</b>      | <b>3,119.88</b>      |
| (2) | <b>LIABILITIES</b>  |       |                      |                      |
|     | <b>Non-current liabilities</b>  |       |                      |                      |
|     | (a) Financial liabilities   |       |                      |                      |
|     | (i) Borrowings  | 18    | 7,148.54             | 29,791.99            |
|     | (b) Provisions  | 20    | 124.23               | 59.69                |
|     | <b>Total non-current liabilities</b>  |       | <b>7,272.77</b>      | <b>29,851.68</b>     |
| (3) | <b>Current liabilities</b>  |       |                      |                      |
|     | (a) Financial liabilities   |       |                      |                      |
|     | (i) Borrowings  | 18    | 34,458.49            | 31,838.76            |
|     | (ii) Trade Payables   | 21    |                      |                      |
|     | (a) Total outstanding due of micro and small enterprises                      |       | 2.82                 | 12.39                |
|     | (b) Total outstanding due of creditors other than micro and small enterprises |       | 3,241.67             | 3,070.92             |
|     | (iii) Other financial liabilities   | 19    | 26,284.88            | 9,491.95             |
|     | (b) Other current liabilities   | 22    | 12.02                | 14.10                |
|     | (c) Provisions  | 20    | 8.07                 | 4.20                 |
|     | <b>Total current liabilities</b>  |       | <b>64,007.95</b>     | <b>44,432.32</b>     |
|     | <b>Total liabilities</b>  |       | <b>71,280.72</b>     | <b>74,284.00</b>     |
|     | <b>Total equity and liabilities</b>   |       | <b>77,612.43</b>     | <b>77,403.88</b>     |

See accompanying notes to financial statements

For ONGC Mangalore Petrochemicals Limited

As per our report attached  
 For Manohar Chowdhry & Associates  
 Chartered Accountants  
 (Firm's Registration No.001997S)

M. Venkatesh  
 Director  
 DIN: 07025342

M. Vinayakumar  
 Director  
 DIN: 08225553

CA. Sandeep Mogalapalli  
 Partner  
 Membership No. 221848  
 Place: New Delhi  
 Date: 25.04.2019

K. B. Shyam Kumar  
 Company Secretary

Surendra Nayak  
 Chief Financial Officer

Sujir S Nayak  
 Chief Executive Officer

Place: New Delhi  
 Date: 25.04.2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

|            | Particulars   | Notes | For the year ended | For the year ended |
|------------|---|-------|--------------------|--------------------|
|            |   |       | March 31, 2019     | March 31, 2018     |
|            |   |       | ₹ in Millions      | ₹ in Millions      |
| I          | Revenue from operations                                       | 23    | 83,624.34          | 55,612.94          |
| II         | Other income  | 24    | 2,058.68           | 805.98             |
| <b>III</b> | <b>Total Income (I+II)</b>                                    |       | <b>85,683.02</b>   | <b>56,418.92</b>   |
| IV         | EXPENSES  |       |                    |                    |
|            | Cost of materials consumed                                    | 25    | 67,635.39          | 48,925.76          |
|            | Changes in inventories of finished goods and work-in-progress | 26    | 1,502.23           | (1,148.30)         |
|            | Employee benefits expense                                     | 27    | 521.54             | 416.19             |
|            | Finance costs   | 28    | 5,711.45           | 4,721.92           |
|            | Depreciation and amortization expense                         | 29    | 2,907.72           | 2,947.71           |
|            | Other expenses  | 30    | 6,662.83           | 5,314.13           |
|            | <b>Total expenses (IV)</b>                                    |       | <b>84,941.16</b>   | <b>61,177.41</b>   |
| V          | Profit/(loss) before exceptional items and tax (III-IV)       |       | 741.86             | (4,758.49)         |
| VI         | Exceptional items   |       | -                  | -                  |
| <b>VII</b> | <b>Profit/(loss) before tax (V-VI)</b>                        |       | <b>741.86</b>      | <b>(4,758.49)</b>  |
| VIII       | Tax expense:  | 31    |                    |                    |
|            | (1) Current tax   |       | -                  | -                  |
|            | (2) Deferred tax  |       | 512.92             | (287.42)           |
|            |   |       | 512.92             | (287.42)           |
| <b>IX</b>  | <b>Profit/(loss) for the year (VII-VIII)</b>                  |       | <b>228.94</b>      | <b>(4,471.07)</b>  |
| X          | Other Comprehensive Income                                    |       |                    |                    |
|            | Items that will not be reclassified to profit or loss         |       |                    |                    |
|            | (a) Remeasurement of defined benefit plans                    | 34    | (21.67)            | 4.18               |
|            | (b) Income tax relating to above                              | 31    | 7.57               | (1.46)             |
|            |   |       | (14.10)            | 2.72               |
| <b>XI</b>  | <b>Total Comprehensive Income/(loss) for the year (IX+X)</b>  |       | <b>214.84</b>      | <b>(4,468.35)</b>  |
| XII        | Earnings per equity share:                                    | 33    |                    |                    |
|            | (1) Basic (in ₹)  |       | 0.11               | (2.38)             |
|            | (2) Diluted (in ₹)  |       | 0.14               | (2.38)             |

See accompanying notes to financial statements

For ONGC Mangalore Petrochemicals Limited

As per our report attached  
 For Manohar Chowdhry & Associates  
 Chartered Accountants  
 (Firm's Registration No.001997S)

M. Venkatesh  
 Director  
 DIN: 07025342

M. Vinayakumar  
 Director  
 DIN: 08225553

CA. Sandeep Mogalapalli  
 Partner  
 Membership No. 221848  
 Place: New Delhi  
 Date: 25.04.2019

K. B. Shyam Kumar  
 Company Secretary

Surendra Nayak  
 Chief Financial Officer

Sujir S Nayak  
 Chief Executive Officer

Place: New Delhi  
 Date: 25.04.2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

## A. Equity share capital

| Particulars                                       | ₹ in Millions |
|---|---------------|
| Balance as at March 31, 2017                      | 18,776.26     |
| Changes in equity share capital during the year   | -             |
| Balance as at March 31, 2018                      | 18,776.26     |
| Changes in equity share capital during the period | 2,499.99      |
| Balance as at March 31, 2019                      | 21,276.25     |

## B. Other equity

| Particulars   | Reserves and Surplus |                   |                              | Total       |
|---|----------------------|-------------------|------------------------------|-------------|
|   | Securities Premium   | Retained earnings | Debenture Redemption Reserve |             |
|   | ₹ in Millions        | ₹ in Millions     | ₹ in Millions                |             |
| Balance as at March 31, 2017                              | 3,747.37             | (14,935.40)       | -                            | (11,188.03) |
| Profit for the year                                       | -                    | (4,471.07)        | -                            | (4,471.07)  |
| Remeasurement of defined benefit plans, net of income tax | -                    | 2.72              | -                            | 2.72        |
| Balance as at March 31, 2018                              | 3,747.37             | (19,403.75)       | -                            | (15,656.38) |
| Profit for the year                                       | -                    | 228.94            | -                            | 228.94      |
| Additional during the year                                | 500.00               | -                 | -                            | 500.00      |
| Transfer during the year                                  | (3.00)               | (228.94)          | 228.94                       | (3.00)      |
| Remeasurement of defined benefit plans, net of income tax | -                    | (14.10)           | -                            | (14.10)     |
| Balance as at March 31, 2019                              | 4,244.37             | (19,417.85)       | 228.94                       | (14,944.54) |

See accompanying notes to financial statements

As per our report attached  
For Manohar Chowdhry & Associates  
Chartered Accountants  
(Firm's Registration No.001997S)

For ONGC Mangalore Petrochemicals Limited

M. Venkatesh  
Director  
DIN: 07025342

M. Vinayakumar  
Director  
DIN: 08225553

CA. Sandeep Mogalapalli  
Partner  
Membership No. 221848  
Place: New Delhi  
Date: 25.04.2019

K. B. Shyam Kumar  
Company Secretary

Surendra Nayak  
Chief Financial Officer

Sujir S Nayak  
Chief Executive Officer

Place: New Delhi  
Date: 25.04.2019

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

| Particulars   | For the year ended | For the year ended March |
|---|--------------------|--------------------------|
|   | March 31, 2019     | 31, 2018                 |
|   | ₹ in Millions      | ₹ in Millions            |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                  |                    |                          |
| Profit/(loss) for the year                                      | 228.94             | (4,471.07)               |
| Adjustments for :   |                    |                          |
| Depreciation and amortisation expense                           | 2,907.72           | 2,947.71                 |
| Income tax expense  | 512.92             | (287.42)                 |
| Finance costs   | 4,026.03           | 4,377.59                 |
| Interest income   | (0.43)             | (2.09)                   |
| Dividend income from mutual funds                               | (7.06)             | (10.86)                  |
| Foreign exchange (gain) / loss, net                             | (434.56)           | 530.69                   |
|   | <b>7,233.56</b>    | <b>3,084.55</b>          |
| <b>Movements in working capital :</b>                           |                    |                          |
| (Increase)/decrease in Trade receivables                        | (2,122.99)         | 526.25                   |
| (Increase)/decrease in Inventories                              | 63.20              | (1,229.38)               |
| (Increase)/decrease in Loans                                    | 0.02               | 7.80                     |
| (Increase)/decrease in Other financial assets                   | 0.87               | 342.64                   |
| (Increase)/decrease in Other assets                             | 98.02              | 1,113.43                 |
| Increase/(decrease) in Trade payables                           | 161.18             | 634.30                   |
| Increase/(decrease) in Provisions                               | 54.31              | (0.57)                   |
| Increase/(decrease) in Other financial liabilities              | 1,611.60           | (102.84)                 |
| Increase/(decrease) in Other liabilities                        | (2.08)             | (10.38)                  |
| <b>Cash generated / (used in) operations</b>                    | <b>7,097.69</b>    | <b>4,365.80</b>          |
| Income taxes paid/adjusted, net of refunds                      | (510.78)           | 287.18                   |
| <b>Net cash generated from / (used in) operations</b>           | <b>6,586.91</b>    | <b>4,652.98</b>          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                  |                    |                          |
| Payments for property, plant and equipment                      | (534.53)           | (168.82)                 |
| Payments for intangible assets                                  | (0.80)             | (0.68)                   |
| Interest received   | 0.43               | 2.09                     |
| Dividend received from mutual funds                             | 7.06               | 10.86                    |
| <b>Net cash generated from / (used in) investing activities</b> | <b>(527.84)</b>    | <b>(156.55)</b>          |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                  |                    |                          |
| Proceeds from Equity Share Capital                              | 2,997.00           | -                        |
| Proceeds from long-term borrowings                              | 193.73             | 8.99                     |
| Repayment of long-term borrowings                               | (8,278.79)         | (3,078.67)               |
| Proceeds from short-term borrowings                             | 1,73,922.96        | 1,60,468.86              |
| Repayment of short-term borrowings                              | (1,70,870.17)      | (1,57,676.87)            |
| Finance costs   | (4,003.14)         | (4,348.45)               |
| <b>Net cash generated from / (used in) financing activities</b> | <b>(6,038.41)</b>  | <b>(4,626.14)</b>        |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>    | <b>20.66</b>       | <b>(129.71)</b>          |
| Cash and cash equivalents at the beginning of the year          | 0.16               | 129.87                   |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>20.82</b>       | <b>0.16</b>              |

## NOTES:

- The above cash flow statement has been prepared as per "Indirect method" as set out in the Ind AS 7 "Cash Flow Statement".
- Payments for property, plant and equipment includes movement of Capital Work-in-progress during the year.

As per our report attached  
For Manohar Chowdhry & Associates  
Chartered Accountants  
(Firm's Registration No.001997S)

For ONGC Mangalore Petrochemicals Limited

M. Venkatesh  
Director  
DIN: 07025342

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C.A. Sandeep Mogalapalli  
Partner  
Membership No. 221848

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Company Secretary

Surendra Nayak  
Chief Financial Officer

Sujir S Nayak  
Chief Executive Officer

Place: New Delhi  
Date: 25.04.2019

Place: New Delhi  
Date: 25.04.2019

## 1. Corporate information

ONGC Mangalore Petrochemicals Limited (“OMPL” or “the Company”) is a public limited company domiciled and incorporated in India having its registered office at Mangalore Special Economic Zone, Permude, Mangaluru, Karnataka – 574509. The Company's non-convertible debentures are listed on Bombay Stock Exchange Limited (stock exchange). The Company is engaged in petrochemical business. The Company is a subsidiary of Mangalore Refinery and Petrochemicals Limited which holds 51.0017% equity shares. The Company's ultimate holding company is Oil and Natural Gas Corporation Limited which holds 48.9981% equity shares.

## 2. Application of new and revised Indian Accounting Standards

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

### 2.1. Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

#### (i) New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

#### (ii) Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective

##### **Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 19 – Employee Benefits Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

**Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation

**3. Significant accounting policies**
**3.1. Statement of compliance**

“These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.”

**3.2. Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest two decimal million except otherwise stated.

**Fair Value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

### 3.3. Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### 3.4. Revenue Recognition

3.4.1. Company has applied the Ind AS 115 "Revenue from Contracts with Customers" effective from April 1, 2018 which establishes a five-step model to account for revenue arising from contracts with customers. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. Under Ind AS 115, Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Company has adopted Ind AS 115 using the cumulative effect method, as there is no impact of adoption of the Ind AS 115 on the financial statements, accordingly no effect was given to Retained Earnings

- Revenue from sale of goods is recognised at the point in time on delivery when control is transferred to the customer.
- Revenue from the sale of scrap is recognized at the point in time when control (transfer of custody of goods) is passed to the customer.
- Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts / non-collectible duties, if any, as specified in the contract with the customer.
- The Company has entered into certain "take or pay" arrangements with its customers which requires the Company to deliver specified quantities as per the arrangement. In the event of short lifting by the customer as per the terms of the arrangement, the Company is entitled to receive revenue in respect of the short lifted quantities. Revenue in respect of short lifted quantities under take or pay arrangements is recognised when the Company's obligation to supply short-lifted quantity ceases as per the arrangement and it is probable that the economic benefits will flow to the Company.

3.4.2. Dividend income is recognised when the right to receive the dividend is established.

3.4.3. Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition).

3.4.4. For non financial assets, interest income is recognised on a time proportion basis. Interest income on refundable taxes / duties is recognised on receipt basis.

- 3.4.5. Revenue from Export Incentives in the form of duty credit scrips are recognised as revenue as per para 3.8 on Government Grants. The incentive value are recognized initially for expected realizable value and subsequently adjusted for actual realized value in the period when it is actually sold.
- 3.4.6. Revenue in respect of Price Reduction Schedule (PRS) from contractors/ suppliers is recognised when determined as not payable.

**3.5. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leasehold lands where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Upfront operating lease payments are recognized as prepayments and amortised on a straight-line basis over the term of the lease.

**3.6. Foreign currencies**

The functional currency of the Company is Indian Rupees which represents the currency of the primary economic environment in which it operates.

Transactions in currencies (foreign currencies) other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated using closing exchange rate prevailing on the last day of the reporting period.

Exchange difference arising in respect of long-term foreign currency monetary items is recognised in the statement of profit and loss except for the exchange difference related to long-term foreign currency monetary items those were recognized as at March 31, 2016, in so far as, they relate to the acquisition of depreciable assets, are adjusted against the cost of such assets and depreciate the said adjustment, over the balance life of asset.

**3.7. Borrowing Costs**

Borrowing costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged in the statement of profit and loss.

**3.8. Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in statement of profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit and loss on a systematic and rational basis over the useful lives of the related assets.

**3.9. Employee Benefits**

Employee benefits include provident fund, gratuity and compensated absences.

**Defined contribution plans**

Employee benefit under defined contribution plan comprising of provident fund is recognized based on the amount of obligation of the Company to contribute to the plan. The same is paid to Provident Fund authorities which is expensed during the year.

### Defined benefit plans

Defined retirement benefit plan comprising of gratuity is recognized based on the present value of defined benefit obligation and is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted as current employee cost or included in cost of assets as permitted.

Net interest on the net defined liability is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognized in the statement of profit and loss except those included in cost of assets as permitted.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above), are recognised in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss. Company's Gratuity plan is unfunded.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from the actuarial calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include Variable Pay and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- in case of non-accumulating compensated absences, when the absences occur.

### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### 3.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### (i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

#### **Current and deferred tax for the year**

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **3.11. Property, plant and equipment (PPE)**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. The cost of an asset comprises its purchase price or its construction cost (net of applicable tax credits) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management. It includes professional fees and borrowing costs for qualifying assets capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Parts of an item of PPE having different useful lives and material value as assessed by management and subsequent capital expenditure on property, plant and equipment are accounted for as separate components.

Price Reduction Schedule (PRS) for delay in execution of contracts/supplies of property plant and equipment are accounted as and when they are considered recoverable, on final settlement as per the terms of the contracts/agreement as a adjustment to the capital cost of the respective assets prospectively.

PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation of PPE commences when the assets are ready for their intended use. Depreciation is provided on the cost of PPE (other than properties under construction) less their residual values over their useful lives, using Straight Line Method, over the useful life of assets as specified in Schedule II to the Companies Act, 2013, except in case of certain assets (buildings, vehicles and plant and equipment) whose useful lives are determined based on technical evaluation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Expenditure on overhaul and repairs on account of planned shut down which are of significant value (5% of the value of particular assets) is capitalized as component of relevant items of PPE and is depreciated over the period till next shutdown on straight line basis. Catalyst whose life is more than one year is capitalised as property, plant and equipment and depreciated over the guaranteed useful life as specified by the supplier when the catalyst is put to use.

Insurance spares received along with the plant and equipment and those purchased subsequently for specific machinery and having irregular use are capitalised.

Major capital spares are capitalised as property, plant and equipment. Depreciation on such spares capitalised as property, plant and equipment are depreciated over the period starting when it is brought into service and continuing over the shorter of its useful life and the remaining expected useful life of the asset to which it relates and written down value of the spare is charged to the statement of profit and loss as and when replaced.

Depreciation on additions/deletions to PPE during the year is provided for on a pro-rata basis with reference to the date of additions/deletions except low value items not exceeding ₹ 5,000 which are fully depreciated at the time of addition.

Estimated useful lives of the assets are as follows:

| Sr. No. | Particulars                                 | Useful lives<br>(in years) |
|---------|---|----------------------------|
| 1       | Buildings                                   | 5-60                       |
| 2       | Office equipment                            | 3-15                       |
| 3       | Furniture and fixtures                      | 3-10                       |
| 4 (i)   | Plant and equipment - process plant         | 25-30                      |
| 4 (ii)  | Plant and equipment - pipelines             | 30                         |
| 4 (iii) | Plant and equipment - catalyst              | 3-10                       |
| 4 (iv)  | Plant and equipment - instrumentation items | 15                         |
| 4 (v)   | Plant and equipment - power plant           | 25-40                      |
| 4 (vi)  | Plant and equipment - others                | 3-15                       |
| 5       | Vehicles                                    | 8-15                       |

An item of property, plant and equipment is derecognised upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.12. Intangible assets

#### 3.12.1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

#### 3.12.2. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

**3.12.3. Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

| Sr. No. | Particulars                                 | Useful lives (in years) |
|---------|---|-------------------------|
| 1       | Computer software                           | 3                       |
| 2       | Right of way for pipeline-cum-road corridor | 30                      |

**3.13. Impairment of tangible and intangible assets**

The Company reviews the carrying amounts of its intangible assets and Property, plant and equipment (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognized in the statement of profit and loss.

**3.14. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

**3.15. Research and Development expenditure**

Capital expenditure on Research and Development is capitalized under the respective fixed assets. Revenue expenditure thereon is charged to statement of profit and Loss.

**3.16. Inventories**

Inventories are valued at lower of cost and net realizable value. Cost of inventories comprises of purchase cost and other costs incurred in bringing inventories to their present location and condition. The cost has been determined as under:

|                   |  |
|-------------------|--|
| Raw material      | On First in First out (FIFO) basis.                |
| Finished products | At Raw material and Conversion cost                |
| Stock-in-process  | At Raw material and Proportionate Conversion cost. |
| Stores and spares | On weighted average cost basis.                    |

**3.17. Provisions, Contingent Liabilities and Contingent Assets.**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent assets are disclosed in the financial statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the financial statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

**3.18. Financial instruments**

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**3.19. Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**(i) Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**(ii) Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(iii) Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both selling financial assets and collecting contractual cash flows, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(iv) Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

**(v) Impairment of financial assets**

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all

other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

(vi) **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss.

**3.20. Financial liabilities and equity instruments**

**3.20.1 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary equity shares are recognized as a deduction from equity, net of tax effects.

**3.20.2 Financial liabilities**

a) **Financial liabilities subsequently measured at amortised cost**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

b) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

**3.21. Insurance Claims**

In case of total loss of asset, on intimation to the insurer, either the carrying cost of the asset or insurance value (subject to deductible excess) whichever is lower is treated as claims recoverable from insurance company. In case insurance claim is less than the carrying cost of the asset, the difference is charged to statement of profit and loss.

In case of partial or other losses, expenditure incurred / payments made to put such assets back into use, to meet the third party or other liabilities (less deductible excess) if any, are accounted for as claims receivable from insurance company. Insurance Policy deductible excess are expensed in the year in which corresponding expenditure is incurred.

As and when claims are finally received from the insurance company, the difference, if any, between the claim receivable from insurance company and claims received is adjusted to statement of profit and loss.

All other claims and provisions are recognised on the merits of each case.

**4. Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of useful lives of property, plant and equipment, employee benefit obligations, provision for income tax and measurement of deferred tax assets.

#### 4.1. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (Refer note 4.2), that the management have made in the process of applying the Company's accounting policies and that have the significant effect on the amounts recognized in the Financial Statements.

##### (a) Determination of functional currency

Currency of the primary economic environment in which the Company operates ("the functional currency") is Indian Rupee (₹) in which the Company primarily generates and expends cash. Accordingly, the management has assessed Company's functional currency to be Indian Rupee (₹).

#### 4.2. Assumptions and key sources of estimation uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may differ from these estimates.

##### a) Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the future economic benefits expected to be consumed from the assets.

##### b) Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

##### c) Provision for income tax

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

##### d) Recognition of deferred tax assets

Note 31 describes that the Company has recognised deferred tax asset on tax losses as at March 31, 2019. The Company has incurred losses in the past and is having convincing evidence in respect of the recognition of deferred tax asset which includes committed long-term/short-term offtake arrangement entered with customer for its main product namely Paraxylene, arrangement with the parent company for sale of other products namely Paraffinic Raffinate, Hydrogen and De Ethanizer Column Bottom Liquid, revision in pricing terms for procurement of feed stock with the parent company, arrangements for procurement of Naphtha from other oil Companies to enhance the capacity utilization and agreement for gas transportation with Gas Authority of India Limited to source the natural gas for fuel requirement.

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement has been used in assessing the impact of any legal or economic limits or uncertainties.

##### e) Impairment

Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, discounted to their present value.

Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future market prices, currency exchange rates and future output and discount rate, in order to establish relevant future cash flows.

## Notes to the Financial Statements for the year ended March 31, 2019

## 5. Property, plant and equipment

| Carrying amounts of:   | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|----------------------|----------------------|
|                        | ₹ in Millions        | ₹ in Millions        |
| Buildings              | 755.52               | 805.30               |
| Plant and equipment    | 55,106.69            | 56,720.93            |
| Furniture and fixtures | 31.41                | 35.15                |
| Vehicles               | 91.90                | 103.38               |
| Office equipment       | 300.83               | 343.77               |
| <b>Total</b>           | <b>56,286.35</b>     | <b>58,008.53</b>     |

(₹ in Millions)

| Cost or deemed cost          | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total     |
|------------------------------|-----------|---------------------|------------------------|----------|------------------|-----------|
| Balance as at April 1, 2017  | 887.51    | 65,195.96           | 44.70                  | 136.18   | 549.91           | 66,814.26 |
| Additions                    | 16.92     | 137.51              | 4.24                   | 1.36     | 27.20            | 187.23    |
| Disposals/adjustments        | 41.99     | (76.56)             | (0.01)                 | -        | (0.08)           | (34.66)   |
| Balance as at March 31, 2018 | 946.42    | 65,256.91           | 48.93                  | 137.54   | 577.03           | 66,966.83 |
| Additions                    | 4.25      | 1,147.88            | 1.68                   | 0.11     | 40.15            | 1,194.07  |
| Disposals/adjustments        | (5.71)    | (3.24)              | -                      | -        | -                | (8.95)    |
| Balance as at March 31, 2019 | 944.96    | 66,401.55           | 50.61                  | 137.65   | 617.18           | 68,151.95 |

| Accumulated depreciation             | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total     |
|--------------------------------------|-----------|---------------------|------------------------|----------|------------------|-----------|
| Balance as at April 1, 2017          | 93.04     | 5,730.98            | 8.96                   | 22.77    | 155.59           | 6,011.34  |
| Depreciation expense                 | 47.75     | 2,805.33            | 4.82                   | 11.39    | 77.76            | 2,947.05  |
| Eliminated on disposal / adjustments | 0.33      | (0.33)              | (0.00)                 | -        | (0.09)           | (0.09)    |
| Balance as at March 31, 2018         | 141.12    | 8,535.98            | 13.78                  | 34.16    | 233.26           | 8,958.30  |
| Depreciation expense                 | 48.32     | 2,758.88            | 5.42                   | 11.59    | 83.09            | 2,907.30  |
| Eliminated on disposal / adjustments | -         | -                   | -                      | -        | -                | -         |
| Balance as at March 31, 2019         | 189.44    | 11,294.86           | 19.20                  | 45.75    | 316.35           | 11,865.60 |

## 5.1 Property, plant and equipment hypothecated as security:

External commercial borrowings and non-convertible debentures (NCD) are secured by first pari passu charge over immovable property, plant and equipment. Working capital loan from a bank is secured by way of hypothecation of Company's current assets both present and future. Working capital lenders are to be secured by second ranking pari passu charge over Company's immovable property, plant and equipment both present and future on receipt of No Objection Certificate from NCD holders. Refer note 18.

## 5.2 Foreign exchange differences capitalised

Additions/(adjustments) to plant and equipment includes ₹ 795.84 million (For the year ended March 31, 2018 ₹ 73.43 million) in relation to foreign exchange differences capitalised as per para D13AA of IndAS 101.

## 6. Capital work-in-progress

| Cost or deemed cost | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---------------------|-------------------------|-------------------------|
|                     | ₹ in Millions           | ₹ in Millions           |
| Plant and equipment | 127.98                  | 146.00                  |
| <b>Total</b>        | <b>127.98</b>           | <b>146.00</b>           |

## 7. Intangible assets

| Carrying amount of: | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---------------------|-------------------------|-------------------------|
|                     | ₹ in Millions           | ₹ in Millions           |
| Computer Software   | 7.08                    | 6.70                    |
| <b>Total</b>        | <b>7.08</b>             | <b>6.70</b>             |

| Cost or deemed cost                 | Computer Software |
|-------------------------------------|-------------------|
| Balance as at April 1, 2017         | 83.05             |
| Additions                           | 0.68              |
| Disposals/ adjustments              | -                 |
| <b>Balance as at March 31, 2018</b> | <b>83.73</b>      |
| Additions                           | 0.80              |
| Disposals/ adjustments              | -                 |
| <b>Balance as at March 31, 2019</b> | <b>84.53</b>      |

| Accumulated amortization            | Computer Software |
|-------------------------------------|-------------------|
| Balance as at April 1, 2017         | 76.37             |
| Amortisation expense                | 0.66              |
| Eliminated on disposal / adjustment | -                 |
| <b>Balance as at March 31, 2018</b> | <b>77.03</b>      |
| Amortisation expense                | 0.42              |
| Eliminated on disposal / adjustment | -                 |
| <b>Balance as at March 31, 2019</b> | <b>77.45</b>      |

## 8 Investment

### 8.1 Investments in equity instruments

| Particulars  | As at March 31, 2019 |               | As at March 31, 2018 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | Number in million    | ₹ in Millions | Number in million    | ₹ in Millions |
| (a) Investment in Mangalore SEZ Limited<br>(Unquoted, fully paid up)<br>(Face value of ₹ 10 per share) | 0.48                 | 4.80          | 0.48                 | 4.80          |
|  | 0.48                 | 4.80          | 0.48                 | 4.80          |

Aggregate amount of unquoted investments

4.80

4.80

8.2 Investment in Mangalore SEZ Limited is initially recognised at cost and subsequently measured at fair value through profit or loss. The management has considered the fair value (level 3 hierarchy) of such investment equivalent to the carrying amount at each reporting period.

### 8.3 Details of Investment

| Name of the Company   | Principal activity                 | Place of incorporation and principal place of business | Proportion of ownership interest/ voting rights held by the Company |                      |
|-----------------------|------------------------------------|--|---|----------------------|
|                       |                                    |  | As at March 31, 2019  | As at March 31, 2018 |
| Mangalore SEZ limited | Developer of Special Economic Zone | Mangalore  | 0.96%   | 0.96%                |

**9. Loans**

| Particulars   | As at March 31, 2019 |             | As at March 31, 2018 |             |
|---|----------------------|-------------|----------------------|-------------|
|   | ₹ in Millions        |             | ₹ in Millions        |             |
|   | Non-current          | Current     | Non-current          | Current     |
| (Unsecured, considered good unless otherwise stated)<br>Security deposits | 19.20                | 3.59        | 19.22                | 3.59        |
| <b>Total</b>  | <b>19.20</b>         | <b>3.59</b> | <b>19.22</b>         | <b>3.59</b> |

**10. Other financial assets**

| Particulars   | As at March 31, 2019 |             | As at March 31, 2018 |             |
|---|----------------------|-------------|----------------------|-------------|
|   | ₹ in Millions        |             | ₹ in Millions        |             |
|   | Non-current          | Current     | Non-current          | Current     |
| (Unsecured, considered good unless otherwise stated)<br>Receivable from related parties | -                    | 0.91        | -                    | 1.78        |
| <b>Total</b>  | <b>-</b>             | <b>0.91</b> | <b>-</b>             | <b>1.78</b> |

Note: Receivable from related parties includes ₹ Nil (As at March 31, 2018 ₹1.73 million) from holding company and ₹ 0.05 million (As at March 31, 2018 ₹ 0.05 million) from ultimate holding company and ₹ 0.86 million (As at March 31, 2018 ₹ Nil) from Mangalore SEZ Limited.

**11. Other assets**

| Particulars  | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | ₹ in Millions        |                 | ₹ in Millions        |                 |
|  | Non-current          | Current         | Non-current          | Current         |
| (a) Prepayment of ROW Charges (Refer note 11.1)      | 878.13               | 32.52           | 910.65               | 32.52           |
| (b) Prepayments for leasehold land (Refer Note 32.1) | 2,194.40             | 55.10           | 2,249.50             | 55.10           |
| (c) Balance with government authorities              | -                    | 96.80           | -                    | 188.55          |
| (d) Others   | -                    | 1,507.71        | -                    | 953.54          |
| <b>Total</b>   | <b>3,072.53</b>      | <b>1,692.13</b> | <b>3,160.15</b>      | <b>1,229.71</b> |

**11.1** Mangalore SEZ Limited ('the Developer') has constructed the Corridor pipeline and allied facilities ('the Facilities'). The contribution paid by the Company for the said Facilities is shown under Prepayment of RoW Charges net of value amortised over the useful life of the asset.

## 12. Inventories

| Particulars                                     | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | ₹ in Millions        |                 | ₹ in Millions        |                 |
|   | Amount               | Total           | Amount               | Total           |
| (a) Raw materials                               |                      |                 |                      |                 |
| - on hand                                       | 2,130.58             |                 | 983.35               |                 |
| - in transit                                    | 632.36               | 2,762.94        | 327.62               | 1,310.97        |
| (b) Fuel on hand                                |                      | 218.42          |                      | 438.57          |
| (c) Work-in-progress                            |                      | 320.79          |                      | 246.72          |
| (d) Finished goods                              | 889.16               |                 | 2,465.46             |                 |
| Less: allowance for stock loss                  | -                    | 889.16          | -                    | 2,465.46        |
| (e) Stores, spares and chemicals                |                      |                 |                      |                 |
| - on hand                                       | 878.23               |                 | 749.98               |                 |
| - in transit                                    | 81.31                |                 |                      |                 |
| Less: Provision for slow/non moving inventories | 6.82                 | 952.72          | 4.47                 | 745.51          |
| <b>Total</b>                                    |                      | <b>5,144.03</b> |                      | <b>5,207.23</b> |

- 12.1 The cost of inventories (cost of sales) recognised as an expense during the year is ₹ 77,995.23 million (For the year ended March 31, 2018 ₹ 55,263.38 million).
- 12.2 The cost of inventories recognised as an expense includes ₹ Nil ((For the year ended March 31, 2018 ₹ 11.59 million) in respect of write down of finished goods inventory to net realisable value.
- 12.3 Refer note 3 for accounting policy followed for valuation of inventories.

## Notes to the Financial Statements for the year ended March 31, 2019

## 13 Trade receivables

| Particulars                              | As at March 31, | As at March 31, |
|--|-----------------|-----------------|
|  | 2019            | 2018            |
|  | ₹ in Millions   | ₹ in Millions   |
| <b>Secured (Refer Note 13.4 below)</b>   |                 |                 |
| - Considered good                        | 1,966.89        | 898.12          |
| <b>Unsecured</b>                         |                 |                 |
| - Considered good                        | 1,611.47        | 555.76          |
| <b>Credit impaired</b>                   |                 |                 |
| - Receivables which are credit impaired  | 16.35           | -               |
| Less: Impairment of doubtful receivables | (16.35)         | -               |
| <b>Total</b>                             | <b>3,578.36</b> | <b>1,453.88</b> |

- 13.1 Generally, the Company does export sales through short-term tender arrangements with international traders against letter of credit facility with an average credit period of 7 days. For domestic sales, the Company has entered into long term sales arrangement with holding company with an average credit period ranging from 7-15 days. Interest is not charged on trade receivables for the applicable credit period from the date of invoice. For delayed period of payments, interest is charged at the applicable borrowing rate on the outstanding balance.
- 13.2 Of the trade receivables, balance as at March 31, 2019 of ₹ 3,578.37 million (As at March 31, 2018 ₹ 1,453.88 million) are due from the customers mentioned below. There are no other customers who represent more than 5% of the total balance of trade receivables other than mentioned below.

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--------------|-------------------------|-------------------------|
|              | ₹ in Millions           | ₹ in Millions           |
| Customer 1   | 1,397.25                | 329.47                  |
| Customer 2   | 570.65                  | 540.35                  |
| Customer 3   | -                       | 568.65                  |
| Customer 4   | 1,040.82                | -                       |
| Customer 5   | 569.64                  | -                       |
| <b>Total</b> | <b>3,578.36</b>         | <b>1,438.47</b>         |

13.3 Usually, the Company collects all receivables from its customers within the applicable credit period. The Company assesses impairment on trade receivables on facts and circumstances relevant to each transaction.

13.4 Secured by letter of credit received from customers

13.5 Age of trade receivables

| Particulars                | As at March 31,<br>2019 | As at March 31,<br>2018 |
|----------------------------|-------------------------|-------------------------|
|                            | ₹ in Millions           | ₹ in Millions           |
| Within the credit period   | 3,578.36                | 1,438.47                |
| 1-30 days past due         | -                       | -                       |
| 31-90 days past due        | -                       | -                       |
| More than 90 days past due | 16.35                   | 15.41                   |
| <b>Total</b>               | <b>3,594.71</b>         | <b>1,453.88</b>         |

13.6 Movement of Impairment for doubtful receivables

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
|  | ₹ in Millions           | ₹ in Millions           |
| Balance at beginning of the year                             | -                       | -                       |
| Add: Additions/(deletions) in expected credit loss allowance | 16.35                   | -                       |
| Less: Write back during the year                             | -                       | -                       |
| <b>Balance at end of the year</b>                            | <b>16.35</b>            | <b>-</b>                |

13.7 Trade receivables stated above include due from:

| Particulars                                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
|   | ₹ in Millions           | ₹ in Millions           |
| Amount due from Related Party (Holding Company) |                         |                         |
| Unsecured, Considered good                      |                         |                         |
| - Mangalore Refinery and Petrochemicals Limited | 570.65                  | 540.35                  |
| <b>Total</b>                                    | <b>570.65</b>           | <b>540.35</b>           |

## 14. Cash and cash equivalents

| Particulars                            | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
|  | ₹ in Millions           | ₹ in Millions           |
| Cash on hand                           | 0.02                    | 0.02                    |
| Balances with banks in current account | 20.80                   | 0.14                    |
| <b>Total</b>                           | <b>20.82</b>            | <b>0.16</b>             |

## 15 Tax assets and liabilities (net)

| Particulars                    | As at March 31, 2019<br>₹ in Millions | As at March 31, 2018<br>₹ in Millions |
|--------------------------------|---------------------------------------|---------------------------------------|
| <b>Current tax assets</b>      |                                       |                                       |
| Tax assets (Advance Tax)       | 0.54                                  | 2.67                                  |
| <b>Current tax liabilities</b> |                                       |                                       |
| Income tax provision           | -                                     | -                                     |
| <b>Total</b>                   | <b>0.54</b>                           | <b>2.67</b>                           |

## 16. Equity share capital

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| <b>Authorised share capital:</b>   | ₹ in Millions           | ₹ in Millions           |
| 2,200,000,000 equity shares of ₹ 10 each<br>(as at March 31, 2018: 2,000,000,000 equity shares of ₹10 each)  | 22,000.00               | 20,000.00               |
| <b>Issued share capital:</b>   |                         |                         |
| 2,127,625,500 equity shares of ₹ 10 each<br>(as at March 31, 2018: 2,000,000,000 equity shares of ₹10 each)  | 21,276.26               | 20,000.00               |
| <b>Subscribed and Fully paid equity shares:</b>  |                         |                         |
| 2,127,625,102 equity shares of ₹ 10 each<br>(as at March 31, 2018: 1,877,625,500 equity shares of ₹ 10 each) | 21,276.25               | 18,776.26               |
| <b>Total</b>   | <b>21,276.25</b>        | <b>18,776.26</b>        |

## 16.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

| Particulars                      | Number of shares | Share Capital |
|----------------------------------|------------------|---------------|
|                                  | ₹ in Millions    | ₹ in Millions |
| Balance as at April 1, 2017      | 1,877.63         | 18,776.26     |
| Changes during the year          | -                | -             |
| Balance as at March 31, 2018     | 1,877.63         | 18,776.26     |
| Changes during the year          | 249.99           | 2,499.99      |
| Outstanding as at March 31, 2019 | 2,127.62         | 21,276.25     |

## 16.2 Terms/rights attached to equity shares

The Company has issued only one class of equity shares and no securities have been issued with the right / option to convert the same into equity. Each shareholder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders. All the equity shares issued carry equal right of dividend declared by the Company.

16.3 No Shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment.

## 16.4 Details of shares held by the holding company or its subsidiaries are as under:

| Name of equity share holders                                       | As at March 31, 2019 |           | As at March 31, 2018 |           |
|--|----------------------|-----------|----------------------|-----------|
|  | Numbers in million   | % holding | Numbers in million   | % holding |
| Mangalore Refinery and Petrochemicals Limited (Holding Company)    | 1,085.13             | 51.00%    | 957.62               | 51.01%    |
| Oil and Natural Gas Corporation Limited (Ultimate Holding Company) | 1,042.49             | 48.99%    | 920.00               | 48.99%    |

## 16.5 Details of shareholders holding more than 5% shares in the Company are as under:

| Name of equity share holders                  | As at March 31, 2019 |           | As at March 31, 2018 |           |
|---|----------------------|-----------|----------------------|-----------|
|   | Numbers in million   | % holding | Numbers in million   | % holding |
| Mangalore Refinery and Petrochemicals Limited | 1,085.13             | 51.00%    | 957.62               | 51.01%    |
| Oil and Natural Gas Corporation Limited       | 1,042.49             | 48.99%    | 920.00               | 48.99%    |

## 17. Other equity

| Particulars                  | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------|----------------------|----------------------|
|                              | ₹ in Millions        | ₹ in Millions        |
| Debenture Redemption Reserve | 228.94               | -                    |
| Securities premium           | 4,244.37             | 3,747.37             |
| Retained earnings            | (19,417.85)          | (19,403.75)          |
| <b>Total</b>                 | <b>(14,944.54)</b>   | <b>(15,656.38)</b>   |

| Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
|   | ₹ in Millions        | ₹ in Millions        |
| <b>(a) Debenture Redemption Reserve</b>                           |                      |                      |
| Balance at beginning of year                                      | -                    | -                    |
| Transfer during the year  | 228.94               | -                    |
| <b>Balance at end of year</b>                                     | <b>228.94</b>        | <b>-</b>             |
| <b>(b) Securities premium</b>                                     |                      |                      |
| Balance at beginning of year                                      | 3,747.37             | 3,747.37             |
| Received during the year  | 500.00               | -                    |
| Transfer during the year  | (3.00)               | -                    |
| <b>Balance at end of year</b>                                     | <b>4,244.37</b>      | <b>3,747.37</b>      |
| <b>(c) Retained Earnings</b>                                      |                      |                      |
| Balance at beginning of year                                      | (19,403.75)          | (14,935.40)          |
| Profit/(loss) after tax for the year                              | 228.94               | (4,471.07)           |
| Other comprehensive income/(loss) for the year, net of income tax | (14.10)              | 2.72                 |
| Transfer to Debenture Redemption Reserve                          | (228.94)             | -                    |
| <b>Balance at end of year</b>                                     | <b>(19,417.85)</b>   | <b>(19,403.75)</b>   |

17.1 The Company had created securities premium on issuance of equity share capital and the same can be utilized as per the requirement of the Companies Act, 2013.

**18. Borrowings**

| Particulars  | As at March 31, 2019<br>₹ in Millions |                     | As at March 31, 2018<br>₹ in Millions |                       |
|--|---------------------------------------|---------------------|---------------------------------------|-----------------------|
|  | Non-current                           | Current             | Non-current                           | Current               |
| <b>Secured – at amortised cost</b>   |                                       |                     |                                       |                       |
| (a) Non-convertible debentures<br>[Refer Note 18.1]  |                                       | -                   | 19,997.58                             | -                     |
| (b) Term Loans:-<br>From Banks :<br>- External Commercial Borrowing(ECB)<br>[Refer Note 18.2]                                    | 7,148.54                              | -                   | 9,794.41                              | -                     |
| (c) Working capital loan from banks<br>[Refer Note 18.3]   |                                       | 1,583.29            | -                                     | 2,146.76              |
| <b>Unsecured – at amortised cost</b>   |                                       |                     |                                       |                       |
| (d) Loans repayable on demand [Refer Note 18.4]<br>From Banks :<br>- Short term foreign currency loan<br>- Short term rupee loan |                                       | 32,505.20<br>370.00 | -                                     | 26,072.00<br>3,620.00 |
| <b>Total</b>   | <b>7,148.54</b>                       | <b>34,458.49</b>    | <b>29,791.99</b>                      | <b>31,838.76</b>      |

**18.1 Non-convertible debentures**

The Company has issued ₹ 20,000 million non-cumulative, secured, redeemable, taxable, listed, rated Non-Convertible Debentures (NCDs) during June 2016 with a coupon rate of 8.12% p.a., and interest payable annually.

These NCDs are secured by first ranking pari passu charge on the land totalling an extent of 441.438 acres situated in Mangalore SEZ, Permude and Kalavar Villages in Mangaluru Taluk & Registration sub-District, Dakshina Kannada Dist. and property, plant and equipment including buildings, roads and plant and equipment.

Repayment schedule of non-convertible debentures is as follows:

| Year of repayment (Refer note 18.5) | As at March 31, 2019<br>₹ in Millions | As at March 31, 2018<br>₹ in Millions |
|-------------------------------------|---------------------------------------|---------------------------------------|
| 2018-19                             | -                                     | 5,000.00                              |
| 2019-20                             | 20,000.00                             | 20,000.00                             |
| <b>Total</b>                        | <b>20,000.00</b>                      | <b>25,000.00</b>                      |

**18.2 External Commercial Borrowing (ECB)**

The Company has entered into an External Commercial Borrowing (ECB) arrangement for USD 331.32 million. Entire ECB facility of USD 331.32 Million has been availed in three tranches. The ECB-Tranche I amounting to USD 250 million is repayable in 14 equal half yearly instalments commencing from April 1, 2015 and carries variable rate of interest which is LIBOR (6 months) plus spread of 2.40%. The ECB- Tranche II amounting to USD 60 million is repayable in 14 equal half yearly instalments commencing from October 31, 2015 and carries variable rate of interest which is LIBOR (6 months) plus spread of 2.40%. The ECB- Tranche III amounting to USD 21.32 million is repayable in 14 equal half yearly instalments commencing from October 31, 2016 and carries variable rate of interest which is LIBOR (6 months) plus spread of 2.40%. Summarised repayment schedule of ECB (including current maturities of ECB loans) is as follows:

| Year of repayment (Refer note 18.5) | As at March 31, 2019<br>₹ in Millions | As at March 31, 2018<br>₹ in Millions |
|-------------------------------------|---------------------------------------|---------------------------------------|
| 2018-19                             | -                                     | 3,085.06                              |
| 2019-20                             | 3,273.44                              | 3,085.06                              |
| 2020-21                             | 3,273.44                              | 3,085.06                              |
| 2021-22                             | 3,273.44                              | 3,085.06                              |
| 2022-23                             | 507.04                                | 477.86                                |
| 2023-24                             | 105.32                                | 99.25                                 |
| <b>Total</b>                        | <b>10,432.68</b>                      | <b>12,917.35</b>                      |

The above mentioned ECB Loans are secured by the first charge on land and all property, plant and equipment and second charge by way of hypothecation on all movable property, plant and equipment and all current assets.

**18.3 Working capital loan**

Working capital lenders are to be secured by second ranking pari passu charge over Company's immovable property, plant and equipment both present and future on receipt of No Objection Certificate from NCD holders.

**18.4 Unsecured short term loans repayable on demand:****Short term foreign currency loan;**

Unsecured short term foreign Currency Loan (FCNR ) to the tune of USD 470 million (USD 400 million ) availed from various Banks with tenor ranging from 6 months to 12 months carries interest rate ranging from one month Libor to six month Libor plus spread of 1.52%-to 2.26% (1M Libor+0.65%) .

**Short term rupee loan;**

Unsecured short term rupee loan availed during the year is with a tenor 1 year and interest rate applicable is 1 year MCLR 8.85% p.a. (tenor varying from 1 day to 365 days and interest rate applicable is 1 year CD rate plus 1.1625% p.a )

**18.5** The repayment schedules disclosed above are based on contractual cash outflows and hence will not reconcile to carrying amounts of such borrowings which are accounted at amortised cost.

**19. Other financial liabilities**

| Particulars  | As at March 31, 2019 |                  | As at March 31, 2018 |                 |
|--|----------------------|------------------|----------------------|-----------------|
|  | ₹ in Millions        |                  | ₹ in Millions        |                 |
|  | Non-current          | Current          | Non-current          | Current         |
| Current maturities of long-term debt                 | -                    | 23,259.43        | -                    | 8,077.78        |
| Interest accrued but not due on borrowings           | -                    | 1,914.57         | -                    | 308.86          |
| Deposit from supplier and contractors                | -                    | 476.03           | -                    | 459.92          |
| Payable against capital goods                        | -                    | 143.46           | -                    | 26.97           |
| Other Liabilities - vendors, contractors & customers | -                    | 491.39           | -                    | 618.42          |
| <b>Total</b>   | -                    | <b>26,284.88</b> | -                    | <b>9,491.95</b> |

Payable against capital goods includes ₹ 2.96 million payable to holding company.

**19.1 Price Reduction Clause**

Payable against capital goods includes ₹ Nil (As at March 31, 2018 of ₹ 9.13 million) relating to amounts withheld from vendors pursuant to price reduction clause which will be settled on finalisation of proceedings with such vendors. When the withheld amounts are ultimately finalised, the related adjustment is made to the property, plant and equipment.

**19.2 Disclosure relating to dues to Micro, Small and Medium Enterprises**

|     | Particulars   | As at March 31, | As at March 31, |
|-----|---|-----------------|-----------------|
|     |   | 2019            | 2018            |
|     |   | ₹ in Millions   | ₹ in Millions   |
| i   | the Principal amount due thereon remaining unpaid to any supplier at the end of year.   | -               | 4.07            |
| ii  | the interest due thereon remaining unpaid to any supplier at the end of year.   | -               | -               |
| iii | the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -               | -               |
| iv  | the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.   | -               | -               |
| v   | the amount of interest accrued and remaining unpaid at the end of each accounting year; and   | -               | -               |
| vi  | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | -               | -               |

**20. Provisions**

| Particulars  | As at March 31, 2019 |             | As at March 31, 2018 |             |
|--|----------------------|-------------|----------------------|-------------|
|  | ₹ in Millions        |             | ₹ in Millions        |             |
|  | Non-current          | Current     | Non-current          | Current     |
| <b>Provision for employee benefits [Refer Note 20.1 below]</b> |                      |             |                      |             |
| - Leave encashment   | 61.85                | 6.13        | 27.21                | 2.96        |
| - Gratuity   | 62.38                | 1.94        | 32.48                | 1.24        |
| <b>Total</b>   | <b>124.23</b>        | <b>8.07</b> | <b>59.69</b>         | <b>4.20</b> |

20.1 Refer Note 34 for employee benefit disclosures w.r.t. gratuity.

**21 Trade payables**

| Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
|   | ₹ in Millions        | ₹ in Millions        |
| (A) Trade payables  |                      |                      |
| (a) Total outstanding due of micro and small enterprises                      | 2.82                 | 12.39                |
| (b) Total outstanding due of creditors other than micro and small enterprises | 3,241.67             | 3,070.92             |
| <b>Total</b>  | <b>3,244.49</b>      | <b>3,083.31</b>      |

21.1 The average credit period on purchases of raw materials, stores and spares, services, etc. ranges from 7 to 30 days. Thereafter, interest is charged at variable rates as per respective trade arrangements on the outstanding balances. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21.2 Trade payables include ₹ 2,491.87 million (As at March 31, 2018 ₹ 1,720.39 million) payable to the holding company.

**21.3 Disclosure relating to dues to Micro, Small and Medium Enterprise**

|     | Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|-----|---|----------------------|----------------------|
|     |   | ₹ in Millions        | ₹ in Millions        |
| i   | the Principal amount due thereon remaining unpaid to any supplier at the end of year.   | 2.82                 | 12.39                |
| ii  | the interest due thereon remaining unpaid to any supplier at the end of year.   | -                    | -                    |
| iii | the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.   | -                    | -                    |
| iv  | the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.   | -                    | -                    |
| v   | the amount of interest accrued and remaining unpaid at the end of each accounting year; and   | -                    | -                    |
| vi  | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | -                    | -                    |

## 22. Other liabilities

| Particulars                      | As at March 31, 2019 |              | As at March 31, 2018 |              |
|----------------------------------|----------------------|--------------|----------------------|--------------|
|                                  | ₹ in Millions        |              | ₹ in Millions        |              |
|                                  | Non-current          | Current      | Non-current          | Current      |
| Liability for statutory payments | -                    | 12.02        | -                    | 14.10        |
| <b>Total</b>                     | -                    | <b>12.02</b> | -                    | <b>14.10</b> |

## 23 Revenue from operations

| Particulars                | For the year ended March 31, 2019 |                  | For the year ended March 31, 2018 |                  |
|----------------------------|-----------------------------------|------------------|-----------------------------------|------------------|
|                            | ₹ in Millions                     |                  | ₹ in Millions                     |                  |
| <b>A. Sale of products</b> |                                   |                  |                                   |                  |
| Domestic sales             | 12,920.05                         | 83,624.34        | 9,297.71                          | 55,612.94        |
| Export sales               | 70,704.29                         |                  | 46,315.23                         |                  |
| <b>Total</b>               |                                   | <b>83,624.34</b> |                                   | <b>55,612.94</b> |

## 24 Other income

| Particulars                              | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| <b>Interest on:</b>                      |                                      |                                      |
| Income tax refund                        | 0.43                                 | -                                    |
| Others                                   | -                                    | 2.09                                 |
| <b>Dividend income from mutual funds</b> | 7.06                                 | 10.86                                |
| <b>Other non-operating income:</b>       |                                      |                                      |
| Export incentive                         | 2,049.82                             | 771.12                               |
| Miscellaneous receipts                   | 1.37                                 | 21.91                                |
| <b>Total</b>                             | <b>2,058.68</b>                      | <b>805.98</b>                        |

## 25 Cost of material consumed

| Particulars          | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------|--------------------------------------|--------------------------------------|
|                      | ₹ in Millions                        | ₹ in Millions                        |
| <b>Raw materials</b> |                                      |                                      |
| Naphtha stream       | 44,808.76                            | 33,939.93                            |
| Aromatic stream      | 22,826.63                            | 14,985.83                            |
| <b>Total</b>         | <b>67,635.39</b>                     | <b>48,925.76</b>                     |

**26 Changes in inventories of finished goods and work-in-progress**

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| <b>Closing stock</b>   |                                      |                                      |
| - Finished goods   | 889.16                               | 2,465.46                             |
| - work-in-process  | 320.79                               | 246.72                               |
| <b>Opening stock</b>   |                                      |                                      |
| - Finished goods   | 2,465.46                             | 1,286.08                             |
| - work-in-process  | 246.72                               | 277.80                               |
| <b>Changes in inventories of finished goods and work-in-progress</b> | <b>1,502.23</b>                      | <b>(1,148.30)</b>                    |

**27. Employee benefit expense**

| Particulars                               | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
|   | ₹ in Millions                        | ₹ in Millions                        |
| Salaries and wages                        | 458.38                               | 367.61                               |
| Contribution to provident and other funds | 28.24                                | 18.95                                |
| Gratuity                                  | 10.74                                | 10.89                                |
| Staff welfare expenses                    | 24.18                                | 18.74                                |
| <b>Total</b>                              | <b>521.54</b>                        | <b>416.19</b>                        |

27.1 The Company has aligned the pay scale of all employees from CTC pattern to IDA pattern with effect from 01.11.2018. In respect of executives, pending implementation of the same, provisions has been made on estimated basis for the year ended March 31, 2019.

**28 Finance cost**

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Interest expense   | 4,020.27                             | 4,359.96                             |
| Exchange differences regarded as an adjustment to borrowing cost | 1,685.42                             | 344.33                               |
| Other borrowing costs #  | 5.76                                 | 17.63                                |
| <b>Total</b>   | <b>5,711.45</b>                      | <b>4,721.92</b>                      |

# Other borrowing cost includes financing related arranger fees, stamp duty, etc

**29 Depreciation and amortization**

| Particulars                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
|   | ₹ in Millions                        | ₹ in Millions                        |
| Depreciation of property, plant and equipment | 2,907.30                             | 2,947.05                             |
| Amortisation of intangible assets             | 0.42                                 | 0.66                                 |
| <b>Total</b>                                  | <b>2,907.72</b>                      | <b>2,947.71</b>                      |

## 30. Other expenses

| Particulars   | For the year ended March 31, 2019 |                 | For the year ended March 31, 2018 |                 |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
|   | ₹ in Millions                     |                 | ₹ in Millions                     |                 |
| Power, utility and fuel charges                     | 13,608.81                         |                 | 11,366.85                         |                 |
| Less: Internal Generation                           | 8,787.10                          | 4,821.71        | 7,416.28                          | 3,950.57        |
| Stores, Spares and Chemicals consumed               |                                   | 283.61          |                                   | 246.13          |
| Rent  |                                   | 78.62           |                                   | 78.41           |
| Right of way charges                                |                                   | 32.52           |                                   | 32.52           |
| Electricity charges                                 |                                   | 0.28            |                                   | 0.28            |
| Repair and maintenance                              |                                   | 171.32          |                                   | 226.02          |
| Insurance charges                                   |                                   | 119.37          |                                   | 117.83          |
| Rates and taxes                                     |                                   | 5.17            |                                   | 3.03            |
| Payment to Auditors                                 |                                   |                 |                                   |                 |
| Audit Fees  |                                   | 0.45            |                                   | 0.45            |
| Certification Fees                                  |                                   | 0.45            |                                   | 0.65            |
| Legal, Professional and Consultancy charges         |                                   | 49.55           |                                   | 9.21            |
| Advertisement and Publicity Expenses                |                                   | 4.07            |                                   | 7.46            |
| Travelling Expenses                                 |                                   | 9.36            |                                   | 6.65            |
| Exchange loss on Foreign Currency Transactions, net |                                   | 522.51          |                                   | 238.83          |
| Impairment for doubtful trade receivables           |                                   | 16.35           |                                   | -               |
| Miscellaneous expenses                              |                                   | 547.49          |                                   | 396.09          |
| <b>Total</b>  |                                   | <b>6,662.83</b> |                                   | <b>5,314.13</b> |

## 31 Income taxes

## 31.1 Income tax recognised in profit or loss

| Particulars                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------|--------------------------------------|--------------------------------------|
|                                 | ₹ in Millions                        | ₹ in Millions                        |
| <b>Current tax</b>              |                                      |                                      |
| In respect of the current year  | -                                    | -                                    |
| <b>Deferred tax</b>             |                                      |                                      |
| In respect of the current year  | 512.92                               | (287.42)                             |
| <b>Total income tax expense</b> | <b>512.92</b>                        | <b>(287.42)</b>                      |

## 31.2 The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Profit / (loss) before tax from continuing operations                    | 741.86                               | (4,758.49)                           |
| Income tax expense calculated at 34.944% (2017-18: 34.944%)              | 259.23                               | (1,662.80)                           |
| Effect of exemption under section 10AA of Income Tax Act, 1961           | 222.74                               | 1,384.72                             |
| Effect of income that is exempt from taxation                            | (2.47)                               | (3.79)                               |
| Effect of expenses that are not deductible in determining taxable profit | 11.31                                | 14.40                                |
| Others   | 22.11                                | (19.95)                              |
| <b>Total income tax expense</b>  | <b>512.92</b>                        | <b>(287.42)</b>                      |

**31.3 Income tax recognised in other comprehensive income**

| Particulars   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
|   | ₹ in Millions                        | ₹ in Millions                        |
| Remeasurement of defined benefit obligation                                   | (7.57)                               | 1.46                                 |
| Total income tax recognised in other comprehensive income                     | (7.57)                               | 1.46                                 |
| Bifurcation of the income tax recognised in other comprehensive income into:- |                                      |                                      |
| Items that will not be reclassified to profit or loss                         | (7.57)                               | 1.46                                 |
| Items that may be reclassified to profit or loss                              | -                                    | -                                    |

**31.4 Deferred Tax Asset/(Liabilities), net**

The following is the analysis of deferred tax assets/ (liabilities) presented in the Balance Sheet:

| Particulars  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
|  | ₹ in Millions        | ₹ in Millions        |
| Deferred tax assets (including MAT credit entitlement) | 18,894.62            | 18,643.72            |
| Deferred tax liabilities                               | (11,240.51)          | (10,484.26)          |
| <b>Asset/ (Liability)</b>                              | <b>7,654.11</b>      | <b>8,159.46</b>      |

**2017-18**

| Particulars  | Opening balance  | Recognised in<br>profit and Loss | Recognised in other<br>comprehensive<br>income | Closing Balance  |
|--|------------------|----------------------------------|--|------------------|
|  | ₹ in Millions    | ₹ in Millions                    | ₹ in Millions                                  | ₹ in Millions    |
| <b>Tax effect of items constituting deferred tax liabilities</b> |                  |                                  |  |                  |
| Property, Plant and Equipment                                    | 9,806.85         | 676.92                           | -  | 10,483.77        |
| Intangible Assets  | (0.50)           | 0.99                             | -  | 0.49             |
| <b>Total</b>   | <b>9,806.35</b>  | <b>677.91</b>                    | <b>-</b>                                       | <b>10,484.26</b> |
| <b>Tax effect of items constituting deferred tax assets</b>      |                  |                                  |  |                  |
| Employee Benefits  | 26.57            | (0.93)                           | (1.46)   | 24.18            |
| Carry forward of unabsorbed business losses and depreciation     | 17,649.67        | 966.26                           | -  | 18,615.93        |
| Unutilised MAT Credit Entitlement                                | 3.61             | -                                | -  | 3.61             |
| <b>Total</b>   | <b>17,679.85</b> | <b>965.33</b>                    | <b>(1.46)</b>                                  | <b>18,643.72</b> |
| <b>Deferred Tax Asset/(Liabilities), net</b>                     | <b>7,873.50</b>  | <b>287.42</b>                    | <b>(1.46)</b>                                  | <b>8,159.46</b>  |

**2018-19**

| Particulars  | Opening balance  | Recognised in<br>profit and Loss | Recognised in other<br>comprehensive<br>income | Closing Balance  |
|--|------------------|----------------------------------|--|------------------|
|  | ₹ in Millions    | ₹ in Millions                    | ₹ in Millions                                  | ₹ in Millions    |
| <b>Tax effect of items constituting deferred tax liabilities</b> |                  |                                  |  |                  |
| Property, Plant and Equipment                                    | 10,483.77        | 755.55                           | -  | 11,239.32        |
| Intangible Assets  | 0.49             | 0.70                             | -  | 1.19             |
| <b>Total</b>   | <b>10,484.26</b> | <b>756.25</b>                    | <b>-</b>                                       | <b>11,240.51</b> |
| <b>Tax effect of items constituting deferred tax assets</b>      |                  |                                  |  |                  |
| Employee Benefits  | 24.18            | 26.96                            | 7.57   | 58.71            |
| Carry forward of unabsorbed business losses and depreciation     | 18,615.93        | 216.37                           | -  | 18,832.30        |
| Unutilised MAT Credit Entitlement                                | 3.61             | -                                | -  | 3.61             |
| <b>Total</b>   | <b>18,643.72</b> | <b>243.33</b>                    | <b>7.57</b>                                    | <b>18,894.62</b> |
| <b>Deferred Tax Asset/(Liabilities), net</b>                     | <b>8,159.46</b>  | <b>(512.92)</b>                  | <b>7.57</b>                                    | <b>7,654.11</b>  |

**32 Leases****32.1 Operating Lease arrangements**

The Company has entered into land lease agreement for setting up SEZ unit with Mangalore SEZ Limited whose lease period is 47 years. The same has been classified as operating lease. The Company does not have option to purchase the land at the end of the lease period. Further the Company has made upfront payments at the time of the execution of the lease arrangement with annual recurring charges with no escalations in annual lease rentals. The Company has an option to renew the lease agreement for further period of 47 years after the expiry of the lease term on mutually agreed terms.

The Company has also entered into arrangements for lease of residential/office premises and lease of NMPT land which have been classified as operating leases.

The average lease period ranges from 11 months to 47 years.

**32.2 Payments recognised as an expense**

| Particulars            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------|--------------------------------------|--------------------------------------|
|                        | ₹ in Millions                        | ₹ in Millions                        |
| Minimum lease payments | 78.62                                | 78.41                                |

**32.3 Non-cancellable operating lease commitments**

The Company does not have any non-cancellable lease arrangements.

**33 Earnings per share**

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Profit/(loss) after tax for the year attributable to equity shareholders | 228.94                               | (4,471.07)                           |
| Weighted average number of equity shares (Basic - Nos in million)        | 2,127.62                             | 1,877.63                             |
| Weighted average number of equity shares (Diluted - Nos in million)      | 1,638.76                             | 2,201.42                             |
| Basic earnings per equity share (₹)                                      | 0.11                                 | (2.38)                               |
| Diluted earnings per equity share (₹)                                    | 0.14                                 | (2.38)                               |
| Face Value per equity share (₹)  | 10.00                                | 10.00                                |

**34. Defined benefit plans**

**34.1.1 Brief Description:** A general description of the type of employee benefits plans is as follows:

**34.1.2. Gratuity:**

15 days salary for every completed year of service. Vesting period is 5 years and the payment is restricted to maximum of ₹ 2 million

**34.1.3** This plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

|                    |   |
|--------------------|---|
| Interest rate risk | A decrease in the bond interest rate will increase the plan liability.  |
| Longevity risk     | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk        | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.   |

In respect of gratuity, the actuarial valuation was carried out as at March 31, 2019 by M/s. K. A. Pandit Consultants and Actuaries, Fellow firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

## 34.2. The principal assumptions used for the purposes of the actuarial valuations were as follows:

| S. No. | Particulars               | As at March 31, 2019 | As at March 31, 2018 |
|--------|---------------------------|----------------------|----------------------|
| 1      | Discount rate             | 7.78%                | 7.87%                |
| 2      | Annual increase in salary | 8.00%                | 8.00%                |
| 3      | Employee turnover         | 2.00%                | 2.00%                |

The discount rate is based upon the market yield available on government bonds at the accounting date with a term that matches. The salary growth takes account inflation, seniority, promotion and other relevant factor on long term basis.

## 34.3. Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended March<br>31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Current service cost   | 7.57                                 | 6.99                                 |
| Past service cost  | -                                    | 1.80                                 |
| Net interest expense   | 2.65                                 | 2.10                                 |
| <b>Components of defined benefit costs recognised in profit or loss</b>    | <b>10.22</b>                         | <b>10.89</b>                         |
| Re-measurement on the net defined benefit liability:                       |                                      |                                      |
| Actuarial (gains)/losses arising from experience adjustments               | 21.67                                | (4.18)                               |
| <b>Components of remeasurment recognised in other comprehensive income</b> | <b>21.67</b>                         | <b>(4.18)</b>                        |
| <b>Total</b>   | <b>31.89</b>                         | <b>6.71</b>                          |

## 34.4. Movements in the present value of the defined benefit obligation are as follows:

| Particulars  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
|  | ₹ in Millions        | ₹ in Millions        |
| Opening defined benefit obligation   | 33.72                | 27.39                |
| Current service cost   | 7.57                 | 6.99                 |
| Past service cost  | -                    | 1.80                 |
| Interest cost  | 2.65                 | 2.10                 |
| Benefit paid directly by the employer                                      | (1.29)               | (0.38)               |
| Re-measurement (gains)/losses:   |                      |                      |
| - Actuarial gains and losses arising from changes in financial assumptions | 0.89                 | (1.12)               |
| - Actuarial gains and losses arising from experience adjustments           | 20.78                | (3.06)               |
| <b>Closing defined benefit obligation</b>                                  | <b>64.32</b>         | <b>33.72</b>         |
| - Current  | 1.94                 | 1.24                 |
| - Non-Current  | 62.38                | 32.48                |

## 34.5. The amount included in the Balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:

| Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
|   | ₹ in Millions        | ₹ in Millions        |
| Present value of defined benefit obligation           | (64.32)              | (33.72)              |
| Fair value of plan assets                             | -                    | -                    |
| Net liability arising from defined benefit obligation | (64.32)              | (33.72)              |

34.6. Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and employee turnover. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

#### 34.7 Sensitivity analysis

| Significant actuarial assumptions           | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
|   | ₹ in Millions        | ₹ in Millions        |
| Discount Rate                               |                      |                      |
| - Impact due to increase of 50 basis points | (4.72)               | (2.48)               |
| - Impact due to decrease of 50 basis points | 5.26                 | 2.76                 |
| Salary increase                             |                      |                      |
| - Impact due to increase of 50 basis points | 4.21                 | 2.72                 |
| - Impact due to decrease of 50 basis points | (4.22)               | (2.47)               |
| Employee turnover                           |                      |                      |
| - Impact due to increase of 50 basis points | (0.09)               | (0.13)               |
| - Impact due to decrease of 50 basis points | 0.09                 | 0.14                 |

Sensitivity analysis is an analysis which will give the movement in liability if the assumptions were not proved to be true on different count. This only signifies the change in the liability if the difference between assumed and the actual is not following the parameters of the sensitivity analysis.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet

#### 35. Segment reporting

The Company has "petrochemicals" as single reportable segment.

##### 35.1 Information about major customers

Company's significant revenues are derived from sales to export customers which is 85% (Year ended March 31, 2018: 83%) of the Company's total revenue. The total sales to such customers amounted to ₹ 70,704.29 million for the period ended March 31, 2019 and ₹ 46,315.23 million for the year ended March 31, 2018.

Three customers (Year ended March 31, 2018: Four Customers) for the period ended March 31, 2019 contributed 10% or more to the Company's revenue. The total sales to such customers amounted to ₹ 63,547.28 million for the period ended March 31, 2019 and ₹ 42,770.68 million for the year ended March 31, 2018.

##### 35.2 Revenue from major products

The following is an analysis of the Company's revenue from continuing operations from its major products:

| Particulars                       | Revenue from external customers      |                                      |
|-----------------------------------|--------------------------------------|--------------------------------------|
|                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|                                   | ₹ in Millions                        | ₹ in Millions                        |
| Paraxylene                        | 59,433.71                            | 36,914.30                            |
| Benzene                           | 11,270.58                            | 10,175.22                            |
| Paraffinic Raffinate              | 9,955.24                             | 6,616.42                             |
| Hydrogen                          | 2,964.81                             | 1,907.00                             |
| De Ethanizer Column Bottom Liquid | -                                    | -                                    |
| <b>Total</b>                      | <b>83,624.34</b>                     | <b>55,612.94</b>                     |

**35.3 Information about geographical areas:**

a). The Company is domiciled in India. The amount of its revenue from external customers broken down by location of customers is tabulated below:

| Particulars     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-----------------|--------------------------------------|--------------------------------------|
|                 | ₹ in Millions                        | ₹ in Millions                        |
| India           | 12,920.05                            | 9,297.71                             |
| Other Countries | 70,704.29                            | 46,315.23                            |
| <b>Total</b>    | <b>83,624.34</b>                     | <b>55,612.94</b>                     |

b) The Company's non-current assets (excluding financial assets and deferred tax assets) broken down by location of customers is tabulated below:

| Particulars     | As at March 31, 2019 | As at March 31, 2018 |
|-----------------|----------------------|----------------------|
|                 | ₹ in Millions        | ₹ in Millions        |
| India           | 59,493.94            | 61,321.38            |
| Other Countries | -                    | -                    |
| <b>Total</b>    | <b>59,493.94</b>     | <b>61,321.38</b>     |

**36 Related party disclosures****36.1 Name of related parties and description of relationship:**

- A Ultimate holding company  
Oil and Natural Gas Corporation Limited (ONGC)
- B Holding company  
Mangalore Refinery and Petrochemicals Limited (MRPL)
- C Subsidiary of Ultimate holding company  
Hindustan Petroleum Corporation Limited
- D Joint Venture of Ultimate holding company  
Mangalore SEZ Limited (MSEZL)
- E Key Management Personnel
- E.1 Non-Executive directors  
Shri D. K. Saraff (Chairman) (upto 30th September, 2017)  
Shri Shashi Shanker (Chairman) (w.e.f. 11th October 2017)  
Shri H. Kumar, Director (upto 30th May 2018)  
Shri M. Venkatesh Director (w.e.f. 01st April 2015)  
Shri Rajesh Shyamsunder Kakkar (w.e.f. 15th May 2018)  
Shri Sanjay Kumar Moitra (w.e.f. 15th May 2018)  
Shri A. K. Sahoo, Director (upto 11th December 2018)  
Shri V P Mahawar, Director (upto 28th February 2018)  
Smt Alka Mittal, Director (w.e.f. 28th February 2015)  
Shri Vinayakumar, Director (w.e.f. 14th November 2018)
- E.2 Shri. K Sushil Shenoy, Chief Financial Officer & Chief Executive Officer I/c (upto 30th September, 2018)
- E.3 Shri. Sujir S Nayak, Chief Executive Officer (w.e.f. 1st October, 2018)
- E.4 Shri. Surendra Nayak, Chief Financial Officer (Secondment from holding company w.e.f. 1st October, 2018)
- E.5 Shri. K.B. Shyam Kumar, Company Secretary

## 36.2. Details of transactions:

## 36.2.1. Transactions with ultimate holding company, holding company and joint venture of ultimate holding company

| Name of related party                         | Nature of transaction                           | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|---|--------------------------------------|--------------------------------------|
|   |   | ₹ in Millions                        | ₹ in Millions                        |
| Mangalore Refinery and Petrochemicals Limited | Purchase of products                            | 59,579.83                            | 43,169.50                            |
|   | Sale of products                                | 15,863.32                            | 10,621.09                            |
|   | Services received - facilitation charges        | 68.82                                | 44.41                                |
|   | Services & Supplies received - power and others | 193.18                               | 107.53                               |
|   | Deputation services received                    | 2.95                                 | 16.60                                |
|   | Deputation services rendered                    | 1.22                                 | 12.35                                |
| Mangalore SEZ Limited*                        | Supplies and services received                  | 391.87                               | 378.69                               |
|   | Security deposit for 2MVA power                 | -                                    | 8.13                                 |
|   | Lease rent                                      | 23.40                                | 23.40                                |
| Hindustan Petroleum Corporation Limited       | Purchase of products                            | 281.55                               | 3,474.75                             |

\* An amount of ₹10.2 million earmarked by MSEZL as third party share payable to the company towards pipeline-cum-road corridor usage which is not considered in the current period as the same has not been finalized pending freezing of the project cost of pipeline corridor project .

## 36.2.2. Outstanding balances with ultimate holding company, holding company and joint venture of ultimate holding company

| Name of related party                         | Nature of transaction       | As at March 31, 2019 | As at March 31, 2018 |
|---|-----------------------------|----------------------|----------------------|
| <b>A. Amount payable:</b>                     |                             | ₹ in Millions        | ₹ in Millions        |
| Mangalore Refinery and Petrochemicals Limited | Trade and other payables    | 2,491.87             | 1,720.39             |
|   | Trade and other payables    | 2.96                 | 43.30                |
| Mangalore SEZ Limited                         | Trade and other payables    | 126.63               | 189.58               |
| Hindustan Petroleum Corporation Limited       | Trade and other payables    | -                    | 662.01               |
| <b>B. Amount receivable:</b>                  |                             |                      |                      |
| Mangalore Refinery and Petrochemicals Limited | Trade and other receivables | 570.65               | 540.35               |
|   | Trade and other receivables | -                    | 1.73                 |
| Mangalore SEZ Limited                         | Trade and other receivables | 0.87                 | -                    |
| Oil and Natural Gas Corporation Limited       | Trade and other receivables | 0.05                 | 0.05                 |
| <b>C. Loans and other assets:</b>             |                             |                      |                      |
| Mangalore SEZ Limited                         | Security deposit (power)    | 3.59                 | 3.59                 |
|   | Security deposit (power)    | 15.40                | 15.40                |
|   | Security deposit (water)    | 3.13                 | 3.13                 |

## 36.2.3. Compensation of key management personnel

## A. Chief Executive Officer\*

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Short term employee benefits   | 3.69                                 | 4.29                                 |
| Post-employment benefits (gratuity) & long-term benefit (Compensated absences) | 2.27                                 | 2.88                                 |
| Contribution to provident fund   | 0.50                                 | 0.52                                 |
| <b>Total</b>   | <b>6.46</b>                          | <b>7.69</b>                          |

\* Chief Executive Officer is appointed w.e.f 1st October 2018

## B. Chief Financial Officer\*

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Short term employee benefits   | 1.74                                 | 4.33                                 |
| Post-employment benefits (gratuity) & long-term benefit (Compensated absences) | 1.53                                 | 1.40                                 |
| Contribution to provident fund   | 0.25                                 | 0.50                                 |
| <b>Total</b>   | <b>3.52</b>                          | <b>6.23</b>                          |

\* Chief Financial Officer superannuated on 30th September 2018

Note: The Company has reimbursed ₹2.10 million towards secondment of Shri Surendra Nayak as Chief Financial Officer from holding company w.e.f. 1st October 2018

## C. Company Secretary

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|  | ₹ in Millions                        | ₹ in Millions                        |
| Short term employee benefits   | 2.27                                 | 2.35                                 |
| Post-employment benefits (gratuity) & long-term benefit (Compensated absences) | 0.74                                 | 0.40                                 |
| Contribution to provident fund   | 0.28                                 | 0.28                                 |
| <b>Total</b>   | <b>3.29</b>                          | <b>3.03</b>                          |

## 36.3 Disclosure in respect of Government related entities

## 36.3.1 Name of Government related entities and description of relationship wherein significant amount of transactions were carried out (other than ONGC and MRPL, etc):

|      |   |             |
|------|---|-------------|
| i    | Bridge and Roof Co. (India) Ltd.        | Central PSU |
| ii   | Engineers India Limited                 | Central PSU |
| iii  | National Insurance Company Limited      | Central PSU |
| iv   | Karnataka State Pollution Control Board | State Govt  |
| v    | New Mangalore Port Trust                | Trust       |
| vi   | Balmer Lawrie & Co. Ltd.                | Central PSU |
| vii  | New India Assurance Company Limited     | Central PSU |
| viii | Central Warehousing Corporation         | Central PSU |
| ix   | Bharat Petroleum Corporation            | Central PSU |
| x    | Gail India Ltd.                         | Central PSU |

## 36.3.2 Transaction with Government related Entities (other than ONGC, MRPL, etc which are disclosed in 36.2.1) :

| Name of related party                   | Nature of transaction | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|-----------------------|--------------------------------------|--------------------------------------|
|   |                       | ₹ in Millions                        | ₹ in Millions                        |
| Bridge and Roof Co. (India) Ltd.        | Services              | -                                    | 6.79                                 |
| Engineers India Limited                 | Services              | 16.99                                | 18.87                                |
| National Insurance Company Limited      | Insurance premium     | 29.38                                | 12.09                                |
| Karnataka State Pollution Control Board | Services              | 0.07                                 | 0.10                                 |
| New Mangalore Port Trust                | Port Services         | 84.18                                | 67.24                                |
| Balmer Lawrie & Co. Ltd.                | Services              | 5.34                                 | 3.19                                 |
| New India Assurance Company Limited     | Services              | 41.44                                | 117.64                               |
| Central Warehousing Corporation         | Services              | 0.11                                 | 0.50                                 |
| Bharat Petroleum Corporation            | Supply of goods       | 6.70                                 | 1.43                                 |
| Gail India Ltd.                         | Supply of goods       | 0.85                                 | 1.81                                 |

## 36.3.3 Outstanding balances with Government related entities (other than ONGC, MRPL, etc which are disclosed in 36.2.2) :

| Name of related party           | Nature of transaction   | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|----------------------|----------------------|
|                                 |                         | ₹ in Millions        | ₹ in Millions        |
| <b>Amount payable:</b>          |                         |                      |                      |
| New Mangalore Port Trust        | Trade and other payable | 0.74                 | (0.09)               |
| National Insurance Company      | Services                | 0.25                 | -                    |
| Central Warehousing Corporation | Services                | (0.08)               | (0.06)               |
| Engineers India Limited         | Services                | -                    | (2.36)               |

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Company has also entered into other transactions such as telephone expenses, air travel, fuel purchase and deposits etc. with above mentioned and other various government related entities. These transactions are insignificant individually and collectively and hence not disclosed.

## 37. Financial instruments

## 37.1 Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and maintain an optimal capital structure to reduce the cost of capital.

The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may vary the distribution of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 18 and 19 offset by cash and bank balances) and total equity of the Company.

The Company's management reviews the capital structure of the Company on quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital requirements and maintenance of adequate liquidity.

**37.1.1. Gearing Ratio**

The gearing ratio at the end of the reporting period is computed as follows:

The gearing ratio is worked out as follows

| Particulars  | As at March 31, 2019 | As at 31 March, 2018 |
|--|----------------------|----------------------|
|  | ₹ in Millions        | ₹ in Millions        |
| i) Debt  | 64,866.46            | 69,708.53            |
| ii) Cash and bank balances                                       | 20.82                | 0.16                 |
| iii) <b>Net Debt [(i)-(ii)]</b>                                  | <b>64,845.64</b>     | <b>69,708.37</b>     |
| iv) Equity share capital   | 21,276.25            | 18,776.26            |
| v) Other equity  | (14,944.54)          | (15,656.38)          |
| vi) <b>Total equity [(iv)+(v)]</b>                               | <b>6,331.71</b>      | <b>3,119.88</b>      |
| vii) Net Debt to equity ratio (without considering other equity) | 3.05                 | 3.71                 |
| viii) Net Debt to equity ratio (considering other equity)        | 10.24                | 22.34                |

**37.2 Categories of financial instruments**

| Particulars  | As at March 31, 2019 | As at 31 March, 2018 |
|--|----------------------|----------------------|
|  | ₹ in Millions        | ₹ in Millions        |
| <b>Financial assets</b>  |                      |                      |
| <b>Measured at amortised cost</b>  |                      |                      |
| (a) Trade receivables  | 3,578.36             | 1,453.88             |
| (b) Cash and cash equivalents  | 20.82                | 0.16                 |
| (c) Loans  | 19.20                | 19.22                |
| (d) Other financial assets   | 0.91                 | 1.78                 |
| <b>Measured at fair value through profit or loss</b>                             |                      |                      |
| (a) Investment   | 4.80                 | 4.80                 |
| <b>Financial liabilities</b>   |                      |                      |
| <b>Measured at amortised cost</b>  |                      |                      |
| (a) Borrowings (including current maturities of long-term debt)                  | 64,866.46            | 69,708.53            |
| (b) Trade payables   | 3,244.49             | 3,083.31             |
| (c) Other financial liabilities (excluding current maturities of long-term debt) | 3,025.45             | 1,414.17             |

**37.3. Financial risk management objectives**

The Company's risk management committee monitors and manages key financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

**37.4. Market Risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are foreign currency exchange risk and interest rate risk.

**37.5. Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies, primarily for borrowings denominated in foreign currency and trade receivables; consequently, exposure to exchange rate fluctuations arise. Significant carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :-

| Particulars | Liabilities          |                      | Assets               |                      |
|-------------|----------------------|----------------------|----------------------|----------------------|
|             | As at March 31, 2019 | As at 31 March, 2018 | As at March 31, 2019 | As at 31 March, 2018 |
|             | ₹ in Millions        | ₹ in Millions        | ₹ in Millions        | ₹ in Millions        |
| USD         | 44,825.26            | 41,771.92            | 3,007.73             | 890.95               |
| EURO        | -                    | 0.97                 | -                    | -                    |

**37.5.1. Foreign currency sensitivity analysis**

The Company is mainly exposed to the currency of United States of America (USD). Sensivity of profit or loss arises mainly from USD denominated receivables and payables.

As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

| USD sensitivity at year end      | 2018-19       | 2017-18       |
|----------------------------------|---------------|---------------|
|                                  | ₹ in Millions | ₹ in Millions |
| <b>Assets:</b>                   |               |               |
| Weakening of INR by 5%           | 150.39        | 44.55         |
| Strengthening of INR by 5%       | (150.39)      | (44.55)       |
| <b>Liabilities (Note below):</b> |               |               |
| Weakening of INR by 5%           | (1,719.17)    | (1,442.45)    |
| Strengthening of INR by 5%       | 1,719.17      | 1,442.45      |

**37.5.2. Forward foreign exchange contracts**

The Company has not entered into any forward foreign exchange contracts during the reporting period.

**37.6 Interest rate risk management**

The Company has availed borrowings at fixed and floating interest rates, hence is exposed to interest rate risk. The Company has not entered into any of the interest rate swaps and hence the Company is exposed to interest rate risk.

**Interest rate sensitivity analysis**

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reoporting period. For floating rate borrowings, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. 50 basis point increase or decrease is used for disclosing the sensitivity analysis.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended March 31, 2019 would increase/decrease by ₹ 222.46 million (For the year ended March 31, 2018 : increase/decrease by ₹ 223.78 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**37.7 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from bank balances, deposits with banks and trade receivables. Credit risk management considers available reasonable and supportive forward-looking information including indicators like external credit rating (as far as available), macro-economic information (such as regulatory changes, government directives, market interest rate).

The Company makes sales to its customers which are secured by letter of credit other than sales made to holding company.

Only high rated banks are considered for placement of deposits. Bank balances are held with reputed and creditworthy banking institutions.

### 37.8 Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets and liabilities and monitoring balance sheet liquidity ratios. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

|  | Weighted average effective interest rate | Less 1 month  | 1 month -1 year | 1 year – 3 years | More than 3 years | Total         | Carrying Amount |
|--|--|---------------|-----------------|------------------|-------------------|---------------|-----------------|
|  |  | ₹ in Millions | ₹ in Millions   | ₹ in Millions    | ₹ in Millions     | ₹ in Millions | ₹ in Millions   |
| <b>As at March 31, 2019</b>  |  |               |                 |                  |                   |               |                 |
| Trade payables   |  | 3,244.49      |                 | -                | -                 | 3,244.49      | 3,244.49        |
| Borrowings (including current maturities of long-term debt)                  |  |               |                 |                  |                   |               |                 |
| - Fixed rate loans   | 8.12%                                    | -             | 20,370.00       |                  |                   | 20,370.00     | 20,369.61       |
| - Variable rate loans  | 5.25%                                    | 6,685.40      | 30,676.53       | 6,546.88         | 612.36            | 44,521.17     | 44,496.85       |
| Other financial liabilities (excluding current maturities of long-term debt) |  | 1,914.57      | 1,110.88        | -                | -                 | 3,025.45      | 3,025.45        |
| <b>As at 31 March, 2018</b>  |  |               |                 |                  |                   |               |                 |
| Trade payables   |  | 3,083.31      |                 | -                | -                 | 3,083.31      | 3,083.31        |
| Borrowings (including current maturities of long-term debt)                  |  |               |                 |                  |                   |               |                 |
| - Fixed rate loans   | 8.18%                                    | -             | 5,000.00        | 20,000.00        |                   | 25,000.00     | 24,995.79       |
| - Variable rate loans  | 4.06%                                    | 5,539.93      | 29,383.79       | 9,255.18         | 577.11            | 44,756.01     | 44,712.74       |
| Other financial liabilities (excluding current maturities of long-term debt) |  | 685.95        | 728.22          | -                | -                 | 1,414.17      | 1,414.17        |

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

|                             | Weighted average effective interest rate | Less 1 month  | 1 month -1 year | 1 year – 3 years | More than 3 years | Total         | Carrying Amount |
|-----------------------------|--|---------------|-----------------|------------------|-------------------|---------------|-----------------|
|                             |  | ₹ in Millions | ₹ in Millions   | ₹ in Millions    | ₹ in Millions     | ₹ in Millions | ₹ in Millions   |
| <b>As at March 31, 2019</b> |  |               |                 |                  |                   |               |                 |
| Trade receivables           |  | 3,578.36      |                 |                  |                   | 3,578.36      | 3,578.36        |
| Loans                       |  | 3.59          |                 |                  | 19.20             | 22.79         | 22.79           |
| Other financial assets      |  | 0.91          |                 |                  |                   | 0.91          | 0.91            |
| Cash and cash equivalents   |  | 20.82         |                 |                  |                   | 20.82         | 20.82           |
| <b>As at 31 March, 2018</b> |  |               |                 |                  |                   |               |                 |
| Trade receivables           |  | 1,453.88      |                 |                  |                   | 1,453.88      | 1,453.88        |
| Loans                       |  | 3.59          |                 |                  | 19.22             | 22.81         | 22.81           |
| Other financial assets      |  | 1.78          |                 |                  |                   | 1.78          | 1.78            |
| Cash and cash equivalents   |  | 0.16          |                 |                  |                   | 0.16          | 0.16            |

The Company has access to financing facilities as described below, of which ₹ 5,916.71 million were unused at the end of the reporting period (As at March 31, 2018 ₹ 5,353.25 million). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

| Particulars  | As at March 31, 2019 | As at 31 March, 2018 |
|--|----------------------|----------------------|
|  | ₹ in Millions        | ₹ in Millions        |
| Secured bank working capital facility, reviewed annually and payable at call : |                      |                      |
| - amount used  | 1,583.29             | 2,146.75             |
| - amount unused  | 5,916.71             | 5,353.25             |

### 37.9 Fair value measurement

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values unless otherwise stated.

### 38. Contingent Liabilities and Commitments

| Particulars   | As at March 31, 2019 | As at 31 March, 2018 |
|---|----------------------|----------------------|
|   | ₹ in Millions        | ₹ in Millions        |
| <b>A. Contingent Liabilities</b>  |                      |                      |
| <b>1. Claims of Contractors</b>   |                      |                      |
| Some of the contractors for supply and installation of equipment have lodged claims on the company seeking revision of time of completion without liquidated damages, extended stay compensation and extra claims etc., which are contested by the company as not admissible in terms of the provisions of the respective contracts | 2,958.38             | 1,732.79             |
| <b>2. Others</b>  |                      |                      |
| The Mangalore SEZ Limited [MSEZL] has claimed the Zone O&M Charges for the period FY 2015-16 and FY 2016-17 which is disputed by the Company as not admissible.   |                      |                      |
| No such liability for the current year.   | -                    | 53.08                |
| <b>Total</b>  | <b>2,958.38</b>      | <b>1,785.87</b>      |

In respect of all these claims, it is being contested by the Company as not admissible. It is not practicable to make a realistic estimate of the outflow of resource, if any for resolution/settlement of such claims.

**38.1** During the financial years 2015-16 and 2016-17, company had purchased additional aromatics from its holding Company. Company has reimbursed the cost on back to back basis including duties and taxes paid by holding company on import of reformat used towards this supply as per the agreed term sheet.

During the year 2017-18, in response to an enquiry from the Customs Department contending incorrect classification of reformat for the purpose of payment of Import duty, the holding company has deposited an amount of ₹ 2,125.25 millions under protest towards differential customs duty being pre-deposit. Now the matter is under adjudication and the duty paid under protest by the holding company could be refundable or otherwise would be determined only upon the reaching finality in the matter. Hence it is not practicable to make a realistic impact of the actual liability if any at this stage on the company.

| Particulars  | As at March 31,<br>2019 | As at 31 March,<br>2018 |
|--|-------------------------|-------------------------|
|  | ₹ in Millions           | ₹ in Millions           |
| <b>B. Commitments</b>  |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 312.88                  | 301.46                  |
| <b>Total</b>   | <b>312.88</b>           | <b>301.46</b>           |

38.2 The Company has taken 441.438 acres of land on lease for a period of 47 years and 10 months from Mangalore SEZ Limited. The annual lease rental payable to Mangalore SEZ Limited is ₹ 23.40 million.

38.3 The Company has entered into tripartite agreement with Mangalore SEZ Limited and Mangalore Refinery & Petrochemicals Limited for supply of 3.86 million gallons per day (MGD) of water by Mangalore SEZ Limited for 15 years. The annual charges payable to Mangalore SEZ Limited is ₹ 85.60 million.

**39. Reconciliation of liabilities arising from financing activities**

39.1 The table below details change in the Company's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows where, or future cash flows will be, classified in the Company's statement of cashflows as cashflows from financing activities.

(₹ in Millions)

| Particulars                  | Opening balance<br>as at 01/04/2018 | Financing cash<br>flows | Non-cash<br>changes | Closing balance<br>as at 31/03/2019 |
|------------------------------|-------------------------------------|-------------------------|---------------------|-------------------------------------|
| <b>Long Term Borrowings</b>  |                                     |                         |                     |                                     |
| ECB                          | 12,873.98                           | (3,085.06)              | 619.44              | 10,408.36                           |
| NCD                          | 24,995.79                           | (5,000.00)              | 3.82                | 19,999.61                           |
|                              | <b>37,869.77</b>                    | <b>(8,085.06)</b>       | <b>623.26</b>       | <b>30,407.97</b>                    |
| <b>Short Term Borrowings</b> |                                     |                         |                     |                                     |
| FCTL from Banks              | 26,072.00                           | 6,873.52                | (440.32)            | 32,505.20                           |
| STL from Banks               | 3,620.00                            | (3,250.00)              | -                   | 370.00                              |
| Commercial Papers            | -                                   | -                       | -                   | -                                   |
| WC Loan                      | 2,146.76                            | (570.73)                | 7.26                | 1,583.29                            |
|                              | <b>31,838.76</b>                    | <b>3,052.79</b>         | <b>(433.06)</b>     | <b>34,458.49</b>                    |

| Particulars                  | Opening balance<br>as at 01/04/2017 | Financing cash<br>flows | Non-cash<br>changes | Closing balance<br>as at 31/03/2018 |
|------------------------------|-------------------------------------|-------------------------|---------------------|-------------------------------------|
| <b>Long Term Borrowings</b>  |                                     |                         |                     |                                     |
| ECB                          | 15,854.00                           | (3,069.68)              | 89.66               | 12,873.98                           |
| NCD                          | 24,991.90                           | -                       | 3.90                | 24,995.79                           |
|                              | <b>40,845.90</b>                    | <b>(3,069.68)</b>       | <b>93.56</b>        | <b>37,869.77</b>                    |
| <b>Short Term Borrowings</b> |                                     |                         |                     |                                     |
| FCTL from Banks              | -                                   | 25,540.53               | 531.47              | 26,072.00                           |
| STL from Banks               | -                                   | 3,620.00                | -                   | 3,620.00                            |
| Commercial Papers            | 27,244.05                           | (27,244.05)             | -                   | -                                   |
| WC Loan                      | 1,269.36                            | 875.51                  | 1.89                | 2,146.76                            |
|                              | <b>28,513.41</b>                    | <b>2,791.99</b>         | <b>533.36</b>       | <b>31,838.76</b>                    |

- 39.2 The cash flows from bank loans, commercial papers, non-convertible debentures and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows. Previous year cashflow figures have been re-grouped wherever required.
- 40 The Company has a system of physical verification of inventory, property, plant and equipment and capital stores in a phased manner to cover all items over a period of 3 years. Adjustment differences, if any, is carried out on completion of reconciliation.
- 41 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- 42 Some balances of trade and other receivables, trade and other payables and loans are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on confirmation/reconciliation of the same, which will not have a material impact.
- 43 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 44 The Company operates in special economic zone (SEZ) in Mangalore, accordingly is eligible for certain economic benefits such as exemptions from gst, custom duty, excise duty, service tax, value added tax, entry tax, etc. which are in the nature of government assistance. These benefits are subject to fulfillment of certain obligations by the Company.
- 45 The Financial Statements are prepared on going concern basis. The Company is a greenfield project and had incurred losses in earlier Financial Years resulting in significant reduction in net worth. However, through improved physical performance and various profitability improvement measures, the Company after overcoming initial period challenges, has earned profits during current financial year besides achieving considerable improvement in net worth. The promoter Companies have extended support by way of equity infusion during current financial year. Company has fully serviced its debt and interest obligations till date. The company has developed firm plans to ensure sustained operations of the company. Based on future projections of the performance and with strong parentage of promoters, the company believes that it will be able to service its debt as well as interest obligations on time.
- 46 Note 31 describes that the Company has recognised deferred tax asset on tax losses as at March 31, 2019. The Company has incurred losses in the past and is having convincing evidence in respect of the recognition of deferred tax asset which includes committed long-term/short-term offtake arrangement entered with customer for its products, various measures taken to enhance the capacity utilization and the profitability.
- The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. Such assessment has been carried out based on detailed analysis of past and future performance of the Company besides budget and profitability forecast as well as compatibility with legal and economic factors.
- 47 The Board had accorded consent for amalgamation of the company with the holding company Mangalore Refinery and Petrochemicals Limited (MRPL) subject to necessary approvals. The Ministry of Petroleum & Natural Gas, GoI, has issued "No Objection" vide letter dated April 18, 2018 in this regard to holding company MRPL. Pending implementation, no effect is considered in the financial statements of the Company on account of the proposed amalgamation.
- 48 Previous year figures have been regrouped wherever required. Figures in parenthesis as given in these notes to financial statements relate to previous year.
- 49 **Approval of financial statements**  
The financial statements were approved for issue by the board of directors on 25th April, 2019

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ONGC MANGALORE PETROCHEMICALS LIMITED (THE COMPANY) WILL BE HELD ON SATURDAY, THE 03<sup>RD</sup> DAY OF AUGUST, 2019 AT 10.00 HRS., AT REGISTERED OFFICE, MANGALORE SPECIAL ECONOMIC ZONE, PERMUDE, MANGALURU - 574 509 TO TRANSACT THE FOLLOWING BUSINESSES:

**Ordinary Businesses:**

**Agenda No.1- Consideration of financial statements and the reports of the Board of Directors and auditors**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2019, together with the Reports of the Board of Directors and the Auditors' thereon and comments of the Comptroller and Auditor General of India in terms of Section 143(6) of the Companies Act, 2013.

**Agenda No.2 – Re-appointment of Smt Alka Mittal**

To appoint Director in place of Smt Alka Mittal, who retires by rotation and being eligible offers herself for re-appointment.

**Agenda No.3 – Authorisation to fix remuneration of the Auditor**

To authorise Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company for the financial year 2019-20, in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

**"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2019-20."

**Special Businesses:**

**Agenda No.4 – Appointment of Shri M Vinayakumar as a Director**

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

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, Shri M Vinayakumar (DIN: 08225553), who was appointed as an Additional Director on the Board of the Company with effect from November 14, 2018 to hold office until the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act, 2013 and provisions of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from Mangalore Refinery and Petrochemicals Limited, under Section 160 of the Companies Act, 2013, signifying its intention to propose his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation".

**By Order of the Board of Directors of  
ONGC Mangalore Petrochemicals Limited**

Place: Mangaluru  
Dated: June 18, 2019

Sd/-  
**K B Shyam Kumar**  
Company Secretary

Registered Office:  
Mangalore Special Economic Zone,  
PermuDE,  
Mangaluru- 574 509  
CIN: U40107KA2006GOI041258  
Website: www.ompl.co.in

**NOTES:**

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 respect to special business set out in the Notice is annexed.
2. **A member entitled to attend and vote at the annual general meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.**
3. Corporate member intending to send its authorised representative to attend the Meeting is requested to send to the Company an authority letter authorising their representative to attend and vote on its behalf at the Meeting together with a certified copy of the Board Resolution passed by it.
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
5. Members are requested to inform the Company, immediately of change in their particulars, including their residential status.
6. Nomination facility: Pursuant to Section 72 of the Companies Act, 2013 (corresponding section 109A of the Companies Act, 1956) individual/ joint members are entitled to register nomination in respect of the shares held by them in Form No.SH-13 and send it to the Company.
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
10. In terms of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, Smt Alka Mittal (DIN 07272207), Director, retire by rotation at the ensuing Meeting and being eligible, offer herself for re-appointment. Brief profile of the Director seeking re-appointment is given here-in-below:  
  
Smt Alka Mittal ( DIN : 07272207) is a Post Graduate in Economics (gold medallist) and MBA-(HRM) and Doctorate in Commerce & Business Studies and having expertise in CSR, Corporate Governance, Ethics and values. Presently she is working as Director (HR) of Oil and Natural Gas Corporation Limited (ONGC).  
  
She does not hold any shares of the Company.  
  
She is a director in Oil and Natural Gas Corporation Limited and holds one Committee membership in it.
11. Route map for the venue of 13<sup>th</sup> AGM is annexed.

**Statement pursuant to Section 102(1) of the Companies Act, 2013****Item No.4**

The Board appointed Shri M Vinayakumar as an Additional Director of the Company with effect from November 14, 2018 through 71<sup>st</sup> Board of Directors Meeting, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Shri M Vinayakumar will hold office up to the date of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mangalore Refinery and Petrochemicals Limited along with a deposit of Rs.1,00,000/- proposing the candidature of Shri M Vinayakumar for the office of director.

Shri M Vinayakumar (DIN: 08225553) is a Graduate Engineer in Mechanical Engineering and holds position of GGM (I/c Refinery) in M/s. Mangalore Refinery and Petrochemicals Limited. He holds directorship in M/s. Shell-MRPL Aviation Fuels & Services Limited and member in two committees of M/s Shell-MRPL Aviation Fuel & Services Limited.

He does not hold any shares of the Company.

No director, key managerial personnel or their relatives, except Shri M Vinayakumar, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.4 for the approval of the Members.

**By Order of the Board of Directors of  
ONGC Mangalore Petrochemicals Limited**

Place: Mangaluru  
Dated: June 18, 2019

Sd/-  
**K B Shyam Kumar**  
Company Secretary



ONGC Mangalore Petrochemicals Limited  
CIN: U40107KA2006GOI041258

Reg. office: Mangalore Special Economic Zone, Permude, Mangaluru- 574 509  
web site : www.ompl.co.in

**Proxy form**

Name of the member (s):  
Registered address:  
E-mail Id:  
Folio No:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- 1.....of .....having e-mail Id .....or failing him
- 2.....of .....having e-mail Id .....or failing him
- 3.....of .....having e-mail Id .....or failing him
- 4.....of .....having e-mail Id .....or failing him
- 5.....of .....having e-mail Id .....or failing him
- 6.....of .....having e-mail Id .....or failing him
- 7.....of .....having e-mail Id .....or failing him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13<sup>th</sup> Annual General Meeting of the company, to be held on Saturday, 03<sup>rd</sup> August 2019 at 10.00 hrs., at the Registered Office, Mangalore Special Economic Zone, Permude, Mangaluru – 574 509 and at any adjournment thereof in respect of such resolutions as are indicated below

| SI No.            | RESOLUTIONS   | Vote                         |         |         |
|-------------------|---|------------------------------|---------|---------|
|                   |   | Please mention no. of shares |         |         |
| ORDINARY BUSINESS |   | For                          | Against | Abstain |
| 1                 | To receive, consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon and comments of the Comptroller and Auditor-General of India in terms of Section 143(6) of the Companies Act, 2013 |                              |         |         |
| 2                 | To appoint a Director in place of Smt Alka Mittal (DIN 07272207) who retires by rotation and being eligible offers himself for re-appointment as a Director   |                              |         |         |
| 3                 | To Authorise Board to fix remuneration of the Statutory Auditor for the financial year 2019-20.   |                              |         |         |
| 4.                | To approve appointment of Shri M Vinayakumar (DIN 08225553) as Director on the Board of the Company   |                              |         |         |

Signed this..... day of..... 2019

Signature of shareholder

Signature of first Proxy holder

Signature of second Proxy holder

Signature of third Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ONGC Mangalore Petrochemicals Limited  
CIN: U40107KA2006GOI 041258

Reg. office: Mangalore Special Economic Zone, Permude, Mangaluru- 574 509  
web site : www.ompl.co.in

**Attendance Slip**

Please fill in this attendance slip and hand it over at the entrance of the meeting venue.

Folio No.....

No. of share(s) held .....

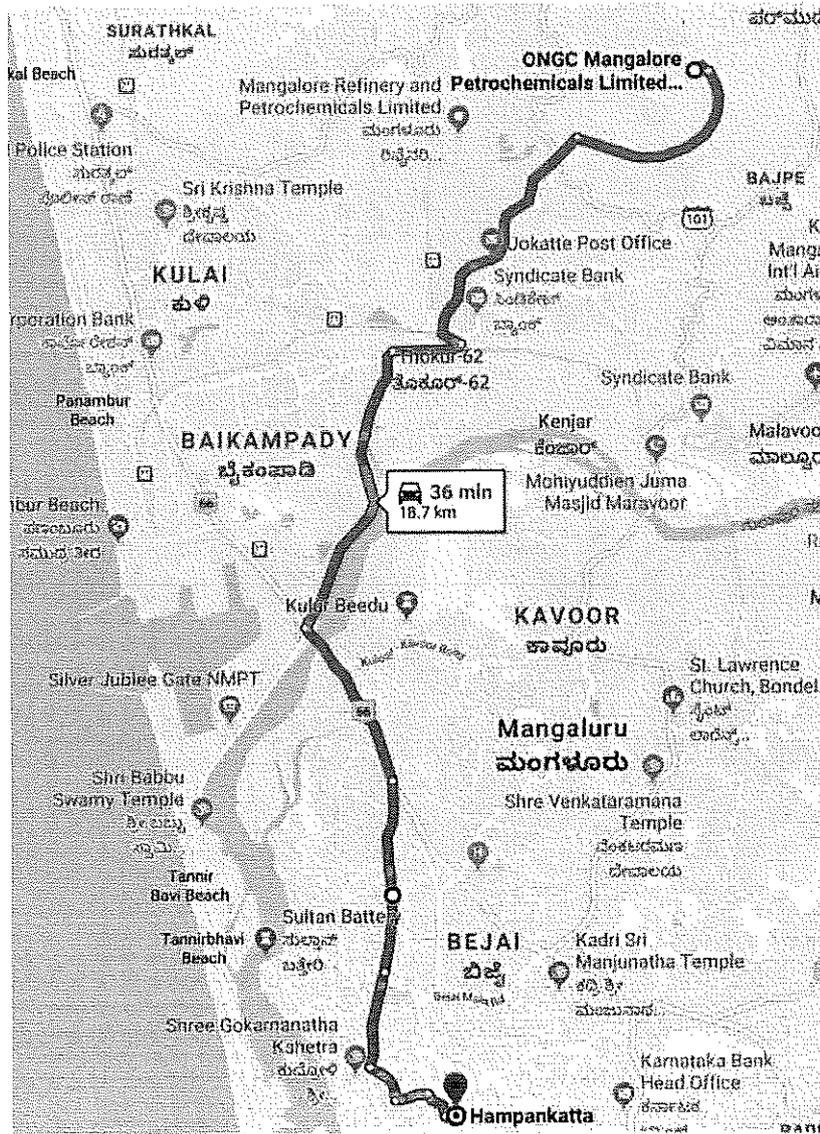
I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 13<sup>th</sup> Annual general Meeting of the ONGC Mangalore Petrochemicals Limited held on Saturday, 03<sup>rd</sup> August 2019 at 10.00 hrs., at the Registered Office, Mangalore Special Economic Zone, Permude, Mangaluru – 574 509.

Members/proxy's name in Block Letters

Signature of Member/Proxy

### ROUT MAP





**Awards & Accolades**



**1st Prize for Best Safety Practices - 2018**  
(Industrial Boiler Category)



**Women in Public Sector Award -**  
1st Place in Non-Exec. Category & 3rd Place in Exec. Category

**Campaigns for Govt Flagship Initiatives**



**Swachh Bharat Abhiyaan**



**Beti Bachao, Beti Padhao**

**CSR & Public Awareness Initiatives**



**Public Awareness on Fire, Safety & Environment**

**A Step Towards Green Energy**



**500kWp Solar Power Plant**

**Electric Vehicle**



**Blood Donation Camp**



**LED Plant Lighting**



Processing Opportunities

ONGC Mangalore Petrochemicals Ltd.  
Mangalore Special Economic Zone,  
Permude Village, Mangaluru - 574 509  
[www.ompl.co.in](http://www.ompl.co.in)