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 31st March 2021, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its loss, total 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 ("SA"s) 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.	Note 39.1.2 of Notes to Financial statements - Contingent Liabilities Others As explained in the Note No 39.1.2 there is a demand from customs department for a sum of ₹ 2121.14 Million along with interest and penalty aggregating to ₹ 6168.37 million. The company has considered the above sum as a contingent liability in view of the fact that the same has not been accepted and an appeal has been preferred by the holding company. The above sum has been considered as a contingent liability for the reasons stated above.	We have analysed and reviewed the nature of the amount of claim, the sustainability and the likelihood of crystallization of liability upon final resolution as given by the management as well as written representations. As a part of our audit procedure, we obtained a detailed note from the management indicating in clear terms the present status of the appeal filed by the holding company wherein the entire demand of ₹ 6168.37 Million is being disputed before the appropriate forum. The note as furnished by the management was analysed by us. Our examination of the said note indicated that there is no change in the conditions as compared to the previous financial year warranting a provision for the said disputed claim in the accounts. Based on the information and explanation provided to us, the disclosure of contingent liabilities as mentioned in Note 39.1 of the Standalone Financial Statements for a sum of ₹ 6168.37 Million is appropriate and does not warrant any provision in the accounts.

Emphasis of Matter

Attention is invited to the following:

a. Note No. - 41 – The Company's financials were approved by the Board on 30.04.21 and subsequently revised for giving effect to the opinion from Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI) on accounting treatment of Compulsory Convertible Debentures (CCDs) which were received only on 05.05.21. CCDs were classified as Compound Financial Instrument (CFI) in FY 2019-20 in accordance with the opinion given by an Independent Expert and bifurcated into debt (present value of future interest payments, principal portion of debentures was not considered as the liability to repay the principal falls on the sponsor to the CCD issuance and not the issuer) and the balance as equity.

   EAC has opined that CCDs are be treated as financial liability taking a different interpretation of certain clauses of Ind AS 32- Financial Instruments as compared to the interpretation contained in the opinion of the Expert which was acted upon by the Company as stated in Note No.41.

   As a result of the divergent view given by the EAC on the accounting treatment of CCDs, Company thought it fit to adopt the opinion of the EAC to comply with the assurance given to C &AG and has treated the CCDs as financial liability as per Ind AS.

b. Note No - 32 – Recognition of Deferred tax asset (DTA) in the financials of the Company.

The management has recognized deferred tax asset amounting to ₹ 21197.76 Million which has been netted against the deferred tax liability of ₹ 11818.13 Million resulting in a net deferred tax asset of ₹ 9379.63 Million considered in the Balance Sheet. As explained in the said note, the DTA has been recognized taking into account the expected future profits of the company on a standalone basis and without considering the possible effects of the amalgamation of the company with the holding company for which in principle clearance has been accorded by the Board. As further explained in the said note, the deferred tax asset shown in the balance sheet amounting to ₹ 9379.63 million is subject to review and appropriate changes based upon review by the amalgamated company (Holding Company) in the light of Ind AS 103 – Business Combinations on completion of merger proposal.

c. Note 48 relating to impact of Covid-19 pandemic on the operations and financial position of the Company

Our opinion is not modified in respect of the said matter.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual report, but does not include the 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 such other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 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 financial 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 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 Act we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. Based on the verification of Records of the Company and based on information and explanation given to us, we give here below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Act:

   a. The Company has system in place to process all the accounting transactions through IT system. Our examination of records of the Company during the course of audit did not indicate the possibility of processing of accounting transactions outside IT system and consequently, there are no implications arising out of such transactions.

   b. There is no restructuring of an existing loan or cases of waiver / write off of debts / loans / interest, etc made by a lender due to the company's inability to repay the loan.

   c. No funds have been received / receivable for specific schemes from Central / state agencies. The company has only received Export incentives in the form of MEIS scrips which have been properly accounted.

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 purposes 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 and dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with 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 the 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:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 39 to the standalone financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For CHANDRAN & RAMAN
Chartered Accountants
Firm Registration No: 000571S

S PATTABIRAMAN

Digitally signed by S PATTABIRAMAN
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Date: 2021.05.15 18:34:24 +05'30'

(S Pattabiraman)
Partner
Membership No: 014309
UDIN : 21014309AAAABJ1730

Place : Chennai
Date : 15.05.2021

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, 2021, 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. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

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 explanation given to us, the Company has not made any preferential allotment/private placement of share/Fully or Partly convertible debenture during the financial year under review.

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 CHANDRAN & RAMAN
Chartered Accountants
Firm Registration No: 000571S

(S Pattabiraman)
Partner
Membership No: 014309
UDIN : 21014309AAAABJ1730

Place : Chennai
Date : 15.05.2021

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, 2021, 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 Management of the company 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 Companies Act, 2013.

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 2021, 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 CHANDRAN & RAMAN
Chartered Accountants
Firm Registration No: 000571S

(S Pattabiraman)
Partner
Membership No: 014309
UDIN : 21014309AAAABJ1730

Place : Chennai
Date : 15.05.2021

ONGC MANGALORE PETROCHEMICALS LIMITED
CIN:U40107KA2006GOI041258
(A subsidiary of Mangalore Refinery & Petrochemicals Limited- MRPL)
Regd. Office : Mangalore SEZ, Permude, Mangaluru - 574509, Karnataka.

BALANCE SHEET AS AT MARCH 31, 2021

	Particulars	Notes	As at March 31, 2021	As at March 31, 2020 Restated
			₹ in Millions	₹ in Millions
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	5	51,881.05	54,797.33
	(b) Capital work-in-progress	6	69.94	157.45
	(c) Right-of-use assets	7	3,231.95	3,347.99
	(d) Intangible assets	8	8.59	7.48
	(e) Financial assets			
	(i) Investment	9	4.80	4.80
	(ii) Loans	10	28.96	42.31
	(f) Deferred tax assets (net)	32	9,379.63	8,788.63
	(g) Other non-current assets	12	1.19	2.48
	Total non-current assets		64,606.11	67,148.47
(2)	**Current assets**			
	(a) Inventories	13	5,248.66	2,906.51
	(b) Financial assets			
	(i) Trade receivables	14	2,617.68	758.20
	(ii) Cash and cash equivalents	15	0.24	0.20
	(iii) Loans	10	9.34	-
	(iv) Other financial assets	11	0.05	1.68
	(c) Current tax assets (net)	16	24.27	0.81
	(d) Other current assets	12	414.33	1,087.51
	Total current assets		8,314.57	4,754.91
	Total assets		72,920.68	71,903.38
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity share capital	17	25,442.91	25,442.91
	(b) Other equity	18	(32,709.92)	(28,153.56)
	Total equity		(7,267.01)	(2,710.65)
	LIABILITIES			
(2)	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	19	57,770.69	52,744.16
	(ii) Other financial liabilities	20	257.21	262.03
	(b) Provisions	21	218.76	171.33
	Total non-current liabilities		58,246.66	53,177.52
(3)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	19	16,158.32	10,894.14
	(ii) Trade Payables			
	(a) Total outstanding due of micro and small enterprises	22	11.12	32.83
	(b) Total outstanding due of creditors other than micro and small enterprises		2,323.84	1,030.89
	(iii) Other financial liabilities	20	3,407.31	9,443.85
	(b) Other current liabilities	23	27.52	26.67
	(c) Provisions	21	12.92	8.13
	Total current liabilities		21,941.03	21,436.51
	Total liabilities		80,187.69	74,614.03
	Total equity and liabilities		72,920.68	71,903.38

See accompanying notes (1- 50) to the financial statements

As per our report attached
For M/s Chandran & Raman
Chartered Accountants
(Firm's Registration No.000571S)

CA. S. Pattabiraman
Partner
Membership No. 014309

Place: New Delhi
Date: 15.05.2021

For ONGC Mangalore Petrochemicals Limited

M. Venkatesh
Director
DIN: 07025342

Pamila Jaipal
Director
DIN: 08436633

K. B. Shyam Kumar
Company Secretary

Surinder Pal Singh Chawla
Chief Financial Officer

Sujir S. Nayak
Chief Executive Officer

Place: New Delhi
Date: 15.05.2021

ONGC MANGALORE PETROCHEMICALS LIMITED
CIN:U40107KA2006GOI041258
(A subsidiary of Mangalore Refinery & Petrochemicals Limited- MRPL)
Regd. Office : Mangalore SEZ, Permude, Mangaluru - 574509, Karnataka.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
			₹ in Millions	₹ in Millions
I	Revenue from operations	24	33,887.90	49,541.70
II	Other income	25	98.40	7.65
III	**Total Income (I+II)**		33,986.30	49,549.35
IV	**EXPENSES**			
	Cost of materials consumed	26	29,825.81	48,604.92
	Changes in inventories of finished goods and stock-in-process	27	(1,159.08)	(389.88)
	Employee benefits expense	28	652.16	603.08
	Finance costs	29	2,368.91	5,105.42
	Depreciation and amortization expense	30	3,050.38	3,025.83
	Other expenses	31	4,396.84	7,771.52
	Total expenses (IV)		39,135.02	64,720.89
V	**Profit/(loss) before exceptional items and tax (III-IV)**		(5,148.72)	(15,171.54)
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V-VI)**		(5,148.72)	(15,171.54)
VIII	Tax expense:	32		
	(1) Current tax		-	-
	(2) Deferred tax		(591.47)	(1,133.05)
			(591.47)	(1,133.05)
IX	**Profit/(loss) for the year (VII-VIII)**		(4,557.25)	(14,038.49)
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit plans	35	1.36	(4.20)
	(b) Income tax relating to above	32	(0.47)	1.47
			0.89	(2.73)
XI	**Total Comprehensive Income/(loss) for the year (IX+X)**		(4,556.36)	(14,041.22)
XII	Earnings per equity share:	34		
	(1) Basic (in ₹)		(1.79)	(5.73)
	(2) Diluted (in ₹)		(1.79)	(5.73)

See accompanying notes (1- 50) to the financial statements

For ONGC Mangalore Petrochemicals Limited

As per our report attached
For M/s Chandran & Raman
Chartered Accountants
(Firm's Registration No.000571S)

M. Venkatesh
Director
DIN: 07025342

Pomila Jaspal
Director
DIN: 08436633

CA. S. Pattabiraman
Partner
Membership No. 014309

K. B. Shyam Kumar
Company Secretary

Surinder Pal Singh Chawla
Chief Financial Officer

Sujir S. Nayak
Chief Executive Officer

Place: New Delhi
Date: 15.05.2021

Place: New Delhi
Date: 15.05.2021

ONGC MANGALORE PETROCHEMICALS LIMITED
CIN:U40107KA2006GOI041258
(A subsidiary of Mangalore Refinery & Petrochemicals Limited- MRPL)
Regd. Office : Mangalore SEZ, Permude, Mangaluru - 574509, Karnataka.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A Equity share capital

Particulars	₹ in Millions
Balance as at March 31, 2019	21,276.25
Changes in equity share capital during the year	4,166.66
Balance as at March 31, 2020	25,442.91
Changes in equity share capital during the year	-
Balance as at March 31, 2021	25,442.91

B Other equity

Particulars	Reserves and surplus			Deemed Equity	Total
	Securities premium	Retained earnings	Debenture Redemption Reserve		
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
Balance as at March 31, 2019	4,244.37	(19,417.85)	228.94	-	(14,944.54)
Profit for the year		(14,038.49)	-	-	(14,038.49)
Additional during the year	833.34	-	-	3.86	837.20
Transfer during the year	(5.00)	228.94	(228.94)	-	(5.00)
Remeasurement of defined benefit plans, net of income tax	-	(2.73)	-	-	(2.73)
Balance as at March 31, 2020 Restated	5,072.71	(33,230.13)	-	3.86	(28,153.56)
Profit for the year	-	(4,557.25)	-	-	(4,557.25)
Additional during the year	-	-	-	-	-
Transfer during the year	-	-	-	-	-
Remeasurement of defined benefit plans, net of income tax	-	0.89	-	-	0.89
Balance as at March 31, 2021	5,072.71	(37,786.49)	-	3.86	(32,709.92)

See accompanying notes (1- 50) to the financial statements

As per our report attached
For M/s Chandran & Raman
Chartered Accountants
(Firm's Registration No.000571S)

CA. S. Pattabiraman
Partner
Membership No. 014309

Place: New Delhi
Date: 15.05.2021

For ONGC Mangalore Petrochemicals Limited

M. Venkatesh
Director
DIN: 07025342

Pomila Jaspal
Director
DIN: 08436633

K. B. Shyam Kumar
Company Secretary

Surinder Pal Singh Chawla
Chief Financial Officer

Sujir S. Nayak
Chief Executive Officer

Place: New Delhi
Date: 15.05.2021

ONGC MANGALORE PETROCHEMICALS LIMITED

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(loss) for the year	(4,557.25)	(14,038.49)
Adjustments for :		
Depreciation and amortisation expense	3,050.38	3,025.83
Income tax expense	(591.47)	(1,133.05)
Finance costs	2,368.91	5,105.42
Interest income	(0.64)	(3.19)
Dividend income from mutual funds	-	(1.47)
Loss/(profit) on sale/disposal of property plant & equipment	-	44.43
Foreign exchange (gain) / loss, net	(20.51)	(4.03)
Others	43.82	49.21
	293.24	(6,955.34)
Movements in working capital :		
(Increase)/decrease in Trade receivables	(1,838.94)	2,820.16
(Increase)/decrease in Inventories	(2,342.15)	2,235.47
(Increase)/decrease in Loans	4.01	(19.52)
(Increase)/decrease in Other financial assets	1.63	(0.77)
(Increase)/decrease in Other assets	673.66	516.80
Increase/(decrease) in Trade payables and Other liabilites	(4,693.59)	2,293.04
Cash generated / (used in) operations	(7,902.14)	889.84
Income taxes paid/adjusted, net of refunds	(23.47)	(0.27)
Net cash generated from / (used in) operations	(7,925.61)	889.57
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(22.07)	(1,405.27)
Payments for intangible assets	(2.47)	(1.25)
Interest received	0.64	3.19
Dividend received from mutual funds	-	1.47
Net cash generated from / (used in) investing activities	(23.90)	(1,401.86)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from equity share capital	-	4,995.00
Proceeds from long-term borrowings	9,788.38	46,159.99
Repayment of long-term borrowings	(3,498.04)	(24,602.07)
Proceeds from short-term borrowings	66,451.07	1,26,645.08
Repayment of short-term borrowings	(61,186.90)	(1,50,209.42)
Payment of lease liabilities (net of interest)	(0.84)	(0.78)
Interest expense on lease liabilities	(22.56)	(22.62)
Finance costs	(3,581.56)	(2,413.51)
Net cash generated from / (used in) financing activities	7,949.55	491.67
Net increase/ (decrease) in cash and cash equivalents	0.04	(20.62)
Cash and cash equivalents at the beginning of the year	0.20	20.82
Cash and cash equivalents at the end of the year	0.24	0.20

NOTES:

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

See accompanying notes (1- 50) to the financial statements

As per our report attached
For M/s Chandran & Raman
Chartered Accountants
(Firm's Registration No.000571S)

CA. S. Pattabiraman
Partner
Membership No. 014309

Place: New Delhi
Date: 15.05.2021

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Chief Financial Officer

Sujir S. Nayak
Chief Executive Officer

Place: New Delhi
Date: 15.05.2021

1. Corporate information

ONGC Mangalore Petrochemicals Limited ("OMPL" or "the Company") is a Central Public Sector Enterprise domiciled and incorporated in India having its registered office at Mangalore Special Economic Zone, Permude, Mangaluru, Karnataka – 574509. The Company is engaged in petrochemical business. The Company is a subsidiary of Mangalore Refinery and Petrochemicals Limited which holds 99.99% 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. As on the reporting date, there were no new Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA) which would have been applicable from April 1, 2021.

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 and the presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements."

3.2. Basis of Preparation

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

The Company has adopted all the Ind AS and the adoption was carried out during Financial Year 2016-17 in accordance with Ind AS 101 (First time adoption of Indian Accounting Standards). The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the "Previous GAAP".

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 Ind AS – 1 "Presentation of Financial Statements" and the Schedule III to the Companies Act, 2013.

The financial statements are presented in Indian Rupee 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 Assets or Liabilities.
(c) Level 3 inputs are unobservable inputs for the Assets or Liabilities 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.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and Intangible Assets which are classified as non-current assets held for sale are not depreciated or amortized.

3.4. Revenue Recognition

3.4.1. Revenue from sale of goods and services are recognized upon the satisfaction of a performance obligation, which occurs when control transfers to the customer. Control of the goods is determined to be transferred to the customer when the title of goods passes to the customer, which typically takes place when product is physically transferred into a vessel, pipeline or other delivery mechanism. In respect of revenue contracts for goods which provide for provisional pricing (wherever applicable) at the time of shipment, the final price adjustment if any will be given effect in the period in which it is finalised/ settled.

3.4.2. Revenue is measured at the transaction price of the consideration received or receivable and represents amounts receivable for goods and services in the normal course of business, net of discounts or rebates, GST and sales tax. Any retrospective revision in prices is accounted for in the year of such revision.

3.4.3. 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.

3.4.4. Revenue from sale of scrap is recognised at the point in time when control (transfer of custody of goods) is passed to customers..

3.4.5. Revenue from Export Incentives as applicable are recognised as revenue as per para 3.8 on Government Grants. The incentive values 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. 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).

3.4.7. For Non –Financial Assets, interest income is recognised on a time proportion basis. Interest Income on refundable taxes/ duties is recognised on receipt basis.

3.4.8. Dividend Income is recognised when the right to receive the dividend is established.

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3.5. Leases

Effective 1st April 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective transition method. Accordingly the Company has not made restatement of comparative information, which are still presented in accordance with Ind AS 17. The new standard defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has exercised the option not to apply this standard to leases of Intangible Assets.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves use of an identified assets
(ii) The company has substantially all the economic benefits from the use of the asset through the period of the lease and
(iii) The company has the right to direct the use of the asset.

Company as a lessee:

At the date of commencement of the lease, the Company recognizes a Right-of-Use Assets (ROU Assets) and a corresponding Lease Liability for all lease contracts / arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and lease of low value assets. For these short-term and low value leases, the Company recognizes the lease payments on straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Right-of-Use Assets and Lease Liabilities include these options when it is reasonably certain that they will be exercised.

The Lease Liability is initially measured at present value of the future lease payments over the reasonably certain lease term. The lease payments are discounted using the interest rate implicit in the lease, if it is not readily determinable, using the incremental borrowing rate. For leases with similar characteristics, the Company, on a lease by lease basis applies either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The Right-of-Use Assets are initially recognized at cost, which comprises the amount of the initial measurement of the Lease Liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the Right-of-Use Assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The Right-of-Use Assets are

depreciated using the straight-line method, except in case of leasehold lands where the ownership will be transferred to the Company, from the commencement date over the shorter of lease term or useful life of Right-of-Use Assets, however, in case of ownership of such right-of-use asset transfers to the lessee at the end of the lease term, such assets are depreciated over the useful life of the underlying asset. The Company applies Ind AS 36 to determine whether a Right-of-Use Asset are impaired and accounts for any identified impairment loss as described in the accounting policy below on "Impairment of Non-Financial Assets".

The interest cost on Lease Liability (computed using effective interest rate method) is expensed in the Statement of Profit and Loss unless eligible for capitalization as per accounting policy below on "Borrowing costs".

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-Use Assets are derecognized upon completion or cancellation of the lease contract.

Lease liability and Right-of-Use Assets have been separately presented in the Balance Sheet and lease payments have been classified as financing activities in the Statement of Cash Flows.

Lease modification impact is on prospective basis.

3.6. Foreign Currency Transactions

The Company's financial statements are presented in Indian Rupee (₹), which is also its Functional Currency.

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 translated using closing exchange rate prevailing on the last day of the reporting period.

Exchange difference arising in respect of foreign currency monetary items is recognised in the statement of Profit and Loss either as 'Exchange Rate Fluctuation loss/(gain) (Net) ' or as 'Finance Cost' except for the exchange difference related to long term foreign currency monetary items outstanding 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3.7. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds and interest on lease liability.

Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent regarded as an adjustment to interest cost i.e. equivalent to the extent to which the exchange loss does not exceed the difference between the cost of borrowing in functional currency (₹) when compared to the cost of borrowing in a foreign currency. When there is an unrealized exchange loss which is treated as an adjustment to interest and subsequently there is a realized or unrealized gain in respect of the settlement or translations of the same borrowing, the gain to the extent of the loss previously recognized as an adjustment is also recognized as an adjustment to interest.

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. Capitalization of borrowing costs is suspended when active development on the qualifying assets is interrupted other than on temporary basis and charged to the statement of Profit and Loss during such extended periods. All other borrowing costs are charged to the statement of Profit and Loss in the period in which they are incurred.

Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

3.8. Government Grants

Government Grants including the export incentives are not recognised until there is reasonable assurance that the Company will comply with the conditions attached 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 salaries, wages, provident fund, superannuation, gratuity, compensated absences and post-retirement medical benefits.

Defined Contribution Plans

Employee benefit under Defined Contribution Plans comprising of provident fund, superannuation is recognized based on the amount of obligation of the Company to contribute to the plan. The Provident Fund paid to the Authorities is expensed during the year.

Defined Benefit Plans

Defined Benefit Plans comprising of gratuity, post-retirement medical benefits and other long-term retirement benefits, which are 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.

Re-measurement, 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 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:

(a) In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) 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.

The Liabilities for Defined Benefit Plans are recognized on the basis of actuarial valuation and charged to Statement of Profit and Loss.

3.10. Taxation

Tax Expense represents the sum of the Current Tax and Deferred Tax.

(i) Current Tax

The tax currently payable is based on Taxable Profit for the year together with any adjustment to tax payable in respect of previous years. 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 provided using the Balance Sheet method and is recognized 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, the carry forward of unused tax credits and any unused tax losses 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 includes unused tax credit (MAT) which is likely to give future economic benefits in the form of availability of set off against future income tax liability as may be eligible under the statute. 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the year

Current and Deferred Tax are recognised in statement of Profit and 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) and Right of Use Assets (ROU)

Property, Plant and Equipment 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.

Property, Plant and Equipment 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 and the initial estimated present value of any contractual decommissioning obligation, if any. 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. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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 an adjustment to the capital cost of the respective assets prospectively.

PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Technical know-how / license fees relating to plants / facilities and specific software that are integral part of the related hardware are capitalized as part of cost of the underlying asset.

Depreciation of PPE commences when the assets are ready for their intended use.

Depreciation is provided on the cost of PPE (other than freehold land and properties under construction) less their residual values (after retaining the estimated residual value of up to 5%) over their useful lives, using Straight Line Method, over the useful life of component of various assets as specified in Schedule II to the Companies Act, 2013, except in case of certain components of the Plant and Equipment/other assets whose useful lives are determined based on technical justification.

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 shutdown 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.

Stores and Spares which qualifies as Property, Plant and Equipment for specific machinery 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 (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 deduction, reclassification 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.

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

Right-of-Use Assets are depreciated on a straight line basis over the lease term or useful life of the underlying asset, whichever is lower, except leasehold lands where the ownership will be transferred to the Company.

3.12. Intangible Assets

3.12.1. Intangible Assets

Intangible Assets with finite useful lives that are acquired separately are carried at cost less Accumulated amortisation and Accumulated impairment losses, if any. 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 not subject to amortization and are carried at cost less accumulated impairment losses if any.

Technical know-how / license fee relating to production process and process design are recognized as intangible asset and amortized on a straight line basis over the life of the underlying plant / facility.

Expenditure on internally generated intangibles, excluding development costs, is not capitalized and is reflected in Statement of Profit and Loss in the period in which such expenditure is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Recognition of costs as an asset is ceased when the project is complete and available for its intended use, or if these criteria are no longer applicable. Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2015).

3.12.2. Derecognition of Intangible Assets

An Intangible Asset is derecognised on disposal, or when no future economic benefits are expected from use. 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 Statement of Profit and Loss when the Asset is derecognised.

3.12.3. Useful lives of Intangible Assets

Estimated useful lives of the Intangible Assets are as follows:

Sl. No.	Particulars	Useful lives (in years)
1.	Computer Software	3
2.	Licence and Franchise	3

3.13. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of its Non-Financial assets other than inventories, deferred tax assets, non-current assets classified as held for sale and goodwill at the end of each reporting period to determine whether there is any significant 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 (CGU) 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 at the end of each reporting period as to ascertain 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 / amortization, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation / amortization 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. Statement of Cash Flow

Statement of 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 Activities. The Cash Flows are segregated into Operating, Investing and Financing Activities.

3.15. Earnings Per Share (EPS)

Basic Earnings per Share are calculated by dividing the Net Profit or Loss for the period attributable to Equity Shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of Equity Shares outstanding during the period.

For the purposes of calculating Diluted Earnings per Share, the Net Profit or Loss for the period attributable to Equity Shareholders and the weighted average number of Shares outstanding during the period are adjusted for the effect of all dilutive potential Equity Shares.

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 Materials (incl. fuel)	On First In First Out (FIFO) basis
Finished Goods	At Raw material and Conversion cost

Stock-in-Process	At Raw Material and Proportionate Conversion Cost
Stores and Spares including packing materials	On Weighted Average Cost basis

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Obsolete, Slow Moving, Surplus and Defective Stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

3.17. Provisions, Contingent Liabilities, Contingent Assets and Commitments

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. If the effect of time value of money is material, provisions are discounted using an appropriate pre-tax discount rate. When discounting is used, the increase in provision due to passage of time is recognized as a Finance Cost.

The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any.

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 possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are disclosed on the basis of judgment of the management / independent experts in the Financial Statements by way of Notes to Accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets and contingent liabilities are reviewed at each Balance Sheet date to reflect the current management estimate.

Capital and Other Commitments disclosed are in respect of items which in each case are above the threshold limit.

3.18. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when Company becomes a party to the contractual provisions of the instruments. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Initial recognition and measurement

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 Statements of Profit and Loss.

3.19. Financial Assets

Subsequent Measurement

All recognised Financial Assets are subsequently measured in their entirety at either amortised cost or fair value, based on the business model for managing the financial assets and the contractual cash flow characteristics.

(i) Financial Assets at Amortised Cost

Financial Assets are subsequently measured at amortised cost using the effective interest rate 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 (SPPI) on the principal amount outstanding.

(ii) Financial Assets at Fair value through Other Comprehensive Income (FVOCI)

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

SPD

the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(iii) Financial Assets at Fair value through Profit or Loss (FVTPL)

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.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognized in the Statement of Profit and Loss.

(iv) 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.

(v) Equity Investments :

Equity Investments (Other than Subsidiaries, Joint Ventures (JV) and Associate):

All Equity Investments in the scope of Ind AS 109 are measured at Fair value. Equity Instruments which are held for trading are classified as at FVTPL. For all other such equity investments, the Company decides to classify the same either as FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

(vi) 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.

(vii) 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 Financial Liabilities

Subsequent Measurement

(i) Financial iabilities 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 Rate method ("EIR"). Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss.

(iii) Embedded derivaties

Derivatives embedded in all other host contract except for an asset are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

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.

3.20.2 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.

3.20.3 Compound financial instruments

The component parts of compound financial instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a Liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as Equity is determined by deducting the amount of the liability component from the fair value of the compound Financial Instrument as a whole. This is recognised and included in Equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in Equity will be transferred to Retained Earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the Liability and Equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the Equity component are recognised directly in Equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

3.20.4 Financial guarantee contracts

When the Company receives Financial Guarantee from its holding company, initially it measures guarantee fees at the fair value. The Company records the initial fair value of fees for Financial Guarantee received as "Deemed Equity" from Holding Company with a corresponding asset recorded as prepaid guarantee charges. Such deemed equity is presented under the head 'Other Equity' in the Balance Sheet. Prepaid guarantee charges

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are recognized in the Statement of Profit and Loss over the period of Financial Guarantee received.

3.21. Insurance Claims

(a) All the insurance claims are accounted for on the basis of claims admitted / expected to be admitted to the extent that the amount recoverable can be measured reliably and it is virtually certain by the management to expect ultimate collection.
(b) 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 subject to condition mentioned in para (a) above. In case insurance claim is less than the carrying cost of the asset, the difference is charged to Statement of Profit and Loss.
(c) 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 subject to condition mentioned in para (a) above. Insurance Policy deductible excess are expensed in the year in which corresponding expenditure is incurred.
(d) In the eventuality of total loss, partial loss or other losses in any year and where condition of paragraph (a) above does not fulfill, then the losses are charged to the Statement of Profit and Loss in the same year.
(e) 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.
(f) All other claims and provisions are booked on the merits of each case.

3.22. Investment Property

Investment Properties (land or building or part of a building or both) are properties held to earn rentals and/or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are measured in accordance with Ind AS 16 requirements for cost model. Free hold Land and Properties under construction are not depreciated.

An Investment Property is derecognized upon disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the Property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the Property is derecognized.

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 judgements, 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 and Intangible Assets

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Management reviews its estimate of the useful lives of PPE and Intangible Assets 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 32 states that the Company has recognized deferred tax asset on unused tax losses as at March 31, 2021. Company has followed the provisions of Ind AS 12 on "Income Taxes" to recognize the Deferred Tax Asset on unused tax losses.

Company has incurred losses in the past and the recognition of Deferred Tax Asset arising from unused tax losses under such circumstances call for assessment of Company having sufficient taxable temporary difference or convincing other evidence that sufficient taxable profit is available against which the unused tax losses can be utilized. In this respect, Company assessed its future business outlook and forecasted the future available taxable profit on the basis of following and recognized the Deferred Tax Asset on unused tax losses:

- Committed long-term/short-term offtake arrangement for main products
- Long term supply/return-stream arrangement with parent company.
- Market expansion with new products
- Export of by-products
- Projects / measures taken to improve - plant capacity utilization, feed processing and product yield, cost effectiveness in utilities consumption etc.
- Arrangement to buy low cost fuel i.e. Natural Gas

Company considered the recognition criteria's prescribed in the standard and to the extent that it is not probable that taxable profit will be available against which the unused tax losses can be utilized, the deferred tax asset is not recognized by the Company. Further, significant judgement has been used in assessing the impact of any legal or economic limits or uncertainties including market volatilities and capacity utilization while recognizing the deferred tax asset on unused tax losses.

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.

f) Leases

Identifying whether a Contract includes a Lease

The Company enters into hiring/service arrangements for various assets/services. The Company evaluates whether a contract contains a lease or not, in accordance with the principles of Ind AS 116. This requires significant judgments including but not limited to, whether asset is implicitly identified and substantive substitution rights available with the supplier, decision making rights with respect to how the underlying asset will be used, economic substance of the arrangement, etc.

Determining Lease Term (including Extension and Termination Options)

The Company considers the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Assessment of extension/termination options is made on lease by lease basis, on the basis of relevant facts and circumstances. The lease term is reassessed if an option is actually exercised. In case of contracts, where the Company has the option to hire and de-hire the underlying asset on some circumstances (such as operational requirements), the lease term is considered to be initial contract period.

Identifying Lease Payments for Computation of Lease Liability

To identify fixed (including in-substance fixed) lease payments, the Company consider the non-operating day rate/standby as minimum fixed lease payments for the purpose of computation of Lease Liability and corresponding Right of Use Assets.

Low Value Leases

Ind AS 116 requires assessment of whether an underlying asset is of low value, if lessee opts for the option of not to apply the recognition and measurement requirements of Ind AS 116 to leases where the underlying asset is of low value. For the purpose of determining low value, the Company has considered nature of assets and concept of materiality as defined in Ind AS 1 and the conceptual framework of Ind AS which involve significant judgment.

Determining Discount Rate for Computation of Lease Liability

For computation of Lease Liability, Ind AS 116 requires lessee to use their incremental borrowing rate as discount rate if the rate implicit in the lease contract cannot be readily determined.

For leases denominated in Company's functional currency, the Company considers the incremental borrowing rate to be Corporate Bond Rates for similar rated Organizations.

ONGC MANGALORE PETROCHEMICALS LIMITED

Notes to the Financial Statements for the year ended March 31, 2021

5 Property, plant and equipment

Carrying amounts of:	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
Buildings	729.94	740.75
Plant and equipment	50,638.02	53,511.83
Furniture and fixtures	22.47	26.92
Vehicles	70.79	82.55
Office equipment	419.83	435.28
Total	**51,881.05**	**54,797.33**

Cost or deemed cost	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Balance as at April 1, 2019	**944.96**	**66,401.55**	**50.61**	**137.65**	**617.18**	**68,151.95**
Additions	15.94	1,278.91	0.30	2.37	188.36	1,485.88
Disposals/adjustments	-	(76.18)	-	-	(1.35)	(77.53)
Balance as at March 31, 2020	**960.90**	**67,604.28**	**50.91**	**140.02**	**804.19**	**69,560.30**
Additions	3.08	252.86	0.97	-	30.12	287.03
Disposals/adjustments	(0.05)	(260.02)	-	-	(0.58)	(260.65)
Balance as at March 31, 2021	**963.93**	**67,597.12**	**51.88**	**140.02**	**833.73**	**69,586.68**

Accumulated depreciation	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total
Balance as at April 1, 2019	**189.44**	**11,294.86**	**19.20**	**45.75**	**316.35**	**11,865.60**
Depreciation expense	30.71	2,829.49	4.79	11.72	53.74	2,930.45
Eliminated on disposal / adjustments	-	(31.90)	-	-	(1.18)	(33.08)
Balance as at March 31, 2020	**220.15**	**14,092.45**	**23.99**	**57.47**	**368.91**	**14,762.97**
Depreciation expense	13.84	2,879.04	5.42	11.76	44.99	2,955.05
Eliminated on disposal / adjustments	-	(12.39)	-	-	-	(12.39)
Balance as at March 31, 2021	**233.99**	**16,959.10**	**29.41**	**69.23**	**413.90**	**17,705.63**

5.1 Foreign exchange differences capitalised

Additions/(adjustments) to plant and equipment includes ₹(173.96) million (For the year ended March 31, 2020 ₹702.71 million) in relation to foreign exchange differences capitalised as per para D13AA of Ind AS 101.

ONGC MANGALORE PETROCHEMICALS LIMITED
Notes to the Financial Statements for the year ended March 31, 2021

6 Capital work-in-progress

Cost or deemed cost	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Plant and equipment	69.94	157.45
Total	**69.94**	**157.45**

7 Right-of-use assets

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Cost of right-of-use assets	3,420.45	3,442.52
Accumulated depreciation	(188.50)	(94.53)
Carrying amount	**3,231.95**	**3,347.99**

Particulars	Leasehold Land	Pipeline Corridor ROW	Total
Balance as at April 1, 2019	2,531.87	910.65	3,442.52
Additions	-	-	-
Disposals/ adjustments	-	-	-
Balance as at March 31, 2020	2,531.87	910.65	3,442.52
Additions	-	-	-
Disposals/ adjustments	(22.07)	-	(22.07)
Balance as at As at March 31, 2021	2,509.80	910.65	3,420.45

Accumulated depreciation	Leasehold Land	Pipeline Corridor ROW	Total
Balance as at April 1, 2019	-	-	-
Depreciation expense	62.00	32.53	94.53
Eliminated on disposal / adjustment	-	-	-
Balance as at March 31, 2020	62.00	32.53	94.53
Depreciation expense	61.45	32.52	93.97
Eliminated on disposal / adjustment	-	-	-
Balance as at As at March 31, 2021	123.45	65.05	188.50

ONGC MANGALORE PETROCHEMICALS LIMITED
Notes to the Financial Statements for the year ended March 31, 2021

8 Intangible assets

Carrying amount of:	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Computer Software	8.59	7.48
Total	**8.59**	**7.48**

Cost or deemed cost	Computer Software
Balance as at April 1, 2019	**84.53**
Additions	1.25
Disposals/ adjustments	-
Balance as at March 31, 2020	**85.78**
Additions	2.47
Disposals/ adjustments	-
Balance as at March 31, 2021	**88.25**

Accumulated amortization	Computer Software
Balance as at April 1, 2019	**77.45**
Amortisation expense	0.85
Eliminated on disposal / adjustment	-
Balance as at March 31, 2020	**78.30**
Amortisation expense	1.36
Eliminated on disposal / adjustment	-
Balance as at March 31, 2021	**79.66**

ONGC MANGALORE PETROCHEMICALS LIMITED
Notes to the Financial Statements for the year ended March 31, 2021

9 Investment

9.1 Investments in equity instruments

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number in	₹ in Millions	Number in	₹ in Millions
(a) Investment in Mangalore SEZ Limited (Unquoted, fully paid up) (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

9.2 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 heirarchy) of such investment equivalent to the carrying amount at each reporting period.

9.3 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, 2021	As at March 31, 2020 Restated
Mangalore SEZ limited	Developer of Special Economic Zone	Mangalore	0.96%	0.96%

ONGC MANGALORE PETROCHEMICALS LIMITED
Notes to the Financial Statements for the year ended March 31, 2021

10 Loans

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
(Unsecured, considered good unless otherwise stated)				
Security deposits	28.96	9.34	42.31	-
Total	**28.96**	**9.34**	**42.31**	**-**

11 Other financial assets

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
(Unsecured, considered good unless otherwise stated)				
Receivable from related parties	-	0.05	-	1.68
Total	**-**	**0.05**	**-**	**1.68**

Note: Receivable from related parties includes ₹ Nil (As at March 31, 2020 ₹ 0.73 million) from holding company (MRPL) and ₹ 0.05 million (As at March 31, 2020 ₹ 0.05 million) from ultimate holding company (ONGC) and ₹ Nil (As at March 31, 2020 ₹ 0.90 million) from Mangalore SEZ Limited.

12 Other assets

Particulars	As at March 31, 2021		As at March 31, 2020Restated	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
(a) Balance with government authorities	-	49.30	-	64.46
(b) Others	1.19	365.03	2.48	1,023.05
Total	**1.19**	**414.33**	**2.48**	**1,087.51**

Others includes ₹8.39million (As at March 31, 2020 ₹88.17 million) accounted as upfront charges on bill discounting arrangements with the holding company.

13 Inventories

Particulars	As at March 31, 2021		As at March 31, 2020Restated	
	₹ in Millions		₹ in Millions	
	Amount	Total	Amount	Total
(a) Raw materials				
- on hand	1,336.42		180.09	
- in transit	-	1,336.42	-	180.09
(b) Fuel on hand		75.96		129.85
(c) Stock-in-process		331.54		126.29
(d) Finished goods	2,427.37		1,473.54	
Less: allowance for stock loss	-	2,427.37	-	1,473.54
(e) Stores, spares and chemicals				
- on hand	1,086.24		1,002.38	
- in transit	-		3.23	
Less: Provision for slow/non moving inventories	8.87	1,077.37	8.87	996.74
Total		**5,248.66**		**2,906.51**

13.1 The cost of inventories (cost of sales) recognised as an expense during the year is ₹ 34,676.51 million (For the year ended March 31, 2020 ₹ 56,238.95 million).

13.2 The cost of inventories recognised as an expense includes ₹ 236.15 million ((For the year ended March 31, 2020 ₹ 1987.94 million) in respect of write down of finished goods inventory to net realisable value.

13.3 The cost of inventories recognised as an expense includes ₹ 64.41 million ((For the year ended March 31, 2020 ₹ 277.19 million) in respect of write down of raw materials and stock-in-process inventory to net realisable value.

13.4 The fuel and power expense includes ₹ Nil (For the year ended March 31, 2020 ₹ 58.63 million) in respect of write down of fuel in hand inventory to net realisable Value.

14 Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Secured (Refer Note 14.4 below)		
- Considered good	5.17	-
Unsecured		
- Considered good	2,612.51	758.20
Credit impaired		
- Receivables which are credit impaired	16.35	16.35
Less: Impairment of doubtful receivables	(16.35)	(16.35)
Total	**2,617.68**	**758.20**

14.1 Generally, the Company does export sales through short-term tender arrangements and also through B2B arrangements. Company does domestic sales through long term sales arrangement with holding company and short term arrangement with others. The average credit period ranges from 7 to 30 days (year ended March 31, 2020 ranged from 7 to 30 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 as per respective arrangements.

14.2 Of the trade receivables, balance as at March 31, 2021 of ₹ 2617.68 million (As at March 31, 2020 ₹ 758.20 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, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Customer 1	126.26	65.72
Customer 2	350.33	-
Customer 3	2,135.92	393.88
Customer 4	-	298.28
Total	**2,612.51**	**757.88**

14.3 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.

14.4 Secured by letter of credit/bank guarantee received from customers.

14.5 Age of trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Within the credit period	2,617.68	758.20
1-30 days past due	-	-
31-90 days past due	-	-
More than 90 days past due	16.35	16.35
Total	**2,634.03**	**774.55**

14.6 Movement of Impairment for doubtful receivables

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Balance at beginning of the year	16.35	16.35
Add: Additions/(deletions) in expected credit loss allowance	-	-
Less: Write back during the year	-	-
Balance at end of the year	**16.35**	**16.35**

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14.7 Trade receivables stated above include due from:

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Amount due from Related Party		
Unsecured, Considered good		
- Mangalore Refinery and Petrochemicals Limited	126.26	65.72
- Oil & Natural Gas Corporation Limited (Academy)	-	0.32
Total	**126.26**	**66.04**

15 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
Cash on hand	0.03	0.00
Balances with banks in current account	0.21	0.20
Total	**0.24**	**0.20**

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16 Tax assets and liabilities (net)

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Current tax assets		
Tax assets (Prepaid Taxes)	24.27	0.81
Total	**24.27**	**0.81**

17 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
Authorised share capital:	₹ in Millions	₹ in Millions
3,200,000,000 equity shares of ₹ 10 each (as at March 31 2020: 3,200,000,000 equity shares of ₹10 each)	32,000.00	32,000.00
Issued share capital:		
2,544,292,166 equity shares of ₹ 10 each (as at March 31 2020: 2,544,292,166 equity shares of ₹10 each)	25,442.92	25,442.92
Subscribed and Fully paid equity shares:		
2,544,291,067 equity shares of ₹ 10 each (as at March 31, 2020: 2,544,291,067 equity shares of ₹ 10 each)	25,442.91	25,442.91
Total	**25,442.91**	**25,442.91**

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

Particulars	Number of shares in Millions	Share capital ₹ in Millions
Balance as at April 1, 2019	2,127.62	21,276.25
Changes during the year	416.67	4,166.66
Balance as at March 31, 2020	2,544.29	25,442.91
Changes during the year	-	-
Outstanding as at March 31, 2021	**2,544.29**	**25,442.91**

17.2 Terms/rights attached to equity shares

The Company has issued only one class of equity shares and compulsorily convertible debentures 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.

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

17.4 Order of the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench was received on April 16, 2021 approving the petition made by the Company for consolidation of share capital from face value of ₹10 per share to ₹10,000 per share.

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

Name of equity share holders	As at March 31, 2021		As at March 31, 2020	
	Numbers in million	% holding	Numbers in million	% holding
Mangalore Refinery and Petrochemicals Limited (Holding Company)	2,544.29	99.99%	1,297.63	51.00%
Oil and Natural Gas Corporation Limited (Ultimate Holding Company)	-	-	1,246.65	48.99%

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

Name of equity share holders	As at March 31, 2021		As at March 31, 2020	
	Numbers in million	% holding	Numbers in million	% holding
Mangalore Refinery and Petrochemicals Limited	2,544.29	99.99%	1,297.63	51.00%
Oil and Natural Gas Corporation Limited	-	-	1,246.65	48.99%

18 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Deemed equity	3.86	3.86
Securities premium	5,072.71	5,072.71
Retained earnings	(37,786.49)	(33,230.13)
Total	**(32,709.92)**	**(28,153.56)**

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
(a) Deemed Equity (Refer note 18.2 below)		
Balance at beginning of year	3.86	-
Transfer during the year	-	3.86
Balance at end of year	**3.86**	**3.86**
(b) Debenture Redemption Reserve		
Balance at beginning of year	-	228.94
Transfer during the year	-	(228.94)
Balance at end of year	-	-
(c) Securities premium		
Balance at beginning of year	5,072.71	4,244.37
Received during the year	-	833.34
Transfer during the year	-	(5.00)
Balance at end of year	**5,072.71**	**5,072.71**
(d) Retained Earnings		
Balance at beginning of year	(33,230.13)	(19,417.85)
Profit /(loss) after tax for the year	(4,557.25)	(14,038.49)
Other comprehensive income/(loss) for the year, net of income tax	0.89	(2.73)
Transfer to/from Debenture Redemption Reserve	-	228.94
Balance at end of year	**(37,786.49)**	**(33,230.13)**

Previous year figures have been restated (Refer note no.41).

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

18.2 The amount of ₹ 3.86 million (As at March 31, 2020 is ₹ 3.86 million) shown as deemed equity denotes the fair value of fees towards financial guarantee being undertaking by Sponsor Companies, i,e ONGC and MRPL in the ratio of 49% and 51% to ensure the payment of coupon amount on CCDs in case of default by the Company.

19 Borrowings

Particulars	As at March 31, 2021		As at March 31, 2020 Restated	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
Secured – at amortised cost				
(a) Term Loans:-				
From Banks :				
- External Commercial Borrowing (ECB)	647.38	-	4,243.91	-
- Foreign Currency Borrowing	26,300.00	-	27,182.19	-
(b) Working capital loan from banks	-	-	-	6,161.98
Unsecured – at amortised cost				
(c) Term Loans:-				
From Banks :				
- Foreign Currency Borrowing	10,962.15	-	11,328.69	-
- Rupee Term Loan	9,868.16	-	-	-
(d) Debentures:-				
- Compulsorily Converitble Debentures (CCD's)*	9,993.00	-	9,989.37	-
(e) Loans repayable on demand				
From Banks :				
- Short term rupee loan	-	16,158.32	-	4,732.16
Total	**57,770.69**	**16,158.32**	**52,744.16**	**10,894.14**

* Previous year figures have been restated (Refer note no.41).

19.1 External Commercial Borrowing (ECB)

External Commercial Borrowings taken by the Company are USD denominated Loans and carries variable rate of interest due to fluctuation in Libor rate, which is six month based plus spread. (Interest Rate as at March 31, 2021 is 2.60% and Interest rate as at March 31, 2020 is 4.46%).

External Commercial Borrowings are secured by 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.

Summarised repayment schedule of ECB (including current maturities) is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
2020-21	-	2,227.66
2021-22	2,155.01	3,577.31
2022-23	536.04	554.10
2023-24	111.34	115.09
Total	**2,802.39**	**6,474.16**

19.2 Foreign Currency Borrowing

During the financial year 2019-20 Company has availed Medium Term Foreign Currency Loan amounting to USD 510 Million from three Banks.

19.2.1 Foreign Currency Borrowing amounting to USD 360 Million is having a tenor of eight years with moratorium of 3 years and is secured by way of first pari passu charge on Fixed Assets of the Company.The loan is repayable in 20 quarterly instalment and carries variable rate of interest which is six month Libor plus spread (Range of Interest rate as at March 31, 2021 is 2.60% to 2.63%).

Foreign Currency Borrowing amounting to USD 150 Million is availed on unsecured basis having a tenor of three years and carries variable rate of interest which is six month Libor plus spread. (Interest rate as at March 31, 2021 is 2.25%) .

Repayment Schedule of Medium Term Foreign Currency Borrowing is as below:

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
2022-23	13,891.85	14,360.20
2023-24	4,942.57	5,109.21
2024-25	5,264.28	5,441.76
2025-26	5,264.28	5,441.76
2026-27	5,995.43	6,197.56
2027-28	1,930.24	1,995.31
Total	**37,288.65**	**38,545.80**

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19.3 Unsecured Compusorily convertible debentures

The Company has allotted 1000 Compulsorily Convertible Debentures (CCDs) of ₹10 Million each on 5th March 2020 through private placement. Company has issued CCDs in 3 different series. Series I Debentures consists of ₹ 2,500 Million with Coupon Rate of 8.35% p.a. Series II Debentures consists of ₹ 2,500 Million with Coupon Rate of 8.50%. Series III Debentures consists of ₹ 5,000 Million with Coupon Rate of 8.75% p.a. Interest for all the three series of debentures to be served on quarterly basis.

Coupon Rate of Series I Debenture is subject to annual reset with interest rate linked to 364 days Treasury bill. The interest rate has been reset on 5th March 2021 from 8.35% to 6.91% p.a.. Coupon rate for series II and series III CCDs are fixed over the tenure of debentures.

Under Transaction Document of CCDs, the Company has obligation to timely service the interest to investors. Further, CCDs are backed by undertaking from Sponsor Companies i.e ONGC and MRPL to ensure payment of Coupon amount on debentures in case Company fails to do so.

Tenor of CCDs is 36 months from Deemed Date of Allotment, with mandatory Put / Call Option at the end of the 35th month. The Sponsors (in the ratio of ONGC - 49% and MRPL - 51%) to mandatorily acquire all the CCDs from the investors at the end of 35th month from the date of allotment.

The Sponsors (in the ratio of ONGC - 49% and MRPL - 51%) can also buy out the CCDs at any time prior to the expiry of 35 months from allotment date. Investors have put option on sponsors in the event of default.

Company's obligation under option agreement is limited only to the extent of servicing of interest on these debentures. Upon conversion of the CCDs, OMPL would be required to issue equity shares to the sponsors.

The interest on one of the CCD Series I was on a floating rate. In March 2021, the interest rate on this CCD Series I was reduced by 144 basis points.

Repayment/Conversion Schedule of CCD is as below:

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
2022-23	10,000.00	10,000.00
Total	**10,000.00**	**10,000.00**

19.4 Unsecured Rupee Term Loan

During the financial year 2020-21 company has availed Rupee Term Loan amounting to ₹ 9,875.14 million on unsecured basis having a tenor of 5 years with moratorium period of 3 years.The loan is repayable in 8 querterly installments and carries a variable interest rate which is G-Sec linked lending rate.(Interest rate as at March 31, 2021 is 6.25%) .

Repayment Schedule of Rupee term loan is as below:

Particulars	As at March 31, 2021
	₹ in Millions
2023-24	3,703.18
2024-25	4,937.57
2025-26	1,234.39
Total	**9,875.14**

19.5 Unsecured short term loans repayable on demand:

Unsecured short term rupee loan as on March 31, 2021 is for tenor of 6 to 7 months and carries variable rate linked to RBI repo rate and 3 month Tresury bill rate (Range of interest rate as on March 31st 2021 is 4.25% to 4.50% p.a.)

19.6 External commercial borrowings and Foreign Currency Term Loans 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 and second pari passu charge over immovable property, plant and equipment.

19.7 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.

20 Other financial liabilities

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
Current maturities of long-term debt	-	2,152.41	-	2,219.57
Interest accrued but not due on borrowings	-	4.13	-	23.69
Lease liability on leasehold land	257.21	0.91	262.03	21.52
Deposit from supplier and contractors	-	192.24	-	278.44
Payable against capital goods	-	55.19	-	124.96
Other Liabilities - vendors, contractors & customers	-	1,002.43	-	6,775.67
Total	**257.21**	**3,407.31**	**262.03**	**9,443.85**

Current maturities of long-term debt ₹ 2,152.41 million (As at March 31, 2020 ₹ 2,219.57 million) is pertaining to External Commerical Borrowing repayables .

Other Liabilities - vendors, contractors & customers includes ₹ 766.48 million (As at March 31, 2020 ₹ 6,324.45 million) towards bills payable in respect of purchases from holding company (bills discounted by the holding company with their banker).

21 Provisions

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
Provision for employee benefits [Refer Note 21.1 below]				
- Leave encashment	111.75	9.54	87.77	6.67
- Gratuity	98.67	3.32	83.56	1.46
- Post-Retirement Medical Benefits	8.34	0.06	-	-
Total	**218.76**	**12.92**	**171.33**	**8.13**

21.1 Refer Note 35 for employee benefit disclosures

22 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
(A) Trade payables		
(a) Total outstanding due of micro and small enterprises	11.12	32.83
(b) Total outstanding due of creditors other than micro and small enterprises	2,323.84	1,030.89
Total	**2,334.96**	**1,063.72**

22.1 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.

22.2 Trade payables include ₹ 2,153.98 million (As at March 31, 2020 ₹ 943.84 million) payable to the holding company.

22.3 Disclosure relating to dues to Micro, Small and Medium Enterprises

	Particulars	As at March 31, 2021	As at March 31, 2020
		₹ in Millions	₹ in Millions
i	the Principal amount due thereon remaining unpaid to any supplier at the end of year.	11.12	32.83
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.	-	-

23 Other liabilities

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current
Liability for statutory payments	-	27.52	-	26.67
Total	**-**	**27.52**	**-**	**26.67**

24 Revenue from operations

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	₹ in Millions		₹ in Millions	
A. Sale of products				
Domestic sales	2,777.57		6,259.04	
Export sales	30,966.61	33,744.18	42,352.65	48,611.69
B. Other operating revenue				
Export Incentives		143.72		930.01
Total		**33,887.90**		**49,541.70**

25 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
Interest on:		
Deposits with banks	-	2.96
Income tax refund	-	0.01
Others	0.64	0.22
Dividend income from mutual funds	-	1.47
Other non-operating income:		
Other services	1.96	0.27
Exchange gain on foreign currency transactions, net	92.80	-
Miscellaneous receipts*	3.00	2.72
Total	**98.40**	**7.65**

* Includes gain on remeasurement of lease liability amounting to ₹ 2.52 million during the year.

26 Cost of material consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
Raw materials		
Naphtha	23,405.36	31,829.66
Aromatics	6,420.45	16,775.26
Total	**29,825.81**	**48,604.92**

27 Changes in inventories of finished goods and stock-in-process

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
Closing stock		
- Finished goods	2,427.37	1,473.54
- stock-in-process	331.54	126.29
Opening stock		
- Finished goods	1,473.54	889.16
- stock-in-process	126.29	320.79
Changes in inventories of finished goods and stock-in-process	**(1,159.08)**	**(389.88)**

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Notes to the Financial Statements for the year ended March 31, 2021

28 Employee benefit expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
Salaries and wages	553.11	518.14
Contribution to provident and other funds	53.39	44.47
Gratuity	19.79	16.78
Staff welfare expenses	25.87	23.69
Total	**652.16**	**603.08**

29 Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Interest expense *	3,463.07	3,951.44
Interest on lease liabilities	22.56	24.59
Financial guarantee charges	1.29	0.09
Exchange differences regarded as an adjustment to borrowing cost	(1,121.06)	1,121.06
Other borrowing costs #	3.05	8.24
Total	**2,368.91**	**5,105.42**

Other borrowing cost includes financing related arranger fees, stamp duty,etc
* Previous year figures have been restated (Refer note no.41).

30 Depreciation and amortization

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Depreciation of property, plant and equipment	2,955.05	2,930.45
Depreciation of right-of-use assets	93.97	94.53
Amortisation of intangible assets	1.36	0.85
Total	**3,050.38**	**3,025.83**

31 Other expenses

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	₹ in Millions		₹ in Millions	
Power, utility and fuel charges	7,622.86		14,553.58	
Less: Internal Generation	4,338.34	3,284.52	10,103.81	4,449.77
Stores, Spares and Chemicals consumed		217.39		379.38
Rent		0.24		0.26
Right of way charges		-		-
Electricity charges		0.12		0.29
Repair and maintenance		254.72		353.00
Insurance charges		78.47		121.37
Rates and taxes		3.55		9.19
Payment to Auditors				
Audit Fees		0.50		0.50
Taxation & Other Certification Fees		0.50		0.53
Auditor's out of pocket expenses		0.01		0.13
Legal, Professional and Consultancy charges		55.32		77.35
Advertisement and Publicity Expenses		0.58		2.25
Travelling Expenses		1.47		16.02
Exchange loss on foreign currency transactions, net		-		1,738.39
Loss on discarding of assets		-		44.43
Miscellaneous expenses		499.45		578.66
Total		**4,396.84**		**7,771.52**

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32 Income taxes

32.1 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ In Millions	₹ In Millions
Current tax		
In respect of the current year	-	-
Deferred tax		
In respect of the current year	(591.47)	(1,133.05)
Total income tax expense	(591.47)	(1,133.05)

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ In Millions	₹ In Millions
Profit / (loss) before tax from continuing operations	(5,148.72)	(15,171.54)
Income tax expense calculated at 34.944% (2019-20: 34.944%)	(1,798.72)	(5,301.51)
Effect of exemption under section 10AA of Income Tax Act, 1961	1,206.87	4,126.92
Effect of income that is exempt from taxation	-	15.37
Effect of expenses that are not deductible in determining taxable profit	0.38	23.79
Others	-	2.38
Total income tax expense	(591.47)	(1,133.05)

32.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ In Millions	₹ In Millions
Remeasurement of defined benefit obligation	0.47	(1.47)
Total income tax recognised in other comprehensive income	0.47	(1.47)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	0.47	(1.47)
Items that may be reclassified to profit or loss	-	-

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32.4 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, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Deferred tax assets (including MAT credit entitlement)	21,197.76	20,574.57
Deferred tax liabilities	(11,818.13)	(11,785.94)
Asset/ (Liability)	9,379.63	8,788.63

2019-20 Restated

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Recognised in Other Equity	Closing Balance
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	11,239.32	532.84	-	-	11,772.16
Intangible Assets	1.19	0.39	-	-	1.58
Others	-	12.20			12.20
Total	11,240.51	545.43	-	-	11,785.94
Tax effect of items constituting deferred tax assets					
Employee Benefits	58.71	9.59	1.47		69.77
Carry forward of unabsorbed business losses and depreciation	18,832.30	1,668.89	-	-	20,501.19
Unutilised MAT Credit Entitlement	3.61	-	-	-	3.61
Total	18,894.62	1,678.48	1.47	-	20,574.57
Deferred Tax Asset/(Liabilities), net	7,654.11	1,133.05	1.47	-	8,788.63

Previous year figures have been restated (Refer note no.41).

2020-21

Particulars	Opening Balance	Recognised in profit and loss	Recognised in other comprehensive income	Recognised in Other Equity	Closing Balance
	₹ in Millions	₹ in Millions	₹ in Millions		₹ in Millions
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	11,772.16	32.43	-	-	11,804.59
Intangible Assets	1.58	0.26	-	-	1.84
Others	12.20	(0.50)			11.70
Total	11,785.94	32.19	-	-	11,818.13
Tax effect of items constituting deferred tax assets					
Employee Benefits	69.77	23.27	(0.47)		92.57
Carry forward of unabsorbed business losses and depreciation	20,501.19	600.39	-	-	21,101.58
Unutilised MAT Credit Entitlement	3.61	-	-	-	3.61
Total	20,574.57	623.66	(0.47)	-	21,197.76
Deferred Tax Asset/(Liabilities), net	8,788.63	591.47	(0.47)	-	9,379.63

32.5 In accordance with Ind AS 12 - Income Taxes, the Company has recognised deferred tax asset for all deductible temporary differences and also for carry-forward of unused tax losses and unused tax credits. The recognition of DTA is based on the probability of earning sufficient taxable profits in the future years as projected by the management (duly considering capacity utilization and price realisation) against which the deductible temporary difference and carry forward of unused tax loss and unused tax credits can be utilised. Deferred Tax asset has been recognised net of deferred tax liability.

The Board of Directors of the company has accorded consent for merger of the company with the holding company, Mangalore Refinery and Petrochemicals Limited. The proposal of merger is under implementation as at end of the Financial Year. Pending the completion of formalities for the merger and the consequent merger of the company with the holding company, the company has considered the carry-forward of tax losses amounting to ₹ 66,994.44 millions for recognition of deferred tax asset. For the recognition of the deferred tax asset, the company has considered the future taxable profit as per the projections adopted in the report of an Independent Professional body and the said projection is on the standalone basis without taking into account the effect of merger. Further the said report has been taken on record by the Board of Directors in the meeting held on 13th Jaunuary 2021. The deferred tax asset shown in the balance sheet amounting to ₹ 9,379.63 millions is subject to review and appropriate changes based upon review by the amalgamated company (Holding Company) in the light of Ind AS 103 – Business Combinations on completion of merger proposal.

33 Leases

33.1 Operating Lease arrangements

The Company has adopted Ind AS 116 'Leases' effective April 1, 2019. The Company has entered into arrangements for right of way for pipelines and lease of land which have been classified as operating leases and the same is disclosed as Right of Use Assets (ROU). The lease period for right of way ranges from 11 months to 30 years and for leases of land ranges from 11 months to 47 years. In case of leasehold land, the Company does not have option to purchase the land at the end of the lease period. Generally, the lease arrangements for land requires Company to make upfront payments at the time of the execution of the lease arrangement with annual recurring charges with escalations in annual lease rentals.

33.2 Payments recognised as an expense

The Company has adopted Ind AS 116 'Leases' effective April 1, 2019 and wherever the lease is short term lease, lease for low value assets or variable lease payments are not included in lease liabilities.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Minimum lease payments	0.24	0.26

33.3 Non-cancellable operating lease commitments

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

34 Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Profit/(loss) after tax for the year attributable to equity shareholders	(4,557.25)	(14,038.49)
Weighted average number of equity shares (Basic - Nos in million)	2,544.29	2,544.29
Weighted average number of equity shares (Adjusted Basic - Nos in million)	-	2,450.54
Basic earnings per equity share (₹)	(1.79)	(5.52)
Adjusted Basic earnings per equity share (₹)	-	(5.73)
Diluted earnings per equity share (₹)	(1.79)	(5.73)
Face Value per equity share (₹)	10.00	10.00

35 Defined benefit plans

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

35.1.2 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.

35.1.3 Post-Retirement Medical Benefits:
After retirement, on payment of one time lump sum contribution, the superannuated employee and his/her dependent spouse will be covered for medical benefit as per the rules of the Company.

35.1.4 These 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, 2021 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.

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

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
	Gratuity		
1	Discount rate	6.96%	6.82%
2	Annual increase in salary	8.00%	8.00%
3	Employee turnover	2.00%	2.00%
	Post-Retirement Medical Benefits		
4	Discount rate	6.91%	6.81%
5	Medical cost inflation	0.00%	0.00%
6	Rate of 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.

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

Gratuity	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Particulars	₹ in Millions	₹ in Millions
Current service cost	13.99	12.30
Past service cost	-	-
Net interest expense	5.80	5.00
Components of defined benefit costs recognised in profit or loss	**19.79**	**17.30**
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from experience adjustments	(1.57)	4.20
Components of remeasurment recognised in other comprehensive income	**(1.57)**	**4.20**
Total	**18.22**	**21.50**

Post-Retirement Medical Benefits	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Particulars	₹ in Millions	₹ in Millions
Current service cost	0.87	-
Past service cost	6.85	-
Net interest expense	0.47	-
Components of defined benefit costs recognised in profit or loss	**8.19**	-
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from experience adjustments	0.21	-
Components of remeasurment recognised in other comprehensive income	**0.21**	-
Total	**8.40**	-

SPS

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

Gratuity Particulars	As at March 31, 2021 ₹ in Millions	As at March 31, 2020 ₹ in Millions
Opening defined benefit obligation	85.02	64.32
Current service cost	13.99	12.30
Past service cost	-	-
Interest cost	5.80	5.00
Benefit paid directly by the employer	(1.25)	(0.81)
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from changes in financial	(2.26)	12.02
- Actuarial gains and losses arising from experience adjustments	0.69	(7.81)
Closing defined benefit obligation	**101.99**	**85.02**
- Current	3.32	1.46
- Non-Current	98.67	83.56

Post-Retirement Medical Benefits Particulars	As at March 31, 2021 ₹ in Millions	As at March 31, 2020 ₹ in Millions
Opening defined benefit obligation	-	-
Current service cost	0.87	-
Past service cost	6.88	-
Interest cost	0.47	-
Benefit paid directly by the employer	(0.03)	-
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from changes in financial	(0.17)	-
- Actuarial gains and losses arising from experience adjustments	0.38	-
Closing defined benefit obligation	**8.40**	-
- Current	0.06	-
- Non-Current	8.34	-

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

Gratuity Particulars	As at March 31, 2021 ₹ in Millions	As at March 31, 2020 ₹ in Millions
Present value of defined benefit obligation	(101.99)	(85.02)
Fair value of plan assets	-	-
Funded Status (Surplus/(Deficit))	(101.99)	(85.02)
Net liability arising from defined benefit obligation	(101.99)	(85.02)

Post-Retirement Medical Benefits Particulars	As at March 31, 2021 ₹ in Millions	As at March 31, 2020 ₹ in Millions
Present value of defined benefit obligation	(8.40)	-
Fair value of plan assets	-	-
Funded Status (Surplus/(Deficit))	(8.40)	-
Net liability arising from defined benefit obligation	(8.40)	-

Gratuity and Post-Retirement Medical Benefits are unfunded plans, and no plan assets are involved.

35.6. 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.

35.7 Sensitivity analysis

Gratuity - Significant actuarial assumptions	As at March 31, 2021 ₹ in Millions	As at March 31, 2020 ₹ in Millions
Discount Rate		
- Impact due to increase of 50 basis points	(7.53)	(6.57)
- Impact due to decrease of 50 basis points	8.38	7.34
Salary increase		
- Impact due to increase of 50 basis points	6.61	6.18
- Impact due to decrease of 50 basis points	(6.45)	(6.00)
Employee turnover		
- Impact due to increase of 50 basis points	(0.65)	(0.81)
- Impact due to decrease of 50 basis points	0.69	0.87

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Post-Retirement Medical Benefits - Significant actuarial assumptions	**As at March 31, 2021**	**As at March 31, 2020**
	₹ in Millions	₹ in Millions
Discount Rate		
- Impact due to increase of 100 basis points	(0.79)	-
- Impact due to decrease of 100 basis points	0.90	-

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.

36 Segment reporting

The Company has "petrochemicals" as single reportable segment.

36.1 Information about major customers

Company's significant revenues are derived from sales to export customers which is 92% (Year ended March 31, 2020: 87%) of the Company's total revenue. The total sales to such customers amounted to ₹ 30,966.61 million for the period ended March 31, 2021 and ₹ 42,352.65 million for the year ended March 31, 2020.

Three customers for the period ended March 31, 2021 (Year ended March 31, 2020 : Three Customers) contributed 10% or more to the Company's revenue. The total sales to such customers amounted to ₹ 25,350.65 million for the period ended March 31, 2021 and ₹ 42,348.10 million for the year ended March 31, 2020.

36.2 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 March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
Paraxylene	19,031.91	34,815.79
Benzene	5,480.20	6,991.26
Paraffinic Raffinate	3,582.17	5,275.28
Hydrogen	1,523.51	1,504.45
Heavy Aromatics	124.02	24.91
De Ethanizer Column Bottom Liquid	145.86	-
Reformate	3,856.51	-
Total	33,744.18	48,611.69

36.3 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 March 31, 2021	For the year ended March 31, 2020
	₹ in Millions	₹ in Millions
India	2,777.57	6,259.04
Other Countries	30,966.61	42,352.65
Total	33,744.18	48,611.69

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, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
India	55,192.72	58,312.73
Other Countries	-	-
Total	55,192.72	58,312.73

37 Related party disclosures

37.1 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 (HPCL)

D Joint Venture of Ultimate holding company
Mangalore SEZ Limited (MSEZL)

E Key Management Personnel

E.1 Non-Executive directors
Shri Shashi Shanker (Chairman) (up to 31st March 2021)
Shri M. Venkatesh Director (w.e.f. 01st April 2015)
Shri Rajesh Shyamsunder Kakkar (w.e.f. 15th May 2018)
Shri Sanjay Kumar Mojtra (up to 31st May 2020)
Smt Alka Mittal, Director (w.e.f 28th February 2015)
Shri Vinayakumar, Director (up to 31st May 2020)
Smt Pomila Jaspal, Director (w.e.f. 26th November 2019)
Shri Anurag Sharma, Director (w.e.f 05th June 2020)
Shri Sanjay Varma, Director (w.e.f 26th June 2020)

E.2 Shri. Sujir S Nayak, Chief Executive Officer (w.e.f. 1st October, 2018)

E.3 Shri. Surendra Nayak, Chief Financial Officer (Deputation from holding company upto 30th September, 2020)

E.4 Shri. K.B. Shyam Kumar, Company Secretary (w.e.f. 13th August, 2014)

E.5 Shri. Surinder Pal Singh Chawla, Chief Financial Officer (Deputation from holding company w.e.f. 23rd October, 2020)

37.2. Details of transactions:

37.2.1. 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 March 31, 2021	For the year ended March 31, 2020 Restated
		₹ in Millions	₹ in Millions
Oil and Natural Gas Corporation Limited*	Infusion of Equity	-	2,449.90
	Services rendered	-	0.32
Mangalore Refinery and Petrochemicals Limited*	Infusion of Equity	-	2,550.09
	Purchase of products	33,589.12	49,089.74
	Sale of products	2,986.72	7,657.24
	Services received - facilitation charges	33.67	57.14
	Services & Supplies received - power and others	329.44	416.90
	Deputation services received	5.55	4.51
	Deputation services rendered	3.90	2.75
Mangalore SEZ Limited**	Supplies and services received	432.05	386.83
	Security deposit for Zone O&M power	-	9.38
	Lease rent	23.40	23.40
Hindustan Petroleum Corporation Limited	Purchase of products	1.23	361.26

* The Company has allotted 1000 Compulsorily Convertible Debentures (CCDs) of ₹10 Million each on 5th March 2020 through private placement. Company has issued CCDs in 3 different series. The CCDs are backstop supported by Sponsor Companies i.e ONGC (49%) and MRPL (51%) to mandatorily buy out the debentures as per the terms and conditions of Debenture Trust Deed and Option Agreement. Further, sponsor Companies have undertaken to ensure that OMPL serves the interest payments.
The amount of ₹ 3.86 million (As at March 31, 2020 is ₹ 3.86 million) shown as deemed equity denotes the fair value of fees towards financial guarantee being undertaking by Sponsor Coampanies, i,e ONGC and MRPL in the ratio of 49% and 51% to ensure the payment of coupon amount on CCDs in case of default by the Company.

** An amount of ₹62.76 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. An amount of ₹3.02 million claimed by MSEZL towards stipend and sustenance allowance paid has not been considered in the current period as the same has also not been finalised.

37.2.2. 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, 2021	As at March 31, 2020
A. Amount payable:		₹ in Millions	₹ in Millions
Mangalore Refinery and Petrochemicals Limited	Trade and other payables	2,153.46	943.45
	Trade and other payables	0.52	0.39
Mangalore SEZ Limited	Trade and other payables	53.54	126.63
Hindustan Petroleum Corporation Limited	Trade and other payables	0.05	0.05
B. Amount receivable:			
Mangalore Refinery and Petrochemicals Limited	Trade and other receivables	125.27	65.72
	Trade and other receivables	0.99	0.74
Mangalore SEZ Limited	Trade and other receivables	-	52.72
Oil and Natural Gas Corporation Limited	Trade and other receivables	0.05	0.37
C. Loans and other assets:			
Mangalore SEZ Limited	Security deposit (Power)	-	3.59
	Security deposit (Power)	15.40	15.40
	Security deposit (Water)	3.13	3.13
	Security deposit (Zone O&M)	9.38	9.38

37.2.3. Compensation of key management personnel

A. Chief Executive Officer

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Short term employee benefits	6.13	4.85
Post-employment benefits (gratuity & PRMB) and long-term benefit (Compensated absences)	3.23	2.43
Contribution to provident fund	0.59	0.54
Total	9.95	7.82

B. Chief Financial Officer

The Company has reimbursed ₹ 2.79 million (As at 31st March 2020 ₹4.79 million) during the year towards deputation of Shri Surendra Nayak as Chief Financial Officer from holding company upto 30.09.2020.

Further, the Company has reimbursed ₹ 3.09 million (As at 31st March 2020 ₹ Nil) during the year towards deputation of Shri Surinder Pal Singh Chawla as Chief Financial Officer from holding company w.e.f. 23.10.2020.

C. Company Secretary

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Short term employee benefits	3.52	3.06
Post-employment benefits (gratuity & PRMB) and long-term benefit (Compensated absences)	0.93	0.97
Contribution to provident fund	0.37	0.34
Total	4.82	4.37

37.3 Disclosure in respect of Government related entities

37.3.1 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	The New India Assurance Company Limited	Central PSU
viii	Central Warehousing Corporation	Central Govt.
ix	Bharat Petroleum Corporation	Central PSU
x	Gail India Ltd.	Central PSU
xii	Stock Holding Corporation of India	Central Govt.
xiv	Ministry of Corporate Affairs	Central Govt.
xv	National Informatics Centre	Central Govt.
xvi	United India Insurance Co. Ltd.	Central PSU

37.3.2 Transaction with Government related Entities (other than ONGC, MRPL, etc which are disclosed in 37.2.1) :

Name of related party	Nature of transaction	For the year ended March 31, 2021	For the year ended March 31, 2020 Restated
		₹ in Millions	₹ in Millions
Engineers India Limited	Services	0.68	21.27
National Insurance Company Limited	Services	0.23	0.43
Karnataka State Pollution Control Board	Services	0.14	0.00
New Mangalore Port Trust	Port Services	52.23	53.56
Balmer Lawrie & Co. Ltd.	Services	0.71	12.44
New India Assurance Company Limited	Services	179.70	117.18
Bharat Petroleum Corporation Limited	Supply of goods	-	0.56
Gail India Ltd.	Supply of goods & services	432.83	11.20
Ministry of Corporate Affairs	Services	-	5.00
National Informatics Centre	Services	-	1.61
Stock Holding Corporation of India Ltd.	Services	0.00	5.00
United India Insurance Co. Ltd.	Services	0.38	15.30

37.3.3 Outstanding balances with Government related entities (other than ONGC, MRPL, etc which are disclosed in 37.2.2) :

Name of related party	Nature of transaction	As at March 31, 2021	As at March 31, 2020
		₹ in Millions	₹ in Millions
Amount receivable/(payable):			
New Mangalore Port Trust	Trade and other payable	0.91	0.96
National Insurance Company Ltd	Services	0.01	0.25
Engineers India Limited	Services	(3.21)	(2.60)
Gail India Ltd.	Supply of goods	(145.42)	9.28
National Informatics Centre	Services	0.47	1.61

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.

38. Financial instruments

38.1 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 19 and 20 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 maintanance of adequate liquidity.

38.1.1. 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, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
i) Debt	76,081.42	65,857.87
ii) Cash and bank balances	0.24	0.20
iii) **Net Debt [(i)-(ii)]**	76,081.18	65,857.67
iv) Equity share capital	25,442.91	25,442.91
v) Other equity	(32,709.92)	(28,153.56)
vi) **Total equity [(iv)+(v)]**	(7,267.01)	(2,710.65)
vii) **Net Debt to equity ratio (without considering other equity)**	2.99	2.59
viii) **Net Debt to equity ratio (considering other equity)**	(10.47)	(24.30)

38.2 Categories of financial instruments

Particulars	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions
Financial assets		
Measured at amortised cost		
(a) Trade receivables	2,617.68	758.20
(b) Cash and cash equivalents	0.24	0.20
(c) Loans	28.96	42.31
(d) Other financial assets	0.05	1.68
Measured at fair value through profit or loss		
(a) Investment	4.80	4.80
Financial liabilities		
Measured at amortised cost		
(a) Borrowings (including current maturities of long-term debt)	76,081.42	65,857.87
(b) Trade payables	2,334.96	1,063.72
(c) Other financial liabilities (excluding current maturities of long-term debt)	1,254.90	7,224.28

38.3. Financial risk management objectives

The Company's risk management commitee 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.

38.4. 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.

38.5. 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 exchnage rate fluctuations arise. However, there is natural hedge available to the company since both the feed and product pricings are linked to international prices denominated in USD. 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, 2021	As at March 31, 2020 Restated	As at March 31, 2021	As at March 31, 2020 Restated
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
USD	40,109.08	45,075.50	2,422.76	660.11
EURO	0.13	1.10	-	-
CAD	0.19	-	-	0.76

SPB

38.5.1. 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	2020-21	2019-20
	₹ in Millions	₹ in Millions
Assets:		
Weakening of INR by 5%	121.14	33.01
Strengthening of INR by 5%	(121.14)	(33.01)
Liabilities (Note below):		
Weakening of INR by 5%	(1,865.04)	(1,929.74)
Strengthening of INR by 5%	1,865.04	1,929.74

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

38.6 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 sensivity analyses below have been determined based on the exposure to interest rates at the end of the reporting 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, 2021 would increase/decrease by ₹ 346.95 million (For the year ended March 31, 2020 : increase/decrease by ₹ 292.07 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.7 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 and reputed international customers.

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

38.8 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
As at March 31, 2021							
Trade payables		2,334.96	-	-	-	2,334.96	2,334.96
Borrowings (including current maturities of long-term debt)							
- Fixed rate loans	7.54%	-		7,500.00	-	7,500.00	7,494.75
- Variable rate loans	4.21%	3,264.83	15,048.50	25,684.98	24,626.19	68,624.50	68,586.67
Other financial liabilities (excluding current maturities of long-term debt)	-	471.32	806.08	46.79	838.36	2,162.55	1,512.11
As at March 31, 2020 Restated							
Trade payables	-	1,063.72	-	-	-	1,063.72	1,063.72
Borrowings (including current maturities of long-term debt)							
- Fixed rate loans	8.67%	-	-	7,500.00	-	7,500.00	7,492.03
- Variable rate loans	5.00%	439.01	12,682.80	20,991.62	24,300.70	58,414.13	58,365.84
Other financial liabilities (excluding current maturities of long-term debt)		621.98	6,814.02	46.79	861.76	8,344.55	7,486.31

Previous year figures have been restated (Refer note no.41).

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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
As at March 31, 2021							
Trade receivables		2,617.68	-	-	-	2,617.68	2,617.68
Loans		9.28	0.06	-	28.96	38.30	38.30
Other financial assets		0.05	-	-	-	0.05	0.05
Cash and cash equivalents		0.24	-	-	-	0.24	0.24
As at March 31, 2020 Restated							
Trade receivables		758.20	-	-	-	758.20	758.20
Loans		-	-	-	42.31	42.31	42.31
Other financial assets		1.68	-	-	-	1.68	1.68
Cash and cash equivalents		0.20	-	-	-	0.20	0.20

The Company has access to financing facilities as described below, of which ₹ 5000.00 million were unused at the end of the reporting period (As at March 31, 2020 ₹ 3,838.02 million). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
Secured bank working capital facility, reviewed annually and payable at call :		
- amount used	-	6,161.98
- amount unused	5,000.00	3,838.02

38.9 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.

39. Contingent Liabilities, Assets and Commitments

39.1 Contingent Liabilities

39.1.1 Claims against the Company/ disputed demands not acknowledged as debt :-

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ In Millions	₹ in Millions
Claims of Contractors / vendors in Arbitration /Court Some of the contractors have lodged claims on the Company seeking revision of time of completion without price adjustment, extended stay compensation, extra claims etc., which are contested by the Company as not admissible as per the facts and contract terms. Since disclosure of some or all of the information required under Ind AS 37 are expected to prejudice seriously the position of the Company in a dispute with parties on the subject matter of the contingent liability the amount of such alleged claims have not been disclosed for the current year.	3,548.26	2,958.38
Total	**3,548.26**	**2,958.38**

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.

39.1.2 Others

There is a claim from the custom department for customs duty amounting to ₹ 2,121.14 million along with applicable interest and penalties totally amounting to ₹ 6,168.37million on holding company in respect of classification of tariff of the reformate for the purpose of payment of import duty. As informed by the holding company, they have filed an appeal before the appellate authority contesting the entire demand as stated above. In terms of the contract entered with the holding company for supply of aromatic streams, the said liability as and when reaches finality is to be discharged by the company on back to back basisas consideration for purchase of these streams. Pending outcome of the appeal proceedings as stated above, no provision for the said demand has been made in the accounts of the company.

39.2 Commitments

39.2.1 Capital Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
	₹ in Millions	₹ in Millions
Estimated amount of contracts remaining to be executed on capital account and not provided for	33.45	123.72
Total	**33.45**	**123.72**

40 Reconciliation of liabilities arising from financing activities

40.1 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.

Particulars	Opening balance as at 01/04/2020 Restated	Financing cash flows	Non-cash changes	Closing balance as at 31/03/2021
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
Long Term Borrowings				
ECB	6,463.48	(3,577.30)	(86.39)	2,799.79
RTL	-	9,867.64	0.52	9,868.16
FCTL from Banks	38,510.88	-	(1,248.73)	37,262.15
Compulsorily Convertible Debenture	9,989.37	-	3.63	9,993.00
	54,963.73	**6,290.34**	**(1,330.97)**	**59,923.10**
Short Term Borrowings				
STL from Banks	4,732.16	11,426.16	-	16,158.32
WC Loan	6,161.98	(6,161.99)	0.01	-
	10,894.14	**5,264.17**	**0.01**	**16,158.32**

Particulars	Opening balance as at 01/04/2019	Financing cash flows	Non-cash changes	Closing balance as at 31/03/2020 Restated
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
Long Term Borrowings				
ECB	10,408.36	(4,349.10)	404.22	6,463.48
NCD	19,999.61	(20,000.00)	0.39	-
FCTL from Banks	-	35,857.92	2,652.96	38,510.88
Compulsorily Convertible Debenture	-	9,989.10	0.27	9,989.37
	30,407.97	**21,497.92**	**3,057.84**	**54,963.73**
Short Term Borrowings				
FCTL from Banks	32,505.20	(32,505.20)	-	-
STL from Banks	370.00	4,362.16	-	4,732.16
WC Loan	1,583.29	4,578.70	(0.01)	6,161.98
	34,458.49	**(23,564.34)**	**(0.01)**	**10,894.14**

Previous year figures have been restated (Refer note no.41).

40.2 The cash flows from bank loans, 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.

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41 Revision in Accounting Treatment of Compulsory Convertible Debentures issued by the Company with restatement of balances for the previous financial year

The Company issued ₹10,000 Million Compulsorily Convertible Debentures (CCDs) on 05.03.2020 (1000 Nos. of ₹10 Million each) as a part of Capital Re-alignment plan in order to shore up net-worth of the Company with due approvals from the Board followed by the Sponsors/Holding Companies Board approvals. As per the transaction documents of the CCDs, the main features are that these are compulsorily convertible in nature, Company has an obligation to service the interest pay-outs during the tenure of the CCDs to Investors and principal would be paid to the Investors by the Sponsors at the end of tenure for which equity shares will be issued to the Sponsors by conversion of CCDs by reckoning conversion formula defined in the transaction documents. Since, these CCDs are not a debt to the Company and Company is not having any obligation to pay the principal to the Investors, these CCDs were considered as Compound Financial Instruments (CFI).

Considering the complexity of these Financial Instruments and the interpretation thereof in Ind AS 32, the Company sought and relied upon an expert professional opinion as to the treatment of the CCDs in the books of accounts. As per the expert opinion obtained, the CCDs constitute a CFI and had to be bifurcated into Equity and Debt component, which the Company duly complied with. As per para 18 of Ind AS 32 - *The substance of a financial instrument, rather than its legal form, governs its classification in the entity's balance sheet*. The expert opinion also stressed upon substance over form referred in para 18 of Ins AS - 32. Accordingly, CCDs issued by the Company were classified as CFI and liability of Company being Interest pay-out which was the only considered as laibility and the same was reduced from the proceeds of CCD and the balance classified as Equity as per Ind AS 32 requirements.This accounting treatment was also considered appropriate by the Financial Advisors to the CCDs.

The C&AG directed the Company to refer the CCD accounting treatment matter to EAC of ICAI for their opinion to get more clarity on the possible interpretation in view of possibility of different interpreattion of Ind AS 32 - Financial Instruments. The Company had assured the C&AG that they will get the EAC opinion in due course and C&AG issued a 'Nil' Comment for FY 2019-20.

The Company accordingly referred the matter to EAC of ICAI and the opinion was awaited as on the date of Board approval of accounts for the year FY 2020-21 on April 30, 2021. Subsequently, EAC has issued opinion on 05.05.2021 and opined that accounting treatment of the CCDs issued by the Company have to be treated as financial liability taking a different interpretation of certain clauses of Ind AS 32 - Financial Instruments as compared to the interpretation contained in the opinion of the Expert which was acted upon by the Company as stated above. It may be noted that the Opinion is silent on the aspect of applicability of fixation of conversion price or conversion ratio for the conversion which is only in the hands of Sponsors/Holding Companies and despite the fact that CCDs amount have to be repaid to the Investors directly by the Sponsors/Holding Companies rather than the Issuing Company as opined by the Independent Expert.

As a result of the divergent view given by the EAC on the accounting treatment of CCDs, Company thought it fit to adopt the opinion of the EAC to comply with the assurance given to C&AG and has treated the CCDs as financial liability. In this context, the Company has undertaken to give effect to the opinion of EAC, notwithstanding the fact that the independent expert still reiterating the view that CCD is a compound financial instrument and warrants bifurcation into equity and debt as expressed by him in his written opinion. In view of the change in accounting treatment of CCDs, the Company has revised the accounts as well as restated the balances of the previous financial year 2019-20 in accordance with the changes suggested by EAC (Ind AS 8). The following provides line by line details of changes in Balance Sheet and Profit and Loss account as a result of the revision in accounts:

41.1 Balance sheet (extract) for the year ended March 31, 2020

Particulars	Note No. (Restated)	As at March 31,2020 (as previously reported)	Increase/ (decrease)	As at March 31,2020 Restated
		₹ in Millions	₹ in Millions	₹ in Millions
Equity component of compound financial instrument	18	7,740.67	(7,740.67)	-
DTA on equity component of Compound financial instrument	18	785.69	(785.69)	-
Deemed equity	18	-	3.86	3.86
Retained Earnings	18	(33,195.96)	(34.17)	(33,230.13)
Total equity		**5,846.02**	**(8,556.67)**	**(2,710.65)**
CCD under Non Current Borrowings	19	1,507.59	8,481.78	9,989.37
CCD under Current Borrowings	19	688.87	(688.87)	-
Borrowings	19	**55,845.39**	**7,792.91**	**63,638.30**
Total liabilities		**66,821.12**	**7,792.91**	**74,614.03**
Total equity and liabilities		**72,667.14**	**(763.76)**	**71,903.38**
DTA on equity component of CCD	32	767.53	(767.53)	-
Deferred tax assets	32	21,342.10	(767.53)	20,574.57
Deferred tax assets(net)	32	**9,556.16**	**(767.53)**	**8,788.63**
Other assets	12	-	3.77	3.77
Total assets		**72,667.14**	**(763.76)**	**71,903.38**

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41.1.1 On the basis of EAC opinion as stated above the entire amount of ₹ 1000 million of CCDs as on 31.03.2020 have been classified as financial liability. Accordingly, an amount of ₹ 7,740.67 million earlier taken to equity on account of treating CCDs as Compound Financial Instrument in the year ended March 31, 2020 has been reversed along with corresponding deferred tax of ₹785.69 million followed by recognition of Deemed Equity to the extent of ₹ 3.86 million based on the underlying embeded Financial Guarantee as per the terms of the CCD issue by the Company. This consequently resulted in reclassification of Equity Component of CCD to Borrowings with non-current borrowings increased to the extent of ₹8,481.78 million and current borrowings decreased to the extent of ₹688.87 million.

Further, restatement of Financial Statements resulted in reduction in Retained Earnings of the extent of ₹34.17 million on account of increase in Finance Cost of ₹52.33 million and corresponding increase in deferred tax asset of ₹18.16 million due to change in the treatment of interest payout w.r.t. CCDs for the period.

Further, restatement of Financial Statements also resulted in reversal of DTA on equity component of CCD to the extent of ₹ 767.: million under the Deferred tax assets and recognition of prepaid guarantee charges to the extent of ₹3.77 million (net of unwinding) on account of embeded Financial Guarantee under other assets.

The above restatement resulted in total impact on Equity by ₹8,556.67 million, Total liabilities by ₹ 7,792.91million and Total Assets by ₹763.76 million for year ended March 31, 2020

41.2 **Statement of Profit or Loss (Extract) for the year ended March 31, 2020**

Particulars	Note No. (Restated)	As previously reported	Increase/ (decrease)	Restated
		₹ In Millions	₹ in Millions	₹ in Millions
Finance cost	29	5,053.09	52.33	5,105.42
Total Expenses		64,668.56	52.33	64,720.89
Profit (Loss) Before tax		(15,119.21)	(52.33)	(15,171.54)
Deferred Tax	32	(1,114.89)	(18.16)	(1,133.05)
Profit (Loss) for the Year		(14,004.32)	(34.17)	(14,038.49)
Total comprehensive income for the year		(14,007.05)	(34.17)	(14,041.22)

41.2.1 Restatement of Financial Statements resulted in increase in Loss Before Tax for the year to the extent of ₹52.33 million and Loss After Tax for the year to the extent of on account of ₹34.17 million on account of increase in Finance Cost of ₹52.33 million and corresponding increase in deferred tax asset of ₹18.16 million due to change in the treatment of interest payout w.r.t. CCDs and unwinding of prepaid guarantee charges for the period.

41.3 **Cash Flow Statement (Extract) for year ended 31 March 2020**

Particulars	FY 2019-20 (as previously reported)	Increase/ (decrease)	FY 2019-20 (as restated)
	₹ In Millions	₹ in Millions	₹ in Millions
Cash flow from operating activities:			
Profit/(loss) for the year	(14,004.32)	(34.17)	(14,038.49)
Adjustments for :			
Income tax expense	(1,114.89)	(18.16)	(1,133.05)
Finance costs	5,053.09	52.33	5,105.42
(Increase)/decrease in Other assets	(268.89)	785.69	516.80
Total of changes in Cash flow from operating activities	103.88	785.69	889.57
Cash flow from financing activities:			
Proceeds from equity component of compound	8,526.36	(8,526.36)	-
Proceeds from long-term borrowings	38,430.87	7,729.12	46,159.99
Repayment of long-term borrowings	(24,725.60)	63.53	(24,662.07)
Finance costs	(2,361.53)	(51.98)	(2,413.51)
Total of changes in Cash flow from financing activities	1,277.36	(785.69)	491.67
Net increase/ (decrease) in cash and cash equivalents	(20.62)	-	(20.62)

Refer note 41.1.1 & 41.2.1 for details

41.5 Corrected amounts are restated in Note numbers 12, 18, 19, 29 & 32 to the financial statements for the year ended 31st March 2020

41.3 Basic and diluted earning per share for the Financial Year 2019-20 have also been restated, consequently the amount of basic and diluted earning per share decreased by ₹ 0.02 per share.

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42 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.

43 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

44 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.

45 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

46 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.

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. "No Objection" has been received vide letter dated April 18, 2018 from Ministry of Petroleum & Natural Gas. No effect is considered towards the same in the financial statements.

48 Due to Covid-19 disruption, petrochemical industry has been impacted and Company's product prices and margins have come under severe pressure during this period. Further, impact of the same for the year FY 2021-22 is being closely assessed by the Management.

49 Previous year figures have been regrouped wherever required. Figures in parenthesis as given in these notes to financial statements relate to previous year.

50 **Approval of financial statements**
The financial statements were approved by the Board of Directors on April 30, 2021. The opinion of the Expert Advisory Committee (EAC) of the ICAI on the accounting treatment of CCDs was received on May 5, 2021 and the Company has given effect to the same as given in Note 41. Accordingly, the financial statements for FY 2020-21 are revised and previous year figures restated and approved for issue by the Board of Directors on May 15, 2021.

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