

25th ANNUAL REPORT 2012-13

FULCRUM OF GROWTH

Highest ever
Export in
FY 12-13

Highest ever
turnover for
FY 12-13

Processed
highest ever
volume of Crude
Oil in FY 12-13

Refinery of
the Year
twice :
2009, 2012

Now, a
Schedule A
Company



Mangalore Refinery and Petrochemicals Ltd
(A subsidiary of Oil and Natural Gas Corporation Limited)



Shri Sudhir Vasudeva, C&MD, ONGC and Chairman, MRPL delivering his speech in the function 'Abhyudaya' organized in connection with completion of 10 years association with ONGC.



MRPL is receiving the coveted Petrofed Award, 2012 "Refinery of the year" from Dr. M Veerappa Moily, Hon'ble Union Minister for Petroleum & Natural Gas at New Delhi.



Shri P. P. Upadhyya, Managing Director, MRPL receiving the Export Excellence Award, 2013 in Best Manufacturer-Exporter-Large category- Gold from the Karnataka Chamber of Commerce and Association.

Mangalore Refinery and Petrochemicals Limited

BOARD OF DIRECTORS

Shri Sudhir Vasudeva	Chairman
Shri P.P. Upadhyaya	Managing Director
Shri Vishnu Agrawal	Director (Finance)
Shri V. G. Joshi	Director (Refinery) (From 04/04/2013)
Shri P. Kalyanasundaram	Director (From 15/04/2013)
Shri B. K. Namdeo	Director (From 01/07/2013)
Shri B. Ravindranath	Independent Director
Dr. D. Chandrasekharam	Independent Director
Shri K.S. Jamestin	Special invitee
Shri K. Murali	Director (Upto 30/06/2013)
Shri P.K. Singh	Director (Upto 11/04/2013)
Dr. A.K. Rath	Director (Upto 15/02/2013)
Shri Vivek Kumar	Director (Upto 06/08/2012)
Shri U.K. Basu	Managing Director (Upto 30/06/2012)

COMPANY SECRETARY

Shri B. Sukumar (from 14/02/2013)

Shri Dinesh Mishra (upto 13/02/2013)

REGISTERED OFFICE

Mudapadav, Kuthethoor,
P.O. Via Katipalla,
Mangalore- 575030, Karnataka
Tel. No.: 0824-2270400
Website.: www.mrpl.co.in

SOLICITORS & ADVOCATES

M/s. Mulla & Mulla & Craigie Blunt & Caroe, Solicitors.
M/s. Alaya Legal, Advocates

JOINT STATUTORY AUDITORS

M/s. Maharaj N.R. Suresh & Co,
Chartered Accountants
M/s. Gopalaiyer & Subramanian,
Chartered Accountants

COST AUDITORS

M/s Musib & Associates,
Cost Accountants

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BANKERS

State Bank of India,	Bank of Baroda,
Punjab National Bank,	United Bank of India,
Canara Bank,	IDBI Bank Limited,
Corporation Bank,	Citibank N.A.

INVESTOR RELATION CELL

MANGALORE REFINERY AND PETROCHEMICALS LIMITED

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Mangalore- 575030, Karnataka
Tel. No.: 0824-2270400 Fax No.: 0824-2273300
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- LGF, Mercantile House
15, K.G. Marg, New Delhi – 110001
Tel : 011-23463100 Fax : 011-23463201
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- **M/s. LINK INTIME INDIA PVT.LTD** (R&T Agent)
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L.B.S Marg, Bhandup (West), Mumbai - 400 078
Tel.: 022-25963838 / 25946970 Fax No.: 022-25946969
E-mail: mrplirc@linkintime.co.in
Website : www.linkintime.co.in

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors of Mangalore Refinery and Petrochemicals Limited (MRPL) and on my own behalf, it is my privilege to present the 25th Annual Report of the performance of your Company, the Audited Accounts and Auditors' Report thereon for the year ended 31/03/2013.

2012-13 : Silver Jubilee Year of your Company

Your Company which was set up in 1988 with a processing capacity of 3.69 MMTPA was later expanded to 9.69 MMTPA before reaching the present capacity of 15 MMTPA. 25 years later, your Company MRPL, is an ONGC group company, a trail blazer with cutting edge technology and a jewel in the crown of our great Nation.

With ONGC powering MRPL : A Decade of Exponential Growth and Prosperity

The Board of Directors acknowledge the wonderful success story scripted by your Company under ONGC Group. In just 10 years, your company turned around from a 'BIFR' case to a 'Mini Ratna, Category 1' in July 2007 and a Schedule "A" Public Sector Enterprise in July, 2013. Your Company moved the needle of capacity utilization from a sluggish 70%, a decade back to a remarkable above 100% capacity utilization, year on year, for the last decade. The capacity itself has been increased from 9.69 MMTPA to 15 MMTPA. Your Company's ability to deliver results is recognized by the Indian hydrocarbon industry and your Company have been awarded "Refinery of the Year" for 2009 and for 2012 by Petrofed.

2012-13 : New milestones; Tough challenges.

2012-13 was a year of new milestones. Your Company have processed highest ever crude of 14.4 MMT during the year and posted the highest ever gross turnover of ₹ 68,834 Cr despite the shutdown of the refinery due to water shortage during 19/04/2012 to 27/04/2012. In spite of the good physical performance during the year, the Company has incurred a net loss after tax of ₹ 757 Cr against after tax profit of ₹ 909 Cr in the previous year. The loss was mainly contributed by shutdown of the refinery due to water shortage at a time when the price of Crude and Product was falling resulting in inventory losses, lower operating margin, higher depreciation and interest cost arising out of Phase III capitalization. It must be admitted that your Company has put in a very creditable performance during the year 2012-13 in the background of the industry scenario and as compared with the performance results of the peers. On completion of Phase-III project in its entirety, the company anticipates the benefits of the project will start accruing and is expected to be in the path of profitability again.

Major highlights of Company's performance during the year 2012-13

1. Processed the highest ever crude of 14.4 MMT during the year 2012-13, against 12.82 MMT in 2011-12 and recorded the highest ever gross turnover of ₹ 68,834 Cr for the year 2012-13 against ₹ 57,207 Cr for the year 2011-12.
2. Higher distillate yield in 2012-13 at 76.55% as against 73.27% in 2011-12.
3. Set a new record in export during the year at 7.10 MMT vis-a-vis last year's 5.59 MMT
4. Procured the highest Crude of 14.15 MMT during the year 2012-13 as against 13.02 MMT in 2011-12 at a time of sanction against Iran.
5. The product despatch for the year 2012-13 at 13.17 MMT was highest against 11.95 MMT in 2011-12.

1.1 SUMMARY OF FINANCIAL PERFORMANCE

(₹ In Cr.)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Turnover	68,834	57,207
Profit before Depreciation Interest and Tax	456	1,961
Interest and Finance Charges	329	207
Gross Profit after interest but before Depreciation and Tax	127	1,754
Depreciation and Amortizations	604	434
Profit/(Loss) Before Tax	(477)	1,320

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Provision for Taxation (deferred tax liability)	280	411
Profit/(Loss) after Tax	(757)	909
Balance of Profit/(Loss) brought forward from previous year	4,999	4,298
Surplus available for appropriation	4,242	5,207
Appropriations:		
Dividend on Equity Shares	-	175
Tax on Dividend	-	28
Transfer to Capital Redemption Reserve	5	5
Balance carried to Balance Sheet	4,237	4,999

1.2 DIVIDEND

In view of the losses during the year 2012-2013, declaration of dividend could not be considered by the Board of Directors for the year.

1.3 OPERATIONAL PERFORMANCE

Your Company with increased capacity addition had processed the highest ever crude of 14.4 MMT during 2012-13 against 12.82 MMT in 2011-12 despite shutdown of the refinery from 19th April to 27th April, 2012 due to water shortage. Fuel & Loss for the year 2012-13 was 7% against 6.75% in 2011-12. Higher fuel & loss was mainly on account of commissioning activities of Phase-III units and force majeure shutdown of the refinery during the first quarter of the year due to water crisis. The energy index for the year 2012-13 was 61.01 (MBTU / BBL / NRGF) against 57.92 in 2011-12 and MBN was higher during the year due to higher fuel & loss and lower complexity operations. The Company processed some new crudes namely Zafiro, Rabi, Aseng and Hungo for the first time during the year 2012-13.

1.4 EXPORTS

Your Company have achieved highest ever export turnover of ₹ 33,340 Cr during the year 2012-13 by exporting petroleum products viz., Motor Spirit, Naphtha, Mixed Xylene, High Speed Diesel, Jet fuel and Fuel Oil.

The three year term export contract for the supply of petroleum products to State Trading Corporation, Mauritius to meet the demands of Republic of Mauritius continued during the year. Your Company has successfully finalised a new 3 year contract with STC, Mauritius for supply of petroleum products which will be valid till 31/07/2016.

In the global competitive market, your Company have secured its place by exporting the petroleum products and is continuing to explore opportunities for its growth.

1.5 SAFETY PERFORMANCE

Your Company have recorded accident free period of 435 days during the year. No major outbreak of fire during the year resulting in property loss or environmental damage. Hydrogen and DHDT Plants of Phase-III were commissioned safely during the year in addition to a few new tanks. Your Company is committed towards imparting continuous training in fire & safety practices. During the year, 873 employees and 4,722 contract workmen were trained in fire and industrial safety. OISD external safety audit was conducted in December-2012.

A total of 7 Mock exercises were conducted during the year considering the various emergency scenarios like toxic gas leak, fires, in Plant and Non-Plant area like Materials Department. This includes one full scale "off site" Mock exercise carried out in the presence of District Crisis Group Members on 04/12/2012 which was followed by Review Meeting and timely implementation of all the recommendations.

1.6 ENVIRONMENT MANAGEMENT & PERFORMANCE

In Environment Management, the Company's Philosophy is to perform beyond Compliance - that is to perform better than minimum required by statutes. The refinery is certified with ISO 14001: 2004 for Environment Management Systems.

Mangalore Refinery and Petrochemicals Limited

The major achievements on the Environment Management and performance front include:

- Phase III advanced Waste Water Treatment Plant which includes oil effluent treatment unit & Sequential Batch Reactor (SBR) unit was commissioned in the month of March, 2013. Membrane Bio Reactor (MBR) unit pre-commissioning jobs are in progress.
- Sulphur Pastillation Unit is being commissioned in the Refinery as a part of Phase – III to reduce dust emissions in the Sulphur Recovery Unit (SRU).
- An advanced Reverse Osmosis (RO) Plant is set up for maximizing the quantity of treated effluent back to the Refinery. RO will be commissioned shortly.
- Wet Air Oxidation (WAO) Unit is set-up in the refinery to treat Spent Caustic and to improve the WWTP performance.
- A Condensate Recovery Unit has been commissioned in process unit resulting reduction in fresh water consumption.
- A Closed Bioremediation Unit is being commissioned in the refinery as a part of WWTP-III
- VOC Emission is being monitored at 74,000 points in the refinery through reputed agency and corrective measures are taken to effectively minimize the same.
- Environment Awareness programs are organized periodically in the neighbouring villages & schools in association with Karnataka State Pollution Control Board (KSPCB).
- Order was placed on State Forest Department for developing greenbelt in 120 acres area. Plants are being developed in their nursery. Tree Plantation is already commenced in the Refinery.
- An advanced technology has been employed for cleaning Crude Tanks in the refinery.
- Seawater quality monitoring was carried out by M/s. College of Fisheries on fortnight basis indicating no adverse effect on the marine environment.
- Ten Ground Water monitoring stations in and around Refinery have been set up and regular monitoring of ground water quality is being carried out along with KSPCB.
- Average treated effluent recycled to cooling towers during the year was 70-75%.
- Ambient air quality monitoring is being done inside and outside the Refinery at 9 locations (including two locations at Phase-III Project site) as per revised National Ambient Air Quality Monitoring Standard.

The following ongoing projects are in various stages of installation:

- Vapour Recovering System for light hydrocarbon storage tanks in Phase – III Refinery Project,
- VOC Recovery system in WWTP- III,
- Installation of additional Hydrocarbon detector at strategic locations in the Refinery,
- Installation of automatic rim seal protection for storage tanks at procurement stage and
- Connection of LPG spheres and Moulded Bullets PSV discharge to flare header.

1.7 MARKETING

1.7.1 Domestic Marketing of Products

Your Company continued its direct marketing activity in the segment of petroleum products in the State of Karnataka and the adjoining States. The direct sales turnover during the year 2012-13 was ₹ 3,750 Cr compared to ₹ 2,755 Cr in the previous year.

1.7.2 Retail Operations

Government of India has announced complete decontrol of HSD prices for direct bulk consumers. Your Company has already made inroads in the bulk HSD market. Pending finalization of the Govt. policy towards eventual complete decontrol of HSD prices for retail segment, your Company have taken cautious steps to set up only few retail outlets in select markets.

However, your company is in preparedness to enter the retail market in short notice. MS prices remain decontrolled and sales from existing retail outlets continue.

1.7.3 New Products Marketing Plan

Your Company is setting up a polypropylene (PP) plant of 440 KTPA capacity for bulk supplies to downstream processing industry. Detailed Business Plan for sale of PP has been finalized and selection of channel partners for sale in domestic market is in progress. In addition, your Company is also developing storage infrastructure for PP in Karnataka.

Your Company is also putting up a Delayed Coker Unit, which will produce pet coke, a new product in the product basket of MRPL. Your Company shall undertake sale of pet coke to major industrial consumers in South India.

1.7.4 Joint Ventures

Your Company's Joint Venture (JV) with Shell B.V. Netherland in the name and style of Shell MRPL Aviation Fuel Services Private Limited (SMAFSPL) supplies Aviation Turbine Fuel to both domestic and international airlines at Indian airports. During the year, this JV Company has been converted into a public company (SMAFSL).

SMAFSL is aggressively acquiring market share in both domestic and international airlines at Indian airports. The company commenced its operations at Goa and New Delhi. Aviation fuelling station facility has been set-up at Mangalore. The turnover for the year 2012-13 is ₹ 486.10 Cr (2011-12 ₹ 517.35 Cr) and recorded a Pre-tax profit of ₹ 13.14 Cr for the year (Previous Year ₹ 18.16 Cr). The company has proposed to pay a dividend of 8% for the year 2012-13 (10% in 2011-12).

2. AWARDS AND RECOGNITION:

- MRPL has been upgraded from Schedule 'B' to Schedule 'A' company with effect from 4/7/2013.
- MRPL has bagged the coveted Petrofed Award, 2012 "Refinery of the Year" for the commendable performance in production and operational efficiencies while meeting the norms of health, safety and environment protection.
- MRPL has won "Export Excellence Award, 2013" in Best Manufacturer – Exporter - large category- Gold by Federation of Karnataka Chamber of Commerce and Industry.
- MRPL was conferred "State Export Excellence Award" for 2010-11 & 2009-10 Medium/Large category – Gold by Government of Karnataka.
- MRPL has been rated "Excellent" in performance as per the MoU signed with ONGC for the year 2011-12 and 2012-13 (provisional).
- Managing Director, MRPL has won the "CEO with HR Orientation Award" in the Global HR Excellence Awards presented by Institute of Public Enterprise, Hyderabad.
- MRPL was conferred with "BT-Star PSU Excellence Award, 2013" in Human Resource Management category (Mini ratna /others).
- MRPL was awarded First Prize for outstanding performance in the area on Hindi Implementation for two consecutive years 2011-12 and 2012-13 by the Town Official Language Implementation Committee, Mangalore.

3. CREDIT PROFILE

- 3.1 ICRA has reaffirmed Issuer Rating "Ir AAA" (pronounced IR Triple A) to MRPL. This rating indicates the highest credit quality rating assigned by ICRA and the rated entity carries the lowest credit risk.
- 3.2 ICRA has assigned "[ICRA] AAA" (pronounced as ICRA Triple A) to ₹ 3,000 Cr Fund- Based limits of MRPL. The outlook on the rating is "Stable".
- 3.3 ICRA has assigned "[ICRA] A1+" (pronounced as ICRA A one plus) to ₹ 4,000 Cr Non-Fund based limits of MRPL.
- 3.4 ICRA has reaffirmed "[ICRA] A1+" (pronounced as ICRA A one plus) to ₹ 900 Cr Commercial Paper Programme of MRPL. This rating indicates the very strong degree of safety regarding timely payment of financial obligations i.e., which carries the lowest credit risk.
- 3.5 CRISIL has reaffirmed the highest Corporate Credit Rating "[CCR AAA]" (pronounced as CCR Triple A) to MRPL. This rating indicates highest degree of strength with regard to honouring debt obligations by MRPL.

External Commercial Borrowings

Towards partial Debt Funding for Phase III Refinery Project, Polypropylene Project and SPM Project, your Company had tied up External Commercial Borrowings (ECB) of US \$ 250 Million in 2011-12, out of which US \$ 50 Million was availed in the year 2011-12 and remaining US \$ 200 Million was drawn in the year 2012-13. In order to keep the interest cost lower, your Company tied up further ECB of US \$ 400 Million in the year 2012-13 and have drawn out of it US \$ 50 Million during the year.

4. INTERNAL CONTROL SYSTEM

Your Company remains committed to ensure an effective internal control environment that provides assurance on the efficiency of operations and security of assets. Internal Audit department functions under the supervision of the Audit Committee chaired by an Independent Director. Your Company have a well established internal control review mechanism which assures an effective internal control environment to the Audit Committee and Board of Directors.

5. PROJECTS

A) Ongoing Projects

i. Phase III Refinery Upgradation and Expansion Project.

The implementation of ongoing Company's Phase III Refinery Project to increase complexity and profitability by increasing the refining capacity to 15 MMTA, to process high TAN and heavy crude, increasing the distillate yield by upgrading low value naphtha and black oils and to produce value added products like Propylene and upgrade its total diesel pool to superior (Euro III/IV) grade HSD is nearing completion. The estimated cost of the project continues to be ₹ 12,160 Crore despite some delay in completion.

The implementation of the project though delayed is now progressing satisfactorily. As of 15/07/2013, the overall physical progress is 99 % against scheduled target of 100%. Due to the delay in completion of the CPP, your Company had taken up alternate measures to commission some of the units in Phase III with the utilities (power and steam) sourced from existing Refinery CPP. All the process units and the downstream units have achieved Mechanical Completion which includes major units like Petro Fluidized Catalytic Cracking Unit (PFCCU), Delayed Coker Unit (DCU), Sulphur Recovery Unit (SRU). The Units are awaiting the availability of uninterrupted Steam and Power for carrying out the pre-commissioning and commissioning activities from CPP which is being executed by M/s BHEL. CPP is anticipated to be completed progressively by September / October, 2013. However, GTG 1 / HRSG 1 / GTG 2 have been commissioned.

HGU and DHDT units have been successfully commissioned. The other associated Utilities and offsite facilities like Cooling Water System, DM Water System, Air & Nitrogen System, Waste Water Treatment System & Fire Water System have also been commissioned.

The cost commitment for Phase III project was ₹ 10,935 Cr while the cumulative expenditure incurred was ₹ 10,458 Cr as on 31/07/2013. The project having reached the completion stage of 99% and cost commitment nearing completion, it is anticipated that there will not be any cost overrun despite the delay in project completion.

ii. Polypropylene Project

The setting up a Polypropylene unit integrated with the Phase III Project at an estimated capex of ₹ 1,804 Cr by your company with M/s. Novolen Technology, Germany is moderately delayed due to PDF problems. The non vacating of site by PDF has resulted in shifting the location of the unit and delayed commencement of site work and delayed receipt of environmental clearance. Site grading work has now been carried out in the new location and civil and structural works and equipment erection are in progress.

This Project has achieved a progress of 90 % as against target of 93 % as of 15/07/2013. The Cost Commitment made for Polypropylene Project was ₹ 1,298 Cr while the cumulative expenditure incurred was ₹ 725 Cr as of 31/07/2013.

iii. Single Point Mooring (SPM) Project

Your Company have set up SPM project along with coastal booster pumping station within the port limits at a location of 16 kilometers from the shore (High-Seas) having draft availability of 30 meters for handling upto Very Large Crude Carrier (VLCC) at an estimated cost of ₹ 1044 Cr. This facility will enable the company to

receive crude in suez max / VLCC vessels, which in turn will give freight economics and also allow access to West African and Latin American countries crudes. This facility will also de-congest existing berth facility at NMPT port and reduce the incidence of demurrage. The facility can also be deployed for crude receipt by the Indian Strategic Petroleum Reserve Limited (ISPRL) underground cavern for storage of Crude oil at Mangalore.

The project activity has achieved an overall progress of 98.64% against the revised scheduled target of 99.12 % as of 15/07/2013. The testing of the facility was started on 03/01/2013. However, due to technical issues, it was taken up for repairs. This repair activity has since been completed. Cost Commitment made for SPM project was ₹ 688 Cr while the cumulative expenditure incurred was ₹ 651 Cr as of 31/07/2013.

iv. Refinery Performance Improvement Programme

Your Company have taken up Refinery Performance Improvement Programme (RPIP) through M/s Shell Global Solutions International B.V. (SGSI) under the auspices of Center for High Technology, Ministry of Petroleum & Natural Gas.

The RPIP is aimed at identifying opportunities for improvement by adopting best operating practices in the areas having a bearing on profit margin including optimizing operation, energy and utilities consumption, minimizing hydrocarbon loss and improving maintenance and inspection practices.

The first part of Assessment phase has been completed and is presently under development for implementation.

B) Future Projects

Your Company have signed an MoU with Government of Karnataka for setting up a Linear Alkyl Benzene (LAB) Plant (for producing raw materials to manufacture detergent) and to expand its refining capacity to 21 MMTA subject to techno-economic viability and availability of required infrastructure at Mangalore with an approximate investment of ₹ 8500 Cr. Besides these, Company has been planning to put up a Pet Coke gasification plant and an Olefin Complex (Naphtha Dual Feed Cracker) at an estimated cost of ₹ 2300 Cr. The preliminary feasibility report is under finalization for this project.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

The additional information required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings & outgo are furnished in 'Annexure - I' which forms part of this Report.

7. PARTICULARS OF EMPLOYEES

Your Company being a Government Company is exempted from disclosure of particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

8. RIGHT TO INFORMATION ACT, 2005

Your Company have a RTI manual posted in the website www.mrpl.co.in.

During the year, 96 applications were received, out of which 80 were disposed off before 31/03/2013 and balance 16 applications disposed off after 1/04/2013.

9. HUMAN RESOURCES

- During the year 2012-13, your Company continued to enjoy cordial and harmonious relations with the collectives and as evidence to the same, not a single man-hour was lost on account of industrial disturbance.
- Your Company have recruited 160 employees including 24 women employees, 21 Schedule Caste (SC) & Schedule Tribe (ST) during the year 2012-13.
- Total employee strength as on 31/03/2013 was 1625 including 119 women employees. The strength of Management cadre employees were 629 and 996 were from Non-Management cadre. The total number of employees belonging to SC/ST categories was 150 and Physically Challenged 5.
- During the year 2012-13, your Company devoted 7191 man-days for Training, Development and Learning which amounts to an average 4.50 man-days per employee. This includes functional, developmental and special training programs covering the entire spectrum of employees.

Mangalore Refinery and Petrochemicals Limited

10. OFFICIAL LANGUAGE:

Your Company implements Official Language Policy in letter and spirit, as per the Annual Programme prescribed by the Department of Official Language, Ministry of Home Affairs, Govt. of India. In order to propagate Hindi among the employees, Hindi Workshops were organised on a regular basis. In order to increase the correspondence in Hindi, by the employees, special efforts were made to activate Unicode facilities on all the computers of the Refinery.

Your Company promotes use of Hindi by conducting various programmes and competitions for the employees, their children and family members. Special awards were given to the eight topper students of MRPL DPS School, Mangalore who earned the highest marks in the public examination of class Xth in Hindi Language. In order to propagate Hindi in the Refinery a House Journal (Half yearly) namely "MRPL PRATIBIMB" is being published from January, 2013.

Your Company have been awarded first prize for outstanding performance in Hindi implementation for the year 2011-12 and 2012-13 by the Town Official Language Implementation Committee, Mangalore and also won nine prizes in the competition.

11. VIGILANCE FUNCTION:

Your Company have developed a structured mechanism of vigilance functions and its practices are focused towards creation of value for all the stakeholders. The practices involve multi-layer checks and balances to improve transparency. Vigilance Awareness and Preventive vigilance activities were continuously carried out during the year. Guidelines of Central Vigilance Commission (CVC) are being followed. Officers in sensitive posts are rotated regularly.

Whistle Blower Policy for employees is in place which ensures that a genuine whistle blower is granted due protection from any victimization. In compliance with CVC instruction, your Company has implemented a complaint handling policy in which all complaints received from various sources can get recorded and can be examined by vigilance. Further, in line with CVC instruction, your Company have achieved very high compliance level with regard to e-payment and e-tender.

Leveraging of technology to enhance transparency has been a thrust area of action in which vigilance has played a catalytic role. The website of the company displays downloadable tender document, publication of information of works awarded on nomination basis, publication of post award information of contracts.

Full time Chief Vigilance Officer is in place and he can be contacted at cvo@mrplindia.com for any complaints having vigilance angle.

12. SECURITY MEASURES

Security of MRPL Refinery is designed to comply with Oil Sector Infrastructure Protection Plan (OSIPP) formulated by Ministry of Petroleum and Natural Gas (MoP&NG). Security of MRPL Refinery is constantly being upgraded to meet with the requirements of OSIPP. Various security measures taken up at MRPL are as follows:

12.1 CISF Induction:

The Ministry of Home Affairs (MHA), Govt of India had sanctioned a total of 200 Central Industrial Security Force (CISF) personnel for the protection of MRPL Refinery. The CISF had initially deployed a Quick Reaction Team for protection of the Refinery. The CISF has recently taken over security of MRPL Refinery with the induction of 110 CISF personnel. The remaining sanctioned strength of 90 personnel will be inducted by December, 2013. The CISF Township being constructed at a total cost of ₹ 32 crore is expected to be ready by December, 2013.

12.2 CCTV Surveillance & Access Control:

The Refinery is covered by state-of-the art CCTV Network designed to cover all the access control gates and other strategic locations. Plan to extend CCTV coverage along with an integrated CCTV cum Communication control room is on the anvil. The security to Refinery facility is strictly controlled by appropriate access control.

12.3 Mock Drills:

Your Company regularly conducts mock drills to assess the preparedness of the security forces to safeguard the Refinery and its operation in the event of strike, law and order problems and other security related events independently and also along with the District Authorities besides State Police and Coast Guard. MRPL and industries in the neighbourhood are actively involved in the Coastal Security Exercises conducted along the coastal area under the auspices of Coast Guard.

12.4 The security system in place is routinely inspected and reviewed by the Industrial Security Branch of Intelligence Bureau (IB) to identify grey area and recommend / suggest improvements. Your Company diligently implements the majority of IB's recommendations. The IB team had appreciated the Physical Security, IT Security and Fire Fighting systems at MRPL. Your Company is also guided by security expertise of the parent company.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The CSR objective of your Company promoted under the name of 'SAMRAKSHAN' is to promote in a holistic and sustainable manner, development of under-privileged communities, afflicted by poverty, illiteracy, illness and physical disabilities. Besides these, your Company has taken CSR initiative to protect, preserve and promote the social, cultural and environmental, heritage and wealth in and around the area of company's business and to usher in sustainable development.

Your Company with these objectives has implemented a number of CSR programmes. The major programmes are sponsoring Midday Meal to support continuing education, setting up of computer lab, add on facility to Government schools, promotion of livelihood for economically weaker section of people by organising computerised stitch craft, JCB and crane operating training programme, construction of Community hall for local Panchayat, participation in development of appropriate access road to and from remote villages to main arterial roads, providing scholarship and financial assistance to girl and SC/ST students for the Academic year 2012-13, construction of class rooms, anganwadi, toilets and bath rooms for students' hostel and running a free primary health centre.

The Company along with ONGC has extended its commitment by putting up a separate block to the 162 year old Lady Goschen Hospital at an estimated cost of ₹ 21 Crores. The foundation stone for this facility was laid on March 18, 2013 by the Honourable Union Minister for Petroleum & Natural Gas Dr. M Veerappa Moily and Chief Minister of Karnataka Shri Jagadish Shettar. This activity will make a lasting impact in health services provided to women and infants in the city of Mangalore and surrounding areas.

Your Company has spent ₹ 4.65 Cr. for various CSR activities during the year 2012-13.

14. DIRECTORS

During the year, following changes took place in Board of Directors of your Company:

- 14.1 Shri P. K. Singh, Joint Secretary, MoP&NG was appointed on 17/08/2012 in place of Shri Vivek Kumar, Joint Secretary, MoP&NG.
- 14.2 Dr. A. K. Rath, Independent Director completed his three year tenure on 15/02/2013.
- 14.3 Shri V. G. Joshi has been appointed as Director (Refinery), MRPL and he had assumed charge on 04/04/2013.
- 14.4 Shri P. Kalyanasundaram, Joint Secretary, MoP&NG has been appointed w.e.f. 15/04/2013 in place of Shri P. K. Singh, Joint Secretary, MoP&NG.
- 14.5 Shri B. K Namdeo, Director (Refinery), HPCL has been appointed w.e.f. 01/07/2013 in place of Shri K. Murali, who superannuated from HPCL.
- 14.6 The Board wishes to place on records its appreciation for the services rendered by Shri Vivek Kumar, Dr. A. K. Rath, Shri P. K. Singh and Shri K. Murali as Directors during their tenure on the Board of the Company.
- 14.7 In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri P. Kalyanasundaram and Shri Sudhir Vasudeva will retire by rotation at the 25th Annual General Meeting of the Company. Shri P. Kalyanasundaram and Shri Sudhir Vasudeva being eligible, offer themselves for re-appointment as Directors of the Company.
- 14.8 Brief resume of the Directors seeking appointment / re-appointment, together with the nature of their expertise in specific functional areas, the names of the companies in which they hold the directorship and the membership / chairmanship of committees of the Board, and their shareholding in the Company are furnished in the Annexure to the AGM notice.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no departures from the same.

- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and the Profit & Loss of the Company for the year ended on that date.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) The Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

16. FIXED DEPOSIT

Your Company have not accepted any fixed deposit during the year from the public.

17. CORPORATE GOVERNANCE

- 17.1 Your Company have complied with all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance requirements and mandatory guidelines on Corporate Governance for CPSEs issued by DPE, Government of India except having requisite number of Independent Directors on the Board of the Company. There are two Independent Directors on the Board of your Company. The Company is pursuing with Ministry of Petroleum and Natural Gas (MoPNG), Government of India for appointment of requisite number of Independent Directors.
 - 17.2 The Annual Report contains a separate section on Corporate Governance, which forms part of this report.
 - 17.3 Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, your Company have obtained the Certificate from the Joint Statutory Auditors of the Company towards compliance of Corporate Governance which is annexed and forms part of this report.
 - 17.4 In terms of Clause 49 (IV) (F) of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis Report (**Annexure - II**) have been attached and forms part of this report.
 - 17.5 As a measure of good corporate governance, your Company has engaged Practicing Company Secretaries for conducting Annual Secretarial Compliance Audit for the year 2012-13. The Practicing Company Secretaries have issued Annual Secretarial Compliance Audit Report for the year 2012-13 which forms part of this report.
- ### 18. AUDITORS
- 18.1 M/s. Maharaj N. R. Suresh & Co., Chennai and M/s. Gopalaiyer and Subramanian, Coimbatore have been appointed as Joint Statutory Auditors of the Company for the Financial Year 2012-13 by Comptroller & Auditor General of India (C&AG).

18.2 The report of the C&AG at **Annexure - III** forms part of this Report. You will be pleased to note that your Company has got 'NIL' comments certificate from C&AG for the 11th year in a row.

18.3 Pursuant to the provisions of Section 233B of the Companies Act, 1956, the cost accounts maintained by the Company are being audited by Cost Auditors M/s. Musib and Associates who are appointed with approval of Ministry of Corporate Affairs, Government of India.

19. ACKNOWLEDGEMENT

- 19.1 Your Directors sincerely thank the Government of India, Ministry of Petroleum and Natural Gas, Ministry of Finance, Ministry of Corporate Affairs, Department of Public Enterprises, Ministry of Environment and Forest, Ministry of External Affairs, Ministry of Shipping, Ministry of Heavy Industries, Ministry of Home Affairs other Ministries, Public Enterprise Selection Board and Departments of the Central Government and the Government of Karnataka for their valuable support and continued co-operation.
- 19.2 Your Directors gratefully acknowledge support and cooperation extended by Hindustan Petroleum Corporation Limited, as co-promoter of the company.
- 19.3 Your Directors wish to thank the shareholders for their continued confidence reposed on the management and the Company.
- 19.4 Your Directors acknowledge the continuing co-operation and support received from New Mangalore Port Trust, Financial Institutions, Banks and all other stakeholders such as suppliers of crude oil and other inputs, contractors, transporters and others.
- 19.5 Your Directors recognize the patronage extended by the valued customers for the products of the company and promise to provide them the best satisfaction.
- 19.6 Your Directors wish to place on record their sincere appreciation of the sustained and dedicated efforts put in by all the employees collectively and concertedly as a Team.
- 19.7 Your Company salutes ONGC with deep gratitude for the courage and conviction displayed by ONGC in acquiring and transforming your Company. Today, with all round achievements and spectacular growth and having been crowned with Schedule 'A' status, your Company shines as an incredible example in the industry under the aegis of ONGC.

For and on behalf of the Board



(Sudhir Vasudeva)

Chairman

Place: New Delhi

Date: 8th August, 2013

ANNEXURE- I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

The company continued its emphasis on energy conservation through operational optimization, continuous monitoring and implementation of several energy conservation schemes.

- a. Major energy conservation measures taken during the year
 - i) VBU1 Flasher operation to Maximise VGO Yield.
 - ii) GOHDS Bleedgas routed to LPS Off gas line to recover hydrogen from Bleed gas.
 - iii) HCU2 ceramic coating of heater inner surface resulted in lesser Specific fuel Consumption.
 - iv) Online chemical cleaning of CDU1, VDU1, CDU2, VDU2 and VBU1 heaters to improve heater margins, which has resulted in increased capacity utilization & lesser specific fuel consumption.
 - v) Pentene optimization in Penex Feed in ISOM unit resulted in lesser energy consumption.
 - vi) Replacement of APH in CDU 2 resulted in lesser energy consumption.
- b. Additional investments and proposals, if any, being implemented/ under consideration for reduction of consumption of energy / resources
 - i) Slop recycling provision with coalescer in CDU1 & VBU2 units.
 - ii) Feed Naptha Pre-heater in HGU1 and HGU2
 - iii) Hot diesel to GOHDS from CDU 1

- iv) HHGO to VBU blender in CDU 1
- v) Repair & Maintenance of steam lines insulation and steam traps.
- vi) Steam Condensate Recovery in VBUI and HCU1 units.
- c. The measures (a) above resulted in Energy consumption reduction by approx. 6400 MT/Year, equivalent to a net saving of approx. ₹ 25 Cr/year, with an investment of approximately ₹ 0.3 Cr.
- d. Fuel & Loss in the Refinery for the year 2012-13 was 7.0%, whereas it was 6.75% in 2011-12. Higher fuel & loss was mainly on account of commissioning activities of Phase-III units and force majeure shutdown of the refinery during first quarter due to water crisis.
- e. The Refinery achieved the Highest Crude processed with Energy index (MBTU/ BBL/NRGF) of 61.01 for the year 2012-13.

MRPL's Energy performance during the last four years is as follows

Year	Crude throughput, MMTPA (Net Crude Basis)	Complexity, NRGF (CHT method)	Energy Index, MBN (MBTU/Bbl/NRGF)
2012-13	14.403	4.895	61.01*
2011-12	12.818	5.487	57.92
2010-11	12.639	5.585	58.13
2009-10	12.497	5.371	58.27

*MBN higher due to higher fuel & loss and lower complexity operation.

Mangalore Refinery and Petrochemicals Limited

FORM - A

Total Energy consumption and Energy consumption per unit of production:

A) Power and Fuel Consumption	Current Year 2012-13	Previous Year 2011-12
1. Electricity		
(a) Purchased		
Unit (Million KWH)	44.00	20.75
Total Amount (₹ Million)	262.86	118.99
Rate / Unit (₹ /KWH) *	5.97	5.73
* Includes demand charges of ₹30.59 Million (₹13.18 Million for 2011-12) The unit cost per KWH excluding Demand charges is ₹5.28 (₹5.10 for 2011-12)		
(b) Own Generation		
i) Through Diesel Generator (at Sarapady)		
Unit (Million KWH)	0.28	0.10
Unit per ltr. of Diesel (KWH/ltr.)	3.22	2.99
Cost / Unit (₹/KWH)	14.09	16.02
ii) Through Steam turbine generator		
Unit (Million KWH)	688.78	612.01
Unit per liter of Fuel Oil (KWH/ltr) *	1.76	1.99
Cost / Unit (₹/KWH) *	21.99	16.18
* Includes co generated Steam cost		
2. Fuel Oil		
Quantity (MT) (Oil + Gas)	887937	821224
Total Amount (₹ In Million)	35929.08	27649.37
Average Rate (₹/MT)	40463.55	33668.49
3. Others / Internal Generation		
Diesel (at Sarapady)		
Quantity (KL)	86.68	33.09
Total Cost (₹ Million)	3.94	1.59
Rate (₹/KL)	45416	47911
4. Consumption per unit production		
Total crude processed (TPA)	14402524	12817590
Total Fuel Consumed (TPA) (includes fuel and loss)	963900	865043
Total Electricity (Million KWH) (after deducting external supply)	732.78	632.76
Fuel Consumption, MT/ MT of Crude processed (%) (includes Fuel and Loss)	7.00	6.75
Electricity Consumption, KWH / MT of Crude processed	50.88	49.37

FORM - B

A) RESEARCH AND DEVELOPMENT (R&D)

1. Specific Areas in which R&D carried out by the company 2012-13:

- Crude Assay**
Crude Assay was carried out using TBP apparatus for the following new crudes:
Hungo, Zafiro, Rabi and Laven blend
- Experiment on Bitumen Emulsion:**
Experiments were carried out to study the stability of Bitumen Emulsion with different emulsifiers and other cutter stocks.
- Experiments on Method development using Ion Chromatography**
Experiments were carried out on refinery sour water, effluent samples and amine samples and develop methodology for the determination of amine and ammonia content by using Ion chromatography.
- Additives & Bio-Diesel Evaluation**
Additives and Bio-diesel were evaluated for improving the Diesel Lubricity.
- Ground water Analysis**
Experiments were carried out to assess the trace metal levels in ground water samples collected from bore-wells in and around MRPL.

2. Benefits derived as a result of the above R&D:

- Assay of various crude helped Operation to optimize unit-operating conditions to maximize product yield and product quality.
- Experiments on Bitumen Emulsion helped to make value added products form Bitumen.
- Additive evaluation helped operation units to optimize the dosage levels and explore the possibilities of using Bio-diesel as diesel performance improving additives.

3. Future plan of Action:

- To develop a stable formulation for Bitumen Emulsion.
- To study and develop an effective oxidative degradation of spent caustic for odour and phenol control in spent caustic treatment.
- Study on FCC catalyst.

4. Expenditure on R&D:

- » **Capital:** Nil
- » **Recurring:** ₹ 0.5 Cr.
- » **Total:** ₹ 0.5 Cr.

B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - Technologies for process units of Phase-1 & 2 have been fully absorbed.
 - CDU1 unit has been revamped with pre-flash column to enhance unit capacity from 3.69 to 4.8 MMTPA without changing the furnace capacity. The revamped unit was commissioned in October, 2011.
 - HCU1& HCU2 units have been revamped, for enabling once-through mode operation to feed upcoming PFCC unit in Phase - III and were re-commissioned in October, 2011 and April, 2012 respectively.
 - Gas Oil Hydro-desulfurisation unit capacity revamp completed which increased plant capacity by 30% during April, 2009.
 - As part of Phase - III expansion projects, CDU3 Commissioned in April, 2012, HGU3 commissioned in July, 2012 and DHDT commissioned in November, 2012.
- Benefits derived as a result of the above efforts viz., product improvement, cost reduction, product development, import substitution, etc.
Refinery throughput sustained at 14.403 MMTPA while meeting Clean Fuel specifications, which required higher complexity operations.
GOHDS unit capacity revamp has improved the Refinery capability of producing Euro – III & Euro-IV grade Diesel.
- In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished.

a) Technology imported

GOHDS unit capacity revamp, HCU-1 & HCU-2 revamp to once-through mode

b) Year of import

2008-09, 2011-12 & 2012-13.

c) Has technology been fully absorbed?

GOHDS unit technology is fully absorbed.

- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

HCU-1&2 units are revamped to once through mode for feeding to PFCC unit. As the PFCC unit commissioning is expected during 3rd quarter of 2013-14, during which time HCU- 1 & 2 units operation in once through mode will be taken up.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Cr)

	2012- 2013	2011- 2012
Foreign Exchange Earnings – FOB value of exports	32,180	23,418
Foreign Exchange Outgo	56,137	47,806

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Economy Overview

The aftershocks of the 2008-09 global financial crises continued all through 2012-13. Consequently, investments declined, demand became sluggish, and employment rates stayed low. The cumulative effect of all these pulled down the global GDP growth from 4% in 2011 to almost 3% in 2012 and understandably the growth rate of emerging and developing economies dropped to 5.5% in 2012 vis a vis 6.4% in 2011.

Indian economy was not insulated from this global slowdown and its ill effects. Inflationary pressures and subdued investment climate led to a sharp decline in the country's GDP from 6.2% in 2011-12 to around 5% in 2012-13.

It is a matter of deep concern that the value of the Indian Rupee has been depreciating over the past three years from ₹ 45 to a dollar to ₹ 60 a dollar. The Rupee hit an all-time low against the dollar, seriously impacting the Indian economy already riddled with multiple problems including balance of payment position.

The fall in Rupee value continues to loom ominously over the recent gains in inflation and badly needed capital flows. Weaker Rupee causes capital imports to be almost prohibitively expensive, forcing Corporates to delay investments. Besides the spiraling fuel price and inflation dampens consumer sentiment. Therefore, it is surmised that the outlook of Indian economy may continue to be under stress in near future.

2. Industry Overview

The Total Refining Capacity of India has grown from 187 MMT in 2011 to 215 MMT in 2013 and is expected to touch 240 MMT by 2014.

The GRMs of most domestic refineries were subdued in 2012-13 in line with the depressed international refining margins due to lower crack spreads, light/sweet and heavy/sour crude differentials remaining weak and high inventory losses resulting from sharp fall in crude oil prices. The GRMs improved in the second quarter of FY 2012-13 with cracks improving in line with rising in crude oil and product prices caused by unanticipated temporary outages in international refineries. The price differential between 'light-sweet' and 'heavy-sour' crude oil ruled below historical levels in 2012-13 which further exerted a downward pressure on the GRMs of complex refineries.

The forecast is that the global supply of petroleum products is likely to outstrip demand growth. Going forward, the outlook on international refining margins remain weak due to the scale at which planned capacity additions are underway which in turn will exceed demand growth for petroleum products. Following an outlook of low international refining margins and moderate import-duty differentials between petroleum products and crude oil, GRMs of domestic refineries are also expected to remain weak over the medium term. The operational results will continue to be impacted by the volatility in Indian Rupee Value and Crude prices determining inventory gains/losses.

Crude Imports by India:

Over the years, crude oil import has been growing due to increased refining capacities. This upward trend is expected to continue as there is stagnation in the domestic production and new discoveries.

India imported 185 MMT crude during the year 2012-2013 compared to 172 MMT in 2011-12.

Crude Imports by India ('000 MT)



International crude oil prices have been on a roller-coaster ride over the past few years owing to geo-political turmoil in Middle East and African countries. Brent and Dubai crude oil average price in 2010-11 were \$87 and \$84 per barrel, respectively which climbed by more than 30% to \$115 & \$110 per barrel, respectively in 2011-12. During 2012-13, oil prices fell by 3-4% with Brent Crude oil at \$110 per barrel and Dubai at \$ 107 per barrel. Presently, Brent and Dubai crude oil prices are hovering at around \$108 & \$104 per barrel, respectively.

India's consumption & production pattern of petroleum products during 2012-13

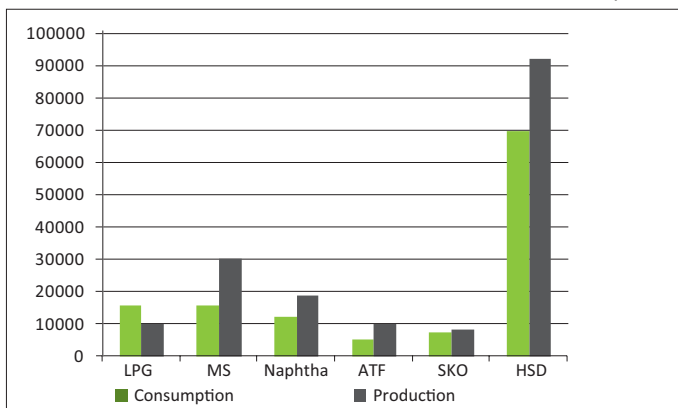
('000 MT)

PRODUCT	Consumption		Production	
	2012-13	2011-12	2012-13	2011-12
LPG	15603	15367	9830	9554
MS	15741	14993	30120	27207
Naphtha	12283	11188	18851	18707
ATF	5271	5536	10189	10061
SKO	7501	8229	8057	8019
HSD	69164	64753	91090	82929
Total	125563	120066	168137	156477

The consumption of diesel in our country has been on the increase due to availability of subsidy as compared to motor spirit. Such changes in consumption pattern shifts demand from light distillates to middle distillates.

Consumption & Production of petroleum products during 2012-13.

('000 MT)



Mangalore Refinery and Petrochemicals Limited

With production exceeding consumption, India continues to be an exporter of petroleum products. Indian refiners are also investing in conversion of negative/low margin products like naphtha to maximize yield of high value products.

Your company has achieved highest ever refinery throughput of 14.40 MMT during the year 2012-13 as compared to 12.82 MMT during the previous year and is likely to achieve its full throughput during 2013-14 with the enhanced capacity of 15 MMTPA.

Production by MRPL during the year 2012-13

PRODUCT	('000 MT)
LPG	281
M S	1102
MIXED XYLENE	157
NAPHTHA	1482
S K O	411
H S D	5573
A T F	1458
VGO	564
F O	2099
ASPHALT	194
CRMB	19
SULPHUR	56
TOTAL	13396

3. Opportunities and Threats

Indian refining industry has done exceedingly well in establishing itself as a major player globally. India is emerging as a refinery hub as more investment is being made in Refineries and presently the refining capacity exceeds the demand. The last decade has seen a tremendous growth in the refining sector. The country's refining capacity has increased from a modest 62 MMTPA in 1998 to 215 MMTPA at present.

The refining capacity is not only sufficient for domestic consumption but leaves a substantial surplus quantity for export. Since 2001-02, India has increased the export of petroleum products.

The unique 'design' of the refinery of your Company provides a high degree of automation and allows high flexibility in processing a range of crudes with 24 to 46 API. MRPL already had 2 Hydrocrackers producing Premium Diesel (High Cetane) and 2 Continuous Catalytic Reformer Units producing Unleaded Petrol of High Octane. With the commissioning of Phase III Units, your Company can manufacture value added products, maximize distillate yield from a range of crudes including high tan crude which provides your Company with a competitive edge. Once the SPM is operational, your Company will leverage access to VLCCs and reap benefits of handling opportunity crudes from West African and Latin American countries.

There is a move by Government of India to switch over to Export Parity Pricing (EPP) for Refinery Transfer Price from the current Trade Parity Pricing (TPP) for two main Petroleum products viz. HSD and MS and Import Parity Pricing (IPP) for LPG and SKO. Once EPP for domestic Refinery Transfer Price kicks in, realization will become lower and that would adversely impact the refinery margin.

This policy change if implemented will erode your Company's profit margins and consequently, it would be difficult to recover the cost of capital and other operating expenses of the Phase III project. The cascading effect will also have a bearing on the credit rating of your Company which in turn will further impact the capability to borrow from the market and also your Company's ability to take up any new projects in future due to adverse financial position.

The implementation of the major ongoing expansion project – Phase III- at a cost of about ₹ 15,000 Cr was based on cost economics of TPP/ IPP. As such the above move of the Government may have adverse impact on the refinery operation.

A Committee, under the Chairmanship of Shri Kirit Parikh, former Member Planning Commission, has been set up by the Government of India to study the pricing policy and suggest recommendations. This Report is expected shortly. Given the magnitude of the negative impact EPP will have on OMC's financials and in view of the changing market context wherein HSD price hikes are being effected, implementation of EPP is unlikely.

4. Risks & Concerns

Your Company operates in a business environment fraught with multiple changes and risks: increasing impact of geo politics, increasing globalization, intensifying competition and more complex technologies. These risks and concerns are factored in by your Company in its business plans as far as possible. Furthermore refineries are vulnerable to the risk of disruption in crude supply and price volatility and hence careful planning is followed by your Company to minimize risks.

Nevertheless unprecedented and sudden challenges do crop up. The sanctions from UN/US/EU on Iran and the fallout of the same with respect to payment, insurance for cargo, insurance for vessels and availability of vessels to perform Iranian voyages, made it almost impossible to lift crude oil from Iran. Consequently, your Company was not able to import full contractual quantity of crude oil under its term contract with NIOC, Iran, for the year 2012-13.

However, your company mitigated the risks by diversifying the sources of procurement by widening the crude purchase basket and increased procurement of spot crude. Your Company initially had only term contracts with Iran. At present crudes are being procured from SAUDI ARAMCO (National Oil Company of Kingdom of Saudi Arabia), ADNOC (National Oil Company of Government of Abu Dhabi) and Kuwait Petroleum Corporation, Nigeria / Angola / Egypt etc. The Bombay High Crude from ONGC Group Companies is also procured on arm's length basis. Despite the stoppage of import of crude oil from Iran in the first quarter of 2013-14, your Company is reviewing the decision, in line with Government of India's stand on the matter with the attendant risk of lack of insurance for assets, risk of lenders coming back to your Company if insurance cover is not available.

The risk caused by volatility in crude price is minimized by your Company to a considerable extent through purchase of crude oil based on monthly average, which addresses and covers the daily price fluctuation within the month.

Your Company is exposed to the risk of steep foreign exchange volatility. Rupee depreciation has been about 18% against the US \$ during the year. Your Company imports around 80% of its requirement of crude oil and is presently exporting approximately 47% of the total production volume where sale proceeds are realized in USD. Even in domestic sales, the sale prices are based on trade/import parity prices.

The price of major products Petrol and Diesel in domestic Sales is based on Trade Parity Prices (80% Import Parity Price + 20% Export Parity principles), which is fixed on the product prices of the preceding fortnight. Hence any fluctuation in the international crude price gets reflected in the sale price to a large extent as long as the prices of products follow the same pattern as that of fluctuation in crude oil prices. Thus, there is a natural hedge to a large extent.

Your Company exports products like MS, HSD, ATF and MX under tender on average monthly prices, which reduces the risk of intra month price fluctuations. Exports of FO & Naphtha, which are evenly spread over the year are based on a 5 days pricing cycle.

This method of pricing export products addresses price fluctuations during the month. However sudden fluctuations in crude and product prices still continue to significantly impact the margins of the company.

For interest rate risk on short term borrowings, use of Cash Credit or High Interest rate borrowings are avoided. However, the stoppage of import of crude oil from Iran took away the additional credit period and imposed pressure on working capital borrowings besides involving additional interest cost. Your Company continues with the practice of minimal use of 'high interest bearing rupee' loan for working capital facilities, optimized use of foreign currency loans and commercial paper and availing of buyers credit facilities etc depending on the market condition.

Your company is also exposed to other critical risk of delay in commissioning of power plant in Phase-III having an adverse impact on overall commissioning of Phase-III unit. Your company monitors closely the critical areas on a regular basis to expedite early completion of the Phase-III project.

5. Strategic Business Pursuits & Future Outlook

As you are aware, the nameplate capacity of the refinery has been enhanced to 15 MMTPA on 29/03/2012 through the successful commissioning of 3 MMTPA Crude and Vacuum Distillation Unit of Phase III in 2011-2012. Thereafter the expansion and upgradation project Phase III, has achieved an overall progress of 99%, as of 15/07/2013.

Crude unit, Hydrogen unit, Diesel Hydro Treater unit, HRSG-1, GT-1 and GT-2 of Captive Power Plant (CPP) of Phase-III have all been commissioned. Your Company has planned the progressive commissioning of the other units of Phase-III project viz. Sulphur Recovery Unit (SRU), Captive Power Plant (CPP), Delayed Coker Unit (DCU), Petro Fluidized Catalytic Cracking Unit (PFCCU), and Coker Gas Oil Hydro Treater Unit (CHTU) by November 2013. Your Company will be benefited with the commissioning of these units as value added products like Propylene from the low value VGO, Euro -III, IV and even V grade of High Speed Diesel (HSD) can be manufactured and the overall distillate yield of the refinery will climb from the present 73% to almost 78% to 80%.

Your Company is also setting up a ₹1804 Crore Polypropylene (PP) plant of 440 KTPA capacity, integrated with Phase- III expansion, for supply to downstream processing industry. A detailed business plan for PP marketing in the domestic market is on the drawing board and nitty gritty details are being finalized. Storage Points for PP are being developed for your Company within the State of Karnataka. This Project has achieved an overall progress of 90% as of 15/07/2013.

Your Company is also setting up a Single Point Mooring (SPM) facility along Coastal Booster pumping station within New Mangalore Port limits at a location of 16 kilometers from the shores of NMPT, which would receive bigger vessels upto VLCC whereby your Company can get the benefit of lower freight on transportation of crude oil, and also have the advantage of sourcing opportunity crudes from West African and Latin American countries. It will also de-congest the existing jetties at New Mangalore Port Trust (NMPT) which in turn will facilitate handling of more petroleum products. Through the SPM facility, crude can also be pumped to the Indian Strategic Petroleum Reserve Limited (ISPRL) underground cavern which is likely to be operational by 2014-15.

Single Point Mooring (SPM) project has achieved an overall progress of 98.64% as of 15/07/2013. Trial operation of the facility was done on 03/01/2013, technical problems were detected and addressed.

On total completion and commissioning of all units of Phase III, your Company expects the full benefits of Phase-III to start flowing across performance parameters. The Company's margins are expected to increase significantly. Besides this, your Company qualifies for the incentive package covering entry tax exemption, sales tax exemption waiver of VAT on Phase-III etc from the Government of Karnataka. The commercial tax notification to avail the benefits under the Government order

is expected shortly. With all these benefits accruing, your Company is expected to be again in the path of profitability.

It may be recalled that during Global Investors Meet on 7th & 8th June, 2012 at Bengaluru, your Company has signed an MoU with the Government of Karnataka for setting up a Linear Alkyl Benzene (a raw material to manufacture detergents) Plant and to expand its refining capacity to 21 MMTPA subject to techno-economic viability and availability of required infrastructure at Mangalore with an approximate investment of ₹ 8,500 Crore

6. Internal Control Systems

Your Company remains committed to an effective internal control environment that provides assurance on the efficiency of operations and security of assets. The Internal Audit Department of your Company is supervised by the Audit committee, chaired by an Independent Director of your Company. The internal control review mechanism is well established and provides effective internal control environment to the Audit committee and Board of Directors.

Apart from the above, your Company's Vigilance Department has been carrying out various vigilance activities by means of inspections, detailed examinations, study of major work orders/ purchase orders, scrutiny of deemed single tenders and tenders on nomination basis.

7. Performance

Your Company processed the highest ever crude of 14.4 MMT during the year 2012-13 and posted the highest ever turnover of ₹ 68,834 Crore despite the forced shutdown from 19/04/2012 to 27/04/2012 due to water scarcity. In spite of putting in a good physical performance during the year, the Company incurred a net loss after tax of ₹ 757 Crore against profit after tax of ₹ 909 Crore in the previous year.

The Company witnessed an unprecedented fall in crude and product prices both at the beginning of the year 2012-13 (1st quarter) and at the end of the year 2012-13 (4th quarter). These were further aggravated by steep rupee devaluation and also fall in cracks of products in the market. To make matters worse the water scarcity due to a late monsoon forced a shut down causing inventory buildup even as prices were steeply falling. This resulted in huge inventory losses. Your Company also had to operate the newly commissioned units at times for operational requirements at sub-optimal throughput and at times at higher throughput levels without matching secondary processing units available for full value conversion. Further, due to partial commissioning of units, the depreciation and interest cost increased affecting the margins. All of these factors have contributed for the losses that the company incurred during the year under review after a decade of profitable operations.

However, it is to be noted that your Company has put in a very creditable performance during the year 2012-13 in the context of the industry dynamics and the performance results of peers.

8. Human Resources

The number of employees as on 31/03/2013 was 1625. During the year 2012-13, your Company continued to enjoy cordial and harmonious relations with the collectives and as evidence to the same not a single man-hour was lost on account of any industrial disturbance.

9. Cautionary Statement

Statements in the Management Discussion and Analysis and Directors' Report describing the Company's objectives, outlook, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

ANNEXURE - III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED, MANGALORE FOR THE YEAR ENDED 31 MARCH, 2013

The preparation of financial statements of Mangalore Refinery and Petrochemicals Limited, Mangalore for the year ended 31 March, 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24.05.2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Mangalore Refinery and Petrochemicals Limited, Mangalore for the year ended 31st March, 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

(M.V. RAJESWARI)

Place : Chennai
Date : 28.06.2013

Principal Director of Commercial Audit and
Ex-Officio Member Audit Board, Chennai

SUSTAINABLE DEVELOPMENT PERFORMANCE REPORT

Mangalore Refinery and Petrochemicals Limited is exploring potential value added projects and systems for sustainable development. The focus remains towards Value added projects, reduction in Energy consumption, to adopt new technologies and yield improvement projects.

The Refinery Complex will produce an estimated 1 MMTPA of Raw Petroleum coke (PetCoke). MRPL is actively exploring the possibilities of setting up a Petcoke Gasification project (Alternate usage for PetCoke) to generate Power and Hydrogen from the low value PetCoke. The Pre-feasibility study for implementing a standalone petcoke gasification complex has been carried out by M/s EIL. Various options have been studied utilizing the petcoke for power generation & hydrogen production. An integrated approach with the Refinery Complex is also being explored to improve upon the project profitability.

Energy Audits were carried out throughout the Refinery Complex through an in-house multi-disciplinary Audit team, nominated for this purpose, during 2012-13, in accordance with the parameters set under MOU 2012-13. Energy audits in three areas have been conducted and all audit observations have been attended and closed.

- Hydrocarbon Loss Audit, conducted during April, 2012
- Steam Leak Audit, conducted during Sept, 2012
- Furnace Efficiency Audit, conducted during November, 2012

MRPL is constantly exploring the avenues to reduce the cost of production and towards this effect a detailed Naphtha Management study has been undertaken with a view to increase the Octane barrels efficiency in production of various high quality grades of Gasoline (MS). The findings of the study is under implementation.

The Phase - III Refinery Complex Captive Power Plant power generation facilities have been designed to burn Natural Gas / other Refinery streams as fuel. This will not only reduce energy consumption but also reduce Sox emissions. In the similar lines, MRPL is exploring the viability of installing a Gas turbine considering Natural Gas / other Refinery streams as fuel in the Phase - I & Phase - II Refinery Complex.

AUDITORS' REPORT

To

The Members of Mangalore Refinery And Petrochemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mangalore Refinery And Petrochemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given

to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the LOSS for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - Being a Government company provision of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956, is not applicable as per notification no. GSR 829(E) dated October 21, 2003, issued by the Ministry of Corporate Affairs.

For **MAHARAJ N.R.SURESH AND CO**
Chartered Accountants
Firm Registration No 001931S

CA. N.R.SURESH
Partner
Membership No. 021661

Place : Mumbai
Date : 24th May, 2013

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
Firm Registration No 000960S

CA. S. SUNDAR
Partner
Membership No. 202725

Referred to under Paragraph 1 under the heading "Report on other Legal and regulatory requirements" of our report of even date.

- The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
 - All the assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verification.
 - In our opinion and according to the explanations given to us, the Company has not disposed off substantial part of fixed assets, during the year and the Going Concern Concept of the Company has not been affected.
- We are informed that the inventories of stores and spares are physically verified, during the year, by the management on a continuing basis as per programme of perpetual inventory. Inventories of other items have been physically verified at the year end, the frequency of which, in our opinion is reasonable, having regard to the size of the company and nature of its business.
 - 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.
- The company is maintaining proper records of inventory. The discrepancies noticed on verification by the Management between the physical stock and book records have been properly dealt with in the books of account and were not material.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. And consequently, the reporting requirements of clause (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable.
- In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

Mangalore Refinery and Petrochemicals Limited

- (v) a) In our opinion and according to the information and explanations given to us, there is no contract arrangement that needs to be entered in the register required to be maintained in pursuance of section 301 of the Companies Act, 1956.
- b) Accordingly, the reporting requirement of clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- (vii) In our Opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act 1956, for maintenance of Cost Records and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a) According to the information and explanations given to us and as per the records of the company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other statutory dues with the appropriate authorities during the year. There are no arrears of undisputed statutory dues of material nature outstanding for a period of more than 6 months, from the date on which they became payable.
- b) According to the information and explanations given to us and as per our verification of records of the company, the disputed amounts of tax which are not deposited with appropriate authorities as at 31st March 2013, are as follows:

Name of the Statute	Nature of the Dues	Total Amount (₹ Millions)	Period to which the amount relates (Financial Year)	Forum where the dispute is pending
The Karnataka Sales Tax Act, 1957/ Central Sales tax Act, 1956	Central Sales Tax- Penalty	4.53	2009-10	Appellate Authority - Mangalore
	Central Sales Tax- Interest	18.33	2009-10	Appellate Authority - Mangalore
	Value Added Tax - interest	0.43	2006-07	Appellate Authority - Mangalore
	Value Added Tax - interest	0.13	2009-10	Appellate Authority - Mangalore
	Value Added Tax - interest	0.67	2010-11	Appellate Authority - Mangalore
Income Tax Act, 1961	Income Tax / Interest / Penalty	122.48	AY 2006-07	Income Tax Appellate Tribunal - Mumbai
	Income Tax / Interest / Penalty	794.13	AY 2009-10	Commissioner of Income Tax(Appeals) - Mumbai
The Customs Act, 1962	Customs Duty/Interest/Penalty	132.24	1999-2008	Supreme Court of India
		627.38	1997-2000	CESTAT - Bangalore
		3.24	2005-08	Commissioner (Appeals) - Mangalore
Central Excise Act, 1944	Central Excise Duty/ Service Tax/ Interest/ Penalty	66.66	2000-01 to 2012-13	Commissioner (Appeals)- Mangalore
		169.85	1996-97 to 2012-13	CESTAT - Bangalore
		0.38	2002-03 to 2011-12	Joint Secretary,MOF
		25.60	1999-2000	Commissioner (Appeals)- Mangalore
	Total	1966.05		

- (x) The Company has no accumulated losses as at 31st March 2013. The Company has not incurred cash losses during the year and in the immediately preceding Financial Year.
- (xi) According to information and explanations given to us and as per our verification of the records of the company, the company has not defaulted in repayment of dues to the financial institutions and banks.
- (xii) The Company has not granted any loans or advances on the basis of the security by way of pledge of share, debenture and other securities.
- (xiii) Since the company is not a Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society, the related reporting requirements are not applicable.
- (xiv) The Company was dealing in Mutual Fund Investments during the Year. Proper Records of Transactions and Contracts have been maintained and timely entries have been made. The said investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the terms and conditions of the Guarantees given by the Company, for the loans taken by New Mangalore Port Trust from Banks and Financial Institutions, are not prejudicial to the Interest of the Company. Except for the above, the Company has not given any guarantee, for loans taken by others, from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the company has availed term loans during the year and the same have been applied for the purpose for which the Loans were obtained except ₹ 2078.80 Million availed at the end of the year invested in deposits with banks.
- (xvii) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company we report that the funds raised on short term basis have not been utilized for long term investment.
- (xviii) During the year the Company has not made any preferential allotment of shares.
- (xix) The Company has no outstanding debentures at the end of the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For **MAHARAJ N.R.SURESH AND CO**
Chartered Accountants
Firm Registration No 001931S

CA. N.R.SURESH
Partner
Membership No. 021661

Place : Mumbai
Date : 24th May 2013

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
Firm Registration No 000960S

CA. S. SUNDAR
Partner
Membership No.202725

BALANCE SHEET AS AT 31ST MARCH 2013

	Note No.	AS AT 31st March 2013	(₹ in Million) AS AT 31st March 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	17,526.64	17,572.57
(b) Reserves and Surplus	3	47,150.26	54,719.37
2 Non-current liabilities			
(a) Long-term borrowings	4	57,807.91	38,919.12
(b) Deferred tax liabilities (Net)	5	7,343.28	4,531.40
(c) Other Long term liabilities	6	0.31	20.29
(d) Long-term provisions	7	451.43	543.22
3 Current liabilities			
(a) Short-term borrowings	8	11,990.03	18,597.93
(b) Trade payables	9	109,607.64	111,046.60
(c) Other current liabilities	10	14,130.92	12,816.65
(d) Short-term provisions	11	1,003.76	2,778.52
TOTAL		267,012.18	261,545.67
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		57,768.52	40,442.95
(ii) Intangible assets		37.80	73.39
(iii) Capital work-in-progress		75,544.81	70,891.74
(b) Non-current investments	13	150.02	150.02
(c) Long-term loans and advances	14	4,699.21	7,909.22
(d) Other non-current assets	15	974.35	1,022.32
2 Current assets			
(a) Current investments	16	-	272.78
(b) Inventories	17	67,152.61	78,175.76
(c) Trade receivables	18	39,726.97	34,592.66
(d) Cash and Bank balances	19	16,058.55	22,347.16
(e) Short-term loans and advances	20	4,748.88	5,367.25
(f) Other current assets	21	150.46	300.42
TOTAL		267,012.18	261,545.67
Significant Accounting Policies	1		
Other Disclosure	31		
See accompanying notes to the Financial Statements			

As per our report of even date attached

For and on behalf of the Board

For MAHARAJ N. R. SURESH AND Co
Chartered Accountants
Firm Registration No. : 001931S

For GOPALAIYER AND SUBRAMANIAN
Chartered Accountants
Firm Registration No. : 000960S

SUDHIR VASUDEVA
Chairman

CA N. R. SURESH
Partner
Membership No. 021661

CA S. SUNDAR
Partner
Membership No. 202725

P P UPADHYA
Managing Director

B SUKUMAR
Company Secretary

VISHNU AGRAWAL
Director (Finance)

Mumbai : 24th May, 2013

Mangalore Refinery and Petrochemicals Limited

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

		(₹ in Million)	
	Refer Note No.	For the year ended 31.03.2013	For the year ended 31.03.2012
I. Revenue from operations	22	688,382.63	572,136.88
Less: Excise Duty		31,420.45	34,434.12
Net Revenue from Operations		656,962.18	537,702.76
II. Other income	23	1,113.34	3,473.76
III. Total Revenue (I + II)		658,075.52	541,176.52
IV. Expenses:			
Cost of materials consumed (Refer note 31.15)		654,001.82	512,367.50
Increase (-) / decrease In stock	24	-11,161.53	-1,502.05
Employee benefits expense	25	1,845.60	1,608.83
Finance costs	26	3,285.53	2,066.77
Depreciation and amortization expense	27	6,044.10	4,338.73
Other expenses	28	9,273.00	9,094.71
Total expenses		663,288.52	527,974.49
V. Profit before exceptional and extraordinary items and tax (III-IV)		-5,213.00	13,202.03
VI. Exceptional items	29	-444.54	-
VII. Profit before extraordinary items and tax (V - VI)		-4,768.46	13,202.03
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		-4,768.46	13,202.03
X Tax expense:			
(1) Current tax		-	3,042.27
(2) Prior Year's Tax adjustments		-11.23	14.23
(3) Deferred tax		2,811.88	1,059.75
XI Profit (Loss) for the year (IX - X)		-7,569.11	9,085.78
XII Earnings per equity share:	30		
(1) Basic		-4.32	5.18
(2) Diluted		-	4.94
Significant Accounting Policies	1		
Other Disclosure	31		
See accompanying notes to the Financial Statements			

As per our report of even date attached

For and on behalf of the Board

For MAHARAJ N. R. SURESH AND Co
Chartered Accountants
Firm Registration No. : 001931S

For GOPALAIYER AND SUBRAMANIAN
Chartered Accountants
Firm Registration No. : 000960S

SUDHIR VASUDEVA
Chairman

CA N. R. SURESH
Partner
Membership No. 021661

CA S. SUNDAR
Partner
Membership No. 202725

P P UPADHYA
Managing Director

Mumbai : 24th May, 2013

B SUKUMAR
Company Secretary

VISHNU AGRAWAL
Director (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		(₹ in Million)
	For the year ended 31.03.2013	For the year ended 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	-4,768.46	13,202.03
Adjustments for :		
- Depreciation / Amortisation	6,044.10	4,393.80
- Loss/ (Profit) on sale of Fixed Assets	27.84	12.66
- Provisions Written back	-156.43	-61.10
- Provision for Doubtful Debts/ Advances / Deposits and write offs	92.42	-
- Provision for Non-Moving Inventory/ Stock Loss	-	1.68
- Foreign Currency translation and transactions - Net	373.69	1,687.02
- Interest Expense	3,285.53	2,066.77
- Interest/ Dividend Income	-905.57	-3,291.41
Operating Profit before Working Capital changes	3,993.12	18,011.45
Adjustment for :		
- Trade and other receivables	-1,380.87	6,848.58
- Inventories	11,023.15	-37,203.60
- Trade payable and provisions	-2,589.88	19,467.48
Cash generated from operations	11,045.52	7,123.91
- Direct taxes paid (net of refunds)	-1,093.43	-4,335.25
Cash flow before Prior Period items	9,952.09	2,788.66
- Prior Period items (cash items)	-53.87	-33.25
Net Cash flow from Operating Activities	(a) 9,898.22	2,755.41
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	-24,429.98	-41,922.03
Sale of Fixed assets	32.11	14.06
Interest/ Dividend Income received	1,047.24	3,336.11
Tax Paid on Interest Income	-92.45	-292.65
Investments (Net)	272.79	-
Net Cash flow from Investing Activities	(b) -23,170.29	-38,864.51
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-45.93	-45.93
Proceeds from Long Term Borrowings	18,919.54	28,236.33
Proceeds from Short Term Borrowings	-6,616.20	17,831.77
Interest and Finance charges paid	-3,238.59	-1,996.77
Dividend and Dividend tax paid	-2,036.92	-2,444.31
Net Cash flow from Financing Activities	(c) 6,981.90	41,581.09
Net Increase / (Decrease) in Cash and Cash Equivalents	(a+b+c) -6,290.17	5,471.99
Cash and Cash Equivalents as at the beginning of the year	22,170.09	16,698.10
Cash and Cash Equivalents as at the end of the year	15,879.92	22,170.09
	-6,290.17	5,471.99
1 Cash and Cash Equivalents		
Cash balances including imprest	0.73	0.78
Bank Balances with Schedule Banks**	15,879.19	22,169.31
	15,879.92	22,170.09

** Excludes balances in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks / Govt. authorities ₹ 178.63 million
(Previous Year ₹ 177.07 Million)

2) Previous Year's figures have been re-grouped/ re-arranged wherever necessary to conform to the current year's presentation.

As per our report of even date attached

For and on behalf of the Board

For MAHARAJ N. R. SURESH AND Co

Chartered Accountants

Firm Registration No. : 001931S

CA N. R. SURESH

Partner

Membership No. 021661

For GOPALAIYER AND SUBRAMANIAN

Chartered Accountants

Firm Registration No. : 000960S

CA S. SUNDAR

Partner

Membership No. 202725

SUDHIR VASUDEVA

Chairman

P P UPADHYA

Managing Director

B SUKUMAR

Company Secretary

VISHNU AGRAWAL

Director (Finance)

Mumbai : 24th May, 2013

NOTES

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1 Accounting Conventions and Basis of Presentation / Accounting

- 1.1 The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP), the provisions of the Companies Act, 1956 and the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006
- 1.2 All income and expenses to the extent considered receivable / payable with reasonable certainty are accounted for on accrual basis.

2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3 Cash Flow Statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard - 3 issued under the Companies (Accounting Standards) Rules, 2006 and as required by the Securities and Exchange Board of India.

4 Fixed Assets

- 4.1 Land is stated at historical cost less amortisation wherever applicable.
- 4.2 Other Fixed assets are stated at historical cost less accumulated depreciation/ Amortisation and impairment.
- 4.3 Spares received along with the Plant or Equipment and those purchased subsequently for specific machinery and having irregular use are capitalised.
- 4.4 During the period of construction, directly identifiable expenses are capitalised at the first instance and all other allocable expenses are capitalised proportionately on the basis of the value of the assets.
- 4.5 Cost for this purpose includes purchase prices, duties (net of cenvat), taxes, incidental expenses, erection / commissioning expenses, technical knowhow fee, professional fee, interest upto the date the asset is put to use and exchange rate differences arising on long term foreign currency monetary items in so far as they relate to the acquisition of depreciable assets etc.

5 Impairment

Impairment of cash generating units / assets is ascertained and considered where the carrying cost exceeds the recoverable amount being the higher of net realisable amount and value in use.

6 Depreciation / Amortisation

- 6.1 Depreciation on Fixed Assets (including those taken on lease) is provided on Straight Line Method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- 6.2 Cost of leasehold land is amortised over the lease period. Cost of leasehold lands where the transfer of ownership to the company on expiry of the lease period is eventually certain are not amortised.
- 6.3 Depreciation on amounts capitalised on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.
- 6.4 Depreciation on spares, having irregular use and purchased subsequent to the installation of specific machinery is provided prospectively over residual life of the specific machinery and written down value of the spare is charged to Profit and Loss Account as and when replaced.

7 Intangible Assets:

Cost incurred on intangible asset, resulting in future economic benefits are capitalised as intangible assets and amortised on equated basis over the estimated useful life of such assets.

8 Investments

- 8.1 Long term investments are valued at cost. Provision is made for any diminution, other than temporary in the accounts.
- 8.2 Current Investments are valued at lower of cost and fair value.

9 Inventories

Inventories are valued at lower of cost and net realisable 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:

- 9.1 Raw material - on First in First out (FIFO) basis.
- 9.2 Finished Products - at Raw material ,Conversion cost and excise duty.
- 9.3 Stock-in-Process - at Raw material and Proportionate Conversion cost.
- 9.4 Stores, Spares and other trading Goods- on weighted average cost basis

10 Revenue Recognition

- 10.1 Sales are recognised on transfer of custody to customers and includes all statutory levies except Value Added Tax (VAT) and is net of discounts.
- 10.2 Dividend income is recognised when the right to receive the dividend is established.
- 10.3 Interest income is recognised on a time proportion basis
- 10.4 Revenue from sale of scrap are recognised on transfer of custody to customers.
- 10.5 Revenue in respect of Liquidated Damages from contractors/ suppliers is recognised when determined as not payable.
- 10.6 Excise duty recovery from customer is deducted from Turnover (gross). Excise duty differential between closing and opening stock of excisable goods is included under other expenses.

11 Claims

- 11.1 Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated.
- 11.2 Insurance Claims
 - 11.2.1 In case of total loss of asset, on intimation to the insurer, either the carrying cost of the asset or insurance value (subject to deductible excess) whichever is lower is treated as claims recoverable from insurance company. In case insurance claim is less than the carrying cost of the asset, the difference is charged to Profit and Loss account.
 - 11.2.2 In case of partial or other losses, expenditure incurred / payments made to put such assets back into use, to meet the third party or other liabilities (Less deductible excess) if any, are accounted for as claims receivable from insurance company. Insurance Policy Deductible Excess are expensed in the year the corresponding expenditure is incurred'.
 - 11.2.3 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 Profit and Loss account
- 11.3 All other claims and provisions are booked on the merits of each case.

12 Foreign Currency Transactions

- 12.1 Foreign Currency Transactions are accounted for at the exchange rates prevailing on the date of the transactions.
- 12.2 The foreign currency assets / liabilities of monetary items are translated using the exchange rates prevailing on the reporting date.
- 12.3 The exchange differences on translation of foreign currency transactions on the reporting date are recognised as income or expense and adjusted to the profit and loss account except exchange differences arising on reporting of long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets are added to /or deducted from cost of the assets.

12.4 The mark to market losses (net) in respect of un-expired forward contracts entered into to hedge the risk of changes in foreign currency exchange rates on future export sales against the existing contract are recognised in the profit and loss account.

13 Employee Benefits

13.1 All short term employee benefits are recognised at their undiscounted amount in the accounting period in which they are incurred. Employee Benefits under defined contribution plans comprising provident fund and superannuation fund are recognised on the undiscounted obligations of the company to contribute to the plan. The same is paid to Provident Fund Trust authorities and to Life Insurance Corporation of India respectively, which are expensed during the year.

13.2 Employee benefits under defined benefit plans comprising of Gratuity, leave encashment, long service emblem, post retirement medical benefits and other long term retirement benefits are recognised based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial liability in excess of respective plan assets in respect of gratuity is recognised during the year.

13.3 Actuarial gains and losses are recognised in the Profit and Loss account as income or expenses.

13.4 Undiscounted amount of short-term liability on account of un-availed leave is determined and provided for at the year end.

13.5 Provision for Gratuity as per actuarial valuation is funded with a separate trust.

14 Leases

14.1 Lease rentals in respect of finance lease are segregated into cost of assets and interest component by applying the implicit rate of return.

14.2 Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

15 Borrowing Costs

Borrowing costs that are attributable to acquisition, construction or production of qualifying assets, are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit and Loss Account.

16 Research and Development expenditure

Capital expenditure on Research and Development is capitalised under the respective fixed assets. Revenue expenditure thereon is charged to Profit and Loss account.

17 Taxes on Income

17.1 Current tax is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

17.2 Deferred tax is recognised on timing differences between taxable and accounting income/expenditure that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Asset is recognised on the basis of virtual/reasonable certainty about its realisability, as applicable.

17.3 The Carrying amount of Deferred tax assets are reviewed at each balance Sheet date.

18 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities, if material, are disclosed by way of notes. Contingent Assets are neither recognised nor disclosed in the financial statements. .

NOTE 2 SHARE CAPITAL

2.1 Details of Authorised, Issued and Subscribed and Paid up share capital

2.1.1 Share Capital	AS AT 31st March 2013		AS AT 31st March 2012	
	Number	₹ in Million	Number	₹ in Million
Authorised				
Equity Shares of ₹ 10 each	1,900,000,000	19,000.00	1,900,000,000	19,000.00
Redeemable Preference Shares @ 0.01% Non Cumulative, ₹ 10 each (Previous Year ₹ 10 each)	100,000,000	1,000	100,000,000	1,000
Total	2,000,000,000	20,000.00	2,000,000,000	20,000.00
2.1.2 Equity Share Capital				
Issued Subscribed & Paid up				
Equity Shares of ₹ 10 each	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Forfeited Shares		0.65		0.65
Total	1,752,598,777.00	17,526.64	1,752,598,777.00	17,526.64
2.1.3 Preference Share Capital				
Issued Subscribed & Paid up				
Nil (Previous Year 0.01% Non Cumulative, Redeemable Preference Shares of ₹ 5 each)	-	-	9,186,242.00	45.93
Total	-	-	9,186,242.00	45.93
2.1.4 Total Issued, Subscribed & paid Up (2.1.2+2.1.3)	1,752,598,777.00	17,526.64	1,761,785,019.00	17,572.57

Mangalore Refinery and Petrochemicals Limited

2.2 Reconciliation of shares

2.2.1 Equity Shares

	AS AT 31st March 2013		AS AT 31st March 2012	
	Number	₹ in Million	Number	₹ in Million
Shares outstanding at the beginning of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Shares outstanding at the end of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99

2.2.2 Preference Shares

Shares outstanding at the beginning of the year	9,186,242	45.93	9,186,242	91.86
Shares redeemed during the year	9,186,242	45.93	-	45.93
Shares outstanding at the end of the year	-	-	9,186,242	45.93

2.3 Rights, preferences and restrictions attached

Particulars	Equity Shares	Preference Shares
Distribution of Dividend	As approved by Shareholders in AGM	Fixed @ 0.01% on Face Value
Repayment of Capital	Not Applicable	Redemption in two Equal Installment (1st July 2011 and 1st July 2012)

2.4 Shares held by holding or ultimate holding company or its subsidiaries or associates

1,255,354,097 Equity Shares (1,255,354,097 Equity Shares) are held by ONGC Limited, the holding company.

2.5 Details of shareholders holding more than 5% of total shares

2.5.1 Equity Shares

Name of Shareholder	AS AT 31st March 2013		AS AT 31st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Oil and Natural Gas Corporation Limited	1,255,354,097	71.63%	1,255,354,097	71.63%
Hindustan Petroleum Corporation Limited	297,153,518	16.96%	297,153,518	16.96%
IFCI Limited	-	-	7,148,949	77.82%
State Bank of Hyderabad	-	-	2,037,293	22.18%

2.6 No shares are reserved for issue under options and contracts/commitments for the sale of shares/disinvestment

2.7 Convertible securities to equity or preference shares

Name of the security	No. of securities	Terms of conversion	As at 31st March 2013	As at 31st March 2012
			No of Shares	No of Shares
Zero Coupon Bond	-	Convertible into Equity Shares of ₹ 10 each at par upon default in repayment of principle or interest.	-	71,404,618

2.8 Forfeited Shares

AS AT 31st March 2013		AS AT 31st March 2012	
No. of Shares Forfeited	Amount paid up in ₹ Million	No. of Shares Forfeited	Amount paid up in ₹ Million
-	0.65	-	0.65

NOTE 3 RESERVES AND SURPLUS

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
3.1 Capital Redemption Reserve (Refer Note a)		
As per Last Balance Sheet	45.93	-
Transfer from Profit and Loss account	45.93	45.93
Closing Balance	91.86	45.93
3.2 Securities Premium Account		
As per Last Balance Sheet	3,490.53	3,490.53
3.3 General Reserve		
As per Last Balance Sheet	1,192.00	1,192.00
Add : Current Year Transfer	-	-
Closing Balance	1,192.00	1,192.00
3.4 Profit and Loss Account		
As per Last Balance Sheet	49,990.91	42,987.98
Add : Profit / (Loss) for the year	(7,569.11)	9,085.78
Less : Transfer to Capital Redemption Reserves	45.93	45.93
Less : Proposed Dividends on		
Equity Dividend Nil (Previous year ₹ 1.00 per share))	-	1,752.60
Preference Dividend Nil (Previous Year Fixed @ 0.01% on Face Value of each Share)	-	0.00
Tax on Dividend	-	284.32
Closing Balance	42,375.87	49,990.91
Total	47,150.26	54,719.37

Notes

- a Capital redemption Reserve created on Redemption of Preference share capital of ₹ 91.86 Million during 2011-12 and 2012-13.

NOTE 4 LONG TERM BORROWINGS

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
4.1 SECURED		
Term loans : From Banks		
4.1.1 External Commercial Borrowing (ECB) (Refer Note a)	16,293.00	2,576.50
(Secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets both present and future against USD 250 Million.Charge/security is in the process of being created for additional USD 400 Million)		
Terms of Repayment:		
During 2015-16 : ₹ 1,221.98 Million		
During 2016-17 : ₹ 2,036.63 Million		
During 2017-18 : ₹ 7,874.95 Million		
During 2018-19 : ₹ 5,159.44 Million		
	16,293.00	2,576.50
4.2 UNSECURED		
4.2.1 From Others : Term Loan from OADB (Refer Note b)		
Terms of Repayment:		
During 2013-14 : ₹ 1,000.00 Million	7,000.00	4,000.00
During 2014-15 : ₹ 2,000.00 Million		
During 2015-16 : ₹ 2,000.00 Million		
During 2016-17 : ₹ 2,000.00 Million		
During 2017-18 : ₹ 1,000.00 Million		

Mangalore Refinery and Petrochemicals Limited

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
4.2.2 Deferred payment liabilities (Refer Note c)	2,693.51	2,742.62
Terms of Repayment:		
During 2014-15 : ₹ 534.34 Million		
During 2015-16 : ₹ 555.83 Million		
During 2016-17 : ₹ 458.17 Million		
During 2017-18 : ₹ 526.54 Million		
During 2018-19 : ₹ 400.00 Million		
During 2019-20 : ₹ 218.63 Million		
4.2.3 Loans and advances from related parties (Refer Note d)	-	-
Loan 1	-	3,600.00
Loan 2	31,821.40	26,000.00
Terms of Repayment:		
Loan 1		
During 2013-14 : ₹ 3,600.00 Million		
Loan 2		
During 2013-14 : ₹ 1,178.60 Million		
During 2014-15 : ₹ 4,714.40 Million		
During 2015-16 : ₹ 4,714.40 Million		
During 2016-17 : ₹ 4,714.40 Million		
During 2017-18 : ₹ 4,714.40 Million		
During 2018-19 : ₹ 4,714.40 Million		
During 2019-20 : ₹ 4,714.40 Million		
During 2020-21 : ₹ 3,535.00 Million		
Total	41,514.91	36,342.62
	57,807.91	38,919.12

Notes:

- The interest rate for ECB are 6 month LIBOR plus 3.75%, 2.92%, 3.44% and 2.54% on ₹ 8,146.50 Million, ₹ 2,335.33 Million, ₹ 5,431.00 Million and ₹ 380.17 Million respectively. During the year additional sanction of ECB loan is USD 400 Million of which USD 50 million is drawn.
- The interest rate for OADB term loan are 8.89 %,9.04%, 8.73% and 8.98% on ₹ 3,650.00 Million, ₹ 350.00 Million, ₹ 1,250 Million and ₹ 2,750 Million respectively.
- Deferred Payment liability representing Sales Tax deferment is with Nil Interest rate .
- The interest rate on Term loan from related Parties i.e ONGC are 9.00 % and 10.65 % (SBAR minus 3.85%) on ₹ 3,600.00 Million and ₹ 33,000.00 Million respectively.

NOTE 5 DEFERRED TAX LIABILITIES (NET)

The Company has Deferred Tax Liabilities as at 31st March 2013 of ₹ 7,343.14 Million (Previous Year ₹ 4,531.90 Million). The Breakup of Deferred tax Liabilities is as under:

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
5.1 Deferred Tax Liabilities		
WDV Difference on Assets	7,343.28	6,162.27
Total 5.1	7,343.28	6,162.27
5.2 Deferred Tax Assets (Refer Note 31.09)		
43B Disallowances	-	1,395.15
Others	-	235.72
Total 5.2	-	1,630.87
Net Deferred Tax Liabilities (5.1-5.2)	7,343.28	4,531.40

NOTE 6 OTHER LONG TERM LIABILITIES

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
Other Liabilities	0.31	20.29
Total	0.31	20.29

NOTE 7 LONG TERM PROVISIONS

7.1 Employee Benefits

Leave Encashment (unfunded) (Refer Note 31.12.01)	359.01	251.51
Post retirement Medical and Other Benefits (Unfunded) (Refer Note 31.12.01)	92.42	71.87
For Taxation (Net of Advance Tax)	-	219.84
Total	451.43	543.22

NOTE 8 SHORT TERM BORROWINGS

8.1 Secured

Short term Loan From Banks : Working Capital

(Secured by way of hypothecation of Company's stocks of raw materials, finished goods, stock-in-process, stores, spares, components, book debts, outstanding moneys receivable, claim, bills, contracts, engagements, securities, both present and future and further secured/to be secured by residual charge on Company's immovable and movable properties (save and except Current Assets) both present and future, ranking pari passu inter se and including a lien over Company's Fixed Deposit amounting to Nil (Previous Year Nil))

41.83 47.13

41.83 47.13

8.2 Unsecured

a External borrowing

Short term Loan From Banks : Buyers Credit

11,948.20 18,550.80

11,948.20 18,550.80

Total 11,990.03 18,597.93

NOTE 9 TRADE PAYABLES

Trade Payables

Outstanding dues to Micro & Small Enterprises

- -

Outstanding dues to other than Micro & Small Enterprises

109,607.64 111,046.60

Total 109,607.64 111,046.60

NOTE 10 OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Secured) (Refer Note a)

- 714.05

(Secured By Equitable mortgage over the immovable properties, both present & future and also by hypothecation over the present and future movable properties. These Rupee Term Loans are convertible into Equity Shares in case of default in repayment of loans.)

Current maturities of long-term debt (UnSecured) (Refer note 4.2.1 & 4.2.3)

5,778.60 3,600.00

Unpaid dividends (Refer Note b)

156.37 155.79

Interest on Matured Debentures (Refer Note c)

0.19 0.19

Deposits from Suppliers/Contractors/Others

103.48 90.15

Liability for Gratuity (Refer note d)

95.14 32.16

Payable against Capital goods (Refer Note 31.21)

3,643.75 3,113.01

Mangalore Refinery and Petrochemicals Limited

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
Liability for Statutory Payments	602.99	636.46
Liability for Employees	74.08	235.48
Interest Accrued but not due	116.94	70.00
Payable to Oil Companies on refund from Commercial taxes	2,884.48	2,884.48
Others payables	674.90	1,284.88
Total	14,130.92	12,816.65

Notes

- a Rupee Term Loan from banks represents ZERO Coupon Loan (Nil Interest rate) .
- b No amount is due for payment to Investor Education Protection Fund.
- c Provision for Interest towards disputed Claims
- d Net of amount receivable/ payable from Gratuity trust

NOTE 11 SHORT TERM PROVISIONS

11.1 Employee Benefits

For Leave (Unfunded) (Refer Note 31.12.01)	33.31	38.68
For Post retirement Medical and Other Benefits (Unfunded) (Refer Note 31.12.01)	3.67	4.24

11.2 Others

For Dividend	-	1,752.60
For Corporate Dividend Tax	-	284.32
Others (Refer Note a)	966.78	698.68
Total	1,003.76	2,778.52

Notes

The company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March 2013 and for 31st March 2012 for ₹ 961.75 Million and ₹ 692.71 Million respectively.

NOTE 12 FIXED ASSETS

	Fixed Assets	Refer Note	Useful Life in Years	Gross Block				Depreciation/ Amortisation				Net Block	
				As at 01-04-2012	Additions	Deductions/ Adjustments	As at 31-03-2013	As at 01-04-2012	Charge for the year	Deductions/ Adjustments	As at 31-03-2013	As at 31-03-2013	As at 31-03-2012
				₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million	₹ in Million
12.1	Tangible Assets												
	Land : Freehold			17.65	-	-	17.65	-	-	-	-	17.65	17.65
	Land under lease	a , b		269.24	-7.76	-	261.48	0.53	0.08	-	0.61	260.87	268.71
	Buildings			3,342.44	371.25	-	3,713.69	730.12	72.37	-	802.49	2,911.20	2,612.32
	Plant and Equipment	c , d		85,996.75	22,997.13	39.70	108,954.18	48,633.96	5,910.20	31.57	54,512.59	54,441.59	37,362.79
	Furniture and Fixtures			120.36	27.03	1.68	145.71	68.64	8.45	1.25	75.84	69.87	51.72
	Vehicles			198.79	4.02	95.47	107.34	69.03	15.79	44.82	40.00	67.34	129.76
	Total Tangible Assets			89,945.23	23,391.67	136.85	113,200.05	49,502.28	6,006.89	77.64	55,431.53	57,768.52	40,442.95
12.2	Intangible Assets												
	Goodwill	e	10	20.13	-	-	20.13	10.06	2.01	-	12.07	8.06	10.07
	Computer software		10	4.47	-	-	4.47	1.89	0.45	-	2.34	2.13	2.58
	Computer software		3	95.28	-	-	95.28	36.97	31.77	-	68.74	26.54	58.31
	Computer software		7	0.81	-	-	0.81	0.33	0.12	-	0.45	0.36	0.48
	Computer software		4	7.39	-	-	7.39	5.44	1.24	-	6.68	0.71	1.95
	Licenses and franchise		3	56.50	-	-	56.50	56.50	-	-	56.50	-	-
	Total Intangible Assets			184.58	-	-	184.58	111.19	35.59	-	146.78	37.80	73.39
	Total			90,129.81	23,391.67	136.85	113,384.63	49,613.47	6,042.48	77.64	55,578.31	57,806.32	40,516.34
	Previous Year			76,116.99	14,122.11	80.71	90,158.39	45,298.78	4,396.74	51.37	49,644.15	40,514.24	30,818.21
12.3	Capital Work In Progress	f										75,544.81	70,891.74

Notes

- a Includes ₹ 253.74 Million (Previous Year ₹ 261.50 Million) which has not been amortised in view of the fact that eventually the ownership will get transferred to the Company on expiry of the lease period, of which ₹ 11.52 Million (Previous Year ₹ 11.52 Million) is in the process being surrendered to Competent Authority. Net Block ₹ 11.52 Million (Previous Year ₹ 11.52 Million).
- b Includes land value ₹ 40.34 Million (Previous Year ₹ 29.99 Million), which is in possession of the company towards which formal lease deeds are yet to be executed. Net Block ₹ 40.34 Million (Previous Year ₹ 29.92 Million)
- c Includes ₹ 782.98 Million (Previous Year ₹ 782.98 Million) being Company's share of an asset jointly owned with another Company. Net Block ₹ 79.39 Million (Previous Year ₹ 120.73 Million).
- d Includes Office Equipments
- e Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired.
- f Capital Work In Progress (Including Project expenses to be Capitalised appropriately)

(₹ in Million)

Particulars	AS AT		AS AT	
	31/3/2013	31/3/2013	31/3/2012	31/3/2012
Capital Work-in-Progress		93,045.76		82,913.95
Project expenditure to be Capitalised appropriately				
Salaries, Wages & Gratuity	617.15		499.72	
Contribution to P.F. & Superannuation Fund	77.07		63.81	
Staff Welfare Expenses	0.41		0.41	
Rates & Taxes	2.95		2.77	
Insurance	479.59		361.99	
Miscellaneous Expenses	156.80		132.46	
ERV Loss/ (gain)	-30.73		26.14	
Interest and Finance Cost	4,478.57		889.56	
Depreciation	9.79	5,791.60	8.02	1,984.88
Total		98,837.36		84,898.83
Less : Amount Capitalised to Fixed assets during the year		23,292.55		14,007.09
Net Capital Work-in-Progress		75,544.81		70,891.74

g Depreciation provided during the year includes:

- i Charged to Profit & Loss Account : ₹ 6,044.10 Million (Previous Year ₹ 4,338.73 Million)
- ii Charged to Adjustments related to Prior Period (Net) : Nil (Previous Year ₹ 55.07 Million)
- iii Charged to Capital Work in Progress: ₹ 1.76 Million (Previous Year ₹ 3.27 Million)
- iv Charged to Fixed Assets held for sale: ₹ 3.38 Million (Previous Year ₹ 0.33 Million)
- h Assets not in use and held for sale is shown as Other current Assets and valued at lower of cost or estimated realisable value.

NOTE 13 NON CURRENT INVESTMENTS

Particulars	AS AT	AS AT
	31st March 2013	31st March 2012
	₹ in Million	₹ in Million
Trade Investments (Long term Investments)		
Investment in Equity instruments : Unquoted at Cost		
Shell MRPL Aviation Fuels and Services Limited.(1,50,00,000 Equity Shares of ₹ 10 each fully paid (Previous year ₹ 10 each)) (Refer Note a)	150.00	150.00
ONGC Mangalore Petrochemicals Ltd.(1,500 Equity Shares of ₹ 10 each fully paid (Previous year ₹ 10 each)) (Refer Note b)	0.02	0.02
Total	150.02	150.02
Notes		
a Shell MRPL Aviation Fuels and Services Limited.	Joint Venture	
b ONGC Mangalore Petrochemicals Ltd.	Associate	

Mangalore Refinery and Petrochemicals Limited

NOTE 14 LONG TERM LOANS AND ADVANCES

(Unsecured and Considered good unless and otherwise stated)

	AS AT 31st March 2013		AS AT 31st March 2012	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
14.1 To related Party				
Advance towards Equity share		600.49		600.98
14.2 Others				
Capital Advance		2,434.82		6,755.03
Employee Advance				
Secured, considered good (Refer Note a)	194.79		119.21	
Secured, considered doubtful	0.81		0.81	
Less: Provision for doubtful loans and advances	0.81	194.79	0.81	119.21
Deposits with Custom, Port etc		0.01		0.01
Income Tax Paid (Net of Provision)		1,016.77		-
Deposit with Others				
Unsecured, considered good	452.33		433.99	
Unsecured, considered doubtful	3.40		4.35	
Less: Provision for doubtful loans and advances	3.40	452.33	4.35	433.99
Total		4,699.21		7,909.22

Notes

- a Includes loans having repayment schedule of more than 7 years
Employee Advance stated above includes :

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
Directors	1.09	1.23
	1.09	1.23

NOTE 15 OTHER NON CURRENT ASSETS

Accrued Interest On Employees Loan scheme	25.61	21.40
Income Tax Paid Under Disputes	948.74	1000.92
Total	974.35	1,022.32

Note 16 CURRENT INVESTMENTS

Non Trade

Investment in government securities : Unquoted at cost

7% GOI Oil Bonds, 2012	-	272.78
(Nil (Previous year 27,278 bonds ₹ 10,000 each fully paid))		

Total	-	272.78
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Note 17 INVENTORIES

	AS AT 31st March 2013		AS AT 31st March 2012	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Raw Materials	7,257.03		19,430.50	
Raw Material in transit	25,521.18	32,778.21	35,179.34	54,609.84
Stock -in- Process		2,351.30		1,961.45
Finished goods	30,699.58		19,927.90	
Less : Provision for Stock Loss	5.91	30,693.67	5.91	19,921.99
Stores and spares	1,246.15		1,638.87	
Stores and spares in transit	168.76		129.09	
Less : Provision for Slow/Non Moving Inventories	85.48	1,329.43	85.48	1,682.48
Total		67,152.61		78,175.76

NOTE 18 TRADE RECEIVABLES

Trade Receivables (Unsecured)

	AS AT 31st March 2013 ₹ in Million	AS AT 31st March 2012 ₹ in Million
Due for a period less than six months		
Considered good	39,697.11	32,205.60
Considered doubtful	48.70	12.62
Less: Provision for doubtful debts	48.70	12.62
	39,697.11	32,205.60
Due for a period exceeding six months		
Considered good	29.86	2,387.06
Considered doubtful	665.73	617.33
Less: Provision for doubtful debts	665.73	617.33
	29.86	2,387.06
Total (Refer note a)	39,726.97	34,592.66

Notes

Above includes ₹ 963.31 Million (Previous year ₹ 780.00 Million) backed by Bank Guarantee.

NOTE 19 CASH AND BANK BALANCES

	AS AT 31st March 2013		AS AT 31st March 2012	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
19.1 Cash & Cash Equivalents				
Balances With Banks				
Current Accounts	195.89		9.89	
Deposit Accounts : Upto 3 Months Maturity	14,683.30	14,879.19	16,469.42	16,479.31
Cash on Hand including Imprest (Refer Note a)		0.73		0.78
19.2 Other Bank balances				
Deposit Accounts : 3 to 12 months maturity	1,000.00		5,690.00	
Unpaid Interest on debentures Account	0.19		0.19	
Unpaid Dividend Account	156.38		155.79	
Employee Benevolent Fund	5.62		4.87	
Deposit with Statutory Authorities as security deposit	16.44	1,178.63	16.22	5,867.07
		16,058.55		22,347.16

Notes

Includes Gold Coins valued ₹ 0.34 Million (Previous year ₹ 0.60 Million)

Mangalore Refinery and Petrochemicals Limited

NOTE 20 SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered good unless and otherwise stated)

	AS AT 31.03.2013	AS AT 31.03.2012
	₹ in Million	₹ in Million
20.1 To related party		
Other Advances	12.45	25.06
20.2 To others		
Balance with Custom, Port Trust etc.	3,032.34	3,063.05
Security Deposits with Customer		
Considered doubtful	7.52	7.52
Less: Provision for doubtful Deposits	7.52	-
Advance to Employees	25.98	64.37
Other Deposits	1,678.11	2,207.25
Total	4,748.88	5,367.25

Advance to Employees stated above includes :

	AS AT 31.03.2013	AS AT 31.03.2012
	₹ in Million	₹ in Million
Other officers of the Company	0.72	0.50
Total	0.72	0.50

NOTE 21 OTHER CURRENT ASSETS

Other current assets		
Interest Accrued but not due on Bank Deposits	72.45	218.32
Claim Receivable from Insurance Company	0.05	0.02
Fixed Assets held for sale	77.96	82.08
Total	150.46	300.42

NOTE 22 REVENUE FROM OPERATIONS

22.1 Sale of products	688,335.61	572,067.55
22.2 Other operating revenues		
Sale Of Scrap	27.38	21.43
Income From Retail Outlet	0.35	0.67
Tender form Sale	0.52	0.79
Liquidated Damages	14.16	38.27
Taxable Services	4.61	8.17
Total	47.02	69.33
Total	688,382.63	572,136.88

NOTE 23 OTHER INCOME

	For the Year ended 31.03.2013 ₹ in Million	For the Year ended 31.03.2012 ₹ in Million
23.1 Interest Income		
On Bank Deposit (Tax Deducted at Source ₹ 88.38 Million (Previous Year ₹ 274.25 Million)	533.21	2,586.34
On Inter Corporate Deposit (Tax Deducted at Source ₹ 4.07 Million (Previous Year ₹ 18.40 Million)	40.68	184.03
From Direct Marketing Customer	77.66	47.78
On Contractor Mobilisation Advance	98.42	122.02
On Employees Loan Scheme	10.49	11.94
On Oil Bonds	8.34	19.09
On Others	0.90	0.75
Total	769.70	2,971.95
23.2 Dividend Income		
Dividend received on UTI Investments (Short Term Investments)	120.87	319.46
Dividend received on Shell Investments (Long Term Investment)	15.00	-
23.3 Miscellaneous Income		
Liability no longer required written back	140.39	28.10
Excess Provisions written back	16.04	33.00
Recoveries from Employee	4.85	4.32
Insurance Claim	-	88.46
Miscellaneous Receipts	46.49	28.47
Total	207.77	182.35
Total	1,113.34	3,473.76

NOTE 24 INCREASE (-) / DECREASE IN STOCK

24.1 Closing Stock of:		
Finished Goods	30,699.58	19,927.90
Stock -in- Process	2,351.30	1,961.45
Total Closing Stock	33,050.88	21,889.35
24.2 Opening Stock of:		
Finished Goods	19,927.90	17,972.51
Stock -in- Process	1,961.45	2,414.79
Total Opening Stock	21,889.35	20,387.30
Increase (-) / Decrease in Stock	-11,161.53	-1,502.05

NOTE 25 EMPLOYEE BENEFIT EXPENSES

Salaries and Wages	1,327.33	1,234.90
Contribution to Provident and Other Funds	165.95	149.99
Staff Welfare Expenses	75.83	79.22
Provision for Leave	155.72	76.44
Provision for Gratuity	95.06	32.65
Provision for Post - Retirement, Medical and other long term benefits	25.71	35.63
Total	1,845.60	1,608.83

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NOTE 26 FINANCE COST

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
	₹ in Million	₹ in Million
Interest expense	2,179.07	1,332.26
Other borrowing costs	315.45	561.10
Net(Gain)/ Loss on Foreign Currency transactions and translation		
Exchange (gain)/ loss (net)	791.01	173.41
Total	3,285.53	2,066.77

NOTE 27 DEPRECIATION AND AMORTISATION EXPENSE

On Tangible Assets	6,008.89	4,309.03
On Intangible Assets	35.21	29.70
Total	6,044.10	4,338.73

NOTE 28 OTHER EXPENSES

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
	₹ in Million	₹ in Million
28.1 Other Expenses		
Power & Fuel	36,195.98	27,769.09
Less : Own Consumption	35,929.32	27,649.37
		119.72
Repairs and Maintenance		
Plant and Machinery	659.39	790.49
Building	37.55	34.63
Others	217.92	173.91
	914.86	999.03
Stores, Spares and Chemical Consumed	990.89	950.11
Less : Shown Under Other Heads	305.63	413.19
	685.26	536.92
Packing Material Consumed	76.71	91.37
Rent	54.09	57.86
Insurance	136.00	91.59
Rates and Taxes	517.20	523.75
Excise Duty on Stock (Net)	217.99	-606.16
Exchange Rate Fluctuation Loss	5,364.91	6,482.20
Director's Sitting Fees	0.90	0.80
Loss on Sale of Fixed Assets	28.79	11.37
Miscellaneous Expenses	971.08	762.76
Total	9,234.45	9,071.21
28.2 Provisions		
For Doubtful Debts	84.48	-
For Doubtful Advances/ Deposits	7.52	-
For Slow/Non Moving Inventory	-	1.68
Total	92.00	1.68

		For the Year ended 31.03.2013 ₹ in Million	For the Year ended 31.03.2012 ₹ in Million
28.3	Write Offs		
	For Doubtful Advances	0.42	-
	Total	0.42	-
28.4	Prior Period Items (Net)		
	Depreciation(Net)	-	55.07
	Repairs and Maintenance	-	6.75
	Salary & Wages	2.39	0.86
	Miscellaneous Expenses	-72.03	-1.65
	Sales	-25.49	2.06
	Others	41.26	-41.27
	Total	-53.87	21.82
	Grand Total (28.1+28.2+28.3+28.4)	9,273.00	9,094.71
NOTE 29	EXCEPTIONAL ITEMS (Refer Note 31.08)		
	Cost of materials consumed	-325.04	-
	Miscellaneous Expenses	-119.50	-
	Total	-444.54	-

NOTE 30 EARNINGS PER EQUITY SHARE

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Numerator : Net Profit (₹ in Million)		
Basic	-7,569.11	9,085.78
Diluted	-7,569.11	9,085.78
Denominator : Average number of Equity Shares outstanding during the year		
Basic	1,752,598,777	1,752,598,777
Diluted	1,770,157,289	1,837,898,633
Nominal value Per Share	₹ 10 each	₹ 10 each
Earning Per Share (in ₹)		
Basic (₹)	-4.32	5.18
Diluted (₹)	-	4.94
Reconciliation of Basic and Diluted Earning Per Share		
Net Profit (₹ in Million)	-7,569.11	9,085.78
Add : Interest on diluted portion of loans (Net of Tax) (₹ in Million)	-	-
Total	-7,569.11	9,085.78
Average No of Equity Shares	1,752,598,777	1,752,598,777
Number of Share in respect of loans having conversion clause	17,558,512	85,299,856
Average No of Equity Shares for Diluted Earnings per share	1,770,157,289	1,837,898,633

Note: Diluted EPS for the year ended 31st March 2013 is not given because Potential Equity Shares are anti Dilutive

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NOTE :31 OTHER DISCLOSURES

31.01 Intangible Assets - Research & Development (AS-26)

The company during the year has carried out activities relating to Gas Chromatographic methods development, Bitumen Emulsion formulations, Reduction of Phenolic and Sulphidic odour in the spent caustic, Ammoniacal and nitrate Nitrogen reduction in the treated effluent, Detailed Crude assay analysis, Crude Compatibility Study, Synthesis of value added product for HSD lubricity improving application, as a part of its R & D activities and has incurred expenditure as mentioned below. These expenditure are booked in respective natural heads of expenditure

(₹ in Million)

Particulars	Revenue Expenditure	Capital Expenditure	Total
R & D Expenditure	4.66	Nil	4.66
	(2.91)	(11.25)	(14.16)

Note: Figures in brackets represent previous year figure.

31.02 Effects of changes in Foreign Exchange Rates (AS 11)

Pursuant to Notification no GSR (914)E dated 29th December 2011 issued by MCA, the Company has opted to adjust exchange difference arising on reporting of long term foreign currency monetary items, in so far as, they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment over the balance life of the assets from the financial year ending 31st March 2012.

Pursuant to Notification No. 17/133/2008-CL-V dated 9th August 2012 issued by MCA, the Company capitalised the exchange differences including for the period subsequent to the completion of construction of assets. Had this not been followed, the exchange differences amounting to ₹ 3.13 million relating to capitalized assets would have been credited to Profit and Loss Account and Fixed Assets would have been higher to that extent for the year ended 31st March 2013.

31.03 Employee Benefits (AS-15)

31.03.01 Brief Description: A general description on the type of Defined Benefit Plans are as follows:

a Earned Leave Benefit (EL):

Accrual – 32 days per year

Accumulation up to 300 days allowed

EL accumulated in excess of 15 days is allowed for encashment while in service provided the EL encashed is not less than 5 days

b Sick Leave (SL):

Accrual – 10 days per year

Encashment while in service is not allowed

Encashment on retirement is permitted and entire accumulation is allowed for encashment

c Gratuity:

15 days salary for every completed year of service. Vesting period is 5 years and the payment is restricted to ₹ 1 million.

d Long Service Emblem:

On completion of each milestone of service from the date of joining and also at the time of retirement, employees will be gifted with Gold Coin, weight depends on the milestone of service completed.

e Post Retirement Medical Benefits:

After retirement, on payment of one time lump sum contribution, the superannuated employee and his/her dependent spouse and dependent parents will be covered for medical benefit as per the rules of the Company.

f Retirement Benefits:

At the time of superannuation, employees are entitled for reimbursement of expenses towards travel, transportation of personal effects from their place of retirement to the new location upto certain limits depending on the designation of the employee at the time of retirement and one month's salary as settling allowance.

31.03.02 The following contributions to Defined Contributions Plans are treated as expenses during the year: (₹ in Million)

Defined Contribution Plan	Expenses recognised during 2012-13	Contribution to Key Management Personnel
Employer's contribution to Provident Fund	105.05 (92.99) [120.57]	0.38 (0.47) [0.33]
Employer's contribution to Superannuation Fund	58.73 (55.07) [44.68]	0.48 (0.59) [0.41]

31.03.03 The amount recognised in the Balance Sheet for post employment benefit plans are as under: (₹ in Million)

SI No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefit (Unfunded)	Other Retirement Benefits (Unfunded)
1	Present value of Funded Obligation	402.28 (294.21) [254.34]	-	-
2	Fair Value of Plan Asset	307.22 (261.55) [183.09]	-	-
3	Present Value of Unfunded Obligation	-	43.61 (35.60) [16.74]	8.55 (6.61) [6.04]
4	Unrecognised Past Service Cost	-	-	-
5	Net Liability	95.06 (32.66) [71.25]	43.61 (35.60) [16.74]	8.55 (6.61) [6.04]

31.03.04 The amount included in the fair value of plan assets of gratuity fund are as follows:

Defined Contribution Plan	2012-13	2011-12	2010-11
Reporting Enterprise's own financial instruments	Nil	(Nil)	[Nil]
Any Property occupied by, or other assets used by the reporting enterprise	Nil	(Nil)	[Nil]

31.03.05 Reconciliation showing the movements during the period in the net liability recognised in the balance sheet:

(₹ in Million)

Sl. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Opening defined benefit obligation	294.21 (254.34) [175.15]	35.60 (16.74) [16.74]	6.61 (6.04) [6.28]
2	Service Cost	22.82 (20.81) [15.25]	2.10 (18.36) [1.01]	0.74 (0.19) [0.17]
3	Interest Cost	25.74 (20.98) [14.93]	3.11 (1.38) [1.35]	0.58 (0.50) [0.46]
4	Actuarial Losses / (Gains)	70.61 (8.89) [56.63]	5.75 (-0.65) [-0.72]	1.37 (0.14) [0.46]
5	Liability transfer in	Nil (0.36) [Nil]	-	-
6	Benefits paid	-11.10 (-11.18) [-7.62]	-2.95 (-0.23) [-1.64]	-0.75 (-0.26) [-1.33]
7	Closing defined benefit obligation	402.28 (294.21) [254.34]	43.61 (35.60) [16.74]	8.55 (6.61) [6.04]

31.03.06 The total expenses recognised in the statement of profit and loss are as follows:

(₹ in Million)

Sl. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Current Service Cost	22.82 (20.81) [15.25]	2.10 (1.13) [1.01]	0.74 (0.20) [0.17]
2	Interest on obligation	25.74 (20.98) [14.93]	3.11 (1.38) [1.35]	0.58 (0.50) [0.46]
3	Expected return on plan assets	-23.54 (-16.48) [-15.42]	- - -	- - -
4	Net actuarial losses / (gains) recognised in the year	69.47 (4.82) [56.50]	5.75 (-0.64) [-0.72]	1.37 (0.14) [0.46]
5	Past Service Cost	- (-) [-]	- (17.22) [-]	- (-) [-]
6	Losses / (Gains) on curtailments and settlements	-	-	-
7	Total included in 'employee benefit expenses'	94.49 (30.13) (71.26)	10.96 (19.09) (1.64)	2.69 (0.84) (1.09)
8	Actual return on plan assets	24.69 (20.55) [15.56]	- - -	- - -

31.03.07

Statement of Reconciliation of balance of Fair value of Plan Assets in respect of Gratuity :-

(₹ in Million)

Sl. No.	Particulars	31.03.2013	31.03.2012	31.03.2011
1	Fair Value of Plan Assets at the beginning of the period	261.55	183.09	144.36
2	Expected return on plan assets	23.54	16.48	15.42
3	Contributions	32.08	68.74	30.79
4	Transfer from other Company	Nil	0.36	Nil
5	(Transfer to other Company)	Nil	Nil	Nil
6	(Benefit Paid)	(11.10)	(11.18)	(7.62)
7	Actuarial gains/ (losses) on Plan Assets	1.15	4.07	0.14
8	Fair Value of Plan Assets at the end of the period	307.22	261.55	183.09

31.03.08

Other disclosures

(₹ in Million)

Gratuity	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of Funded obligation as at the end of the period	402.28	294.21	254.34	175.15	140.25
Fair value of plan assets as at the end of the period	307.22	261.55	183.09	144.36	81.50
Surplus/(Deficit)	95.06	32.66	71.25	30.79	58.75
Experience Adjustment on plan liabilities loss/(gains)	10.12	24.33	65.37	22.95	-4.64
Experience Adjustment on plan assets (loss) /gains	1.15	4.07	0.14	(0.67)	0.98
Post retirement Medical Benefits	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of Unfunded obligation as at the end of the period	43.61	35.60	16.74	16.74	8.08
Experience Adjustment on plan liabilities (loss)/gain	1.65	1.29	-0.28	8.64	0.36
Other Retirement Benefits	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Present value of Unfunded obligation as at the end of the period	8.55	6.61	6.04	6.28	5.64
Experience Adjustment on plan liabilities (loss)/gain	1.10	0.28	0.56	0.79	0.45

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31.03.09 Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

(₹ in Million)

Sl. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Discount Rate	8.25% (8.75%) [8.25%]	8.25% (8.75%) [8.25%]	8.25% (8.75%) [8.25%]
2	Expected return on plan assets previous	9.00%	-	-
3	Expected return on plan assets Current	8.70%	-	-
4	Annual increase in premium of med claim policy	-	NA NA [5.00%]	-
5	Annual increase in Salary	6.00% (5.00%) [5.00%]	-	6.00% (5.00%) [5.00%]

31.03.10 Gratuity (Funded) Defined Benefit Obligation - Category of Plan Assets

(₹ in Million)

Sl. No.	Particulars	2012-13	2011-12	2010-11
1	Government of India Bonds	154.28	129.96	88.18
		50.22%	49.69%	48.17%
2	Corporate Bonds	139.01	120.83	88.48
		45.25%	46.20%	48.32%
3	Others	13.94	10.76	6.43
		4.54%	4.11%	3.51%
4	Total	307.23	261.55	183.09
		100.00%	100.00%	100.00%

31.03.11 Sensitivity of Post Retirement Medical Expenses

(₹ in Million)

Sl. No.	Particulars	2012-13	2011-12	2010-11
1	Change in Liability for 1% increase in discount rate	-5.75	-1.71	-0.80
2	Change in Liability for 1% decrease in discount rate	7.15	1.94	0.91
3	Change in Service Cost for 1% increase in discount rate	-	-0.06	-0.06
4	Change in Service Cost for 1% decrease in discount rate	-	0.12	0.12

Note: Figures in parenthesis () represents figure of 2011-12 and [] represents figures of 2010-11

31.04

Borrowing Costs (AS-16)

Amount of borrowing costs capitalised during the year ₹ 3,589.01 million (Previous year ₹ 889.56)

31.05

Segment Reporting (AS 17)

Segment wise Revenue, Results and Capital Employed

(₹ in Million)

Sl. No.	Particulars	31.03.2013 Audited	31.03.2012 Audited
1	Segment Revenue		
	A. Domestic Sale	323,511.06	303,450.23
	B. Export Sale	333,404.10	234,183.20
	Net Sales / Income from Operations	656,915.16	537,633.43
2	Segment Result Profit / (Loss) before tax and interest from each segment		
	A. Domestic	2,339.80	8,166.30
	B. Export	1,210.10	10,798.48
	Total	3,549.90	18,964.78
	Less:		
	i. Interest Payment	3,285.53	2,066.77
	ii. Other unallocable expenditure net of unallocable income	5,032.83	3,695.98
	Profit / (loss) before Tax and Extraordinary Items	-4,768.46	13,202.03
	Extraordinary Items	-	
	Profit / (loss) before Tax	-4,768.46	13,202.03
3	Capital Employed (Segments Assets- Segment Liabilities)		
	A. Domestic Sale	25,416.82	24,325.36
	B. Export Sale	14,312.60	10,267.30
	Total	39,729.42	34,592.66
	Unallocated	24,947.48	37,699.28
	Total Capital Employed	64,676.90	72,291.94
	Capital Expenditure	27,872.91	44,983.61
	Depreciation & Amortisation	6,045.86	4,397.07
	Other Non cash Expenses	337.52	1,640.26

31.06

Related Party Disclosure (AS-18)

31.06.01

The Company is a state controlled enterprise and the transactions with other state controlled enterprises are not required to be disclosed as per AS-18.

31.06.02

Key Management Personnel:

- (i) Shri. U.K.Basu, Managing Director (upto 30/06/2012) Remuneration - ₹ 34,52,847/-
- (ii) Shri P.P.Upadhyaya, Managing Director (from 01/07/2012 with additional charge as Director (Technical)) Remuneration - ₹ 41,81,373/-
- (iii) Shri Vishnu Agrawal, Director (Finance) Remuneration - ₹ 31,28,003/-

31.06.03 Related Party details:

(₹ in Million)

Particulars	ONGC Mangalore Petrochemicals Limited	Shell MRPL Aviation Fuels & Services Limited	Mangalam Retail Services Limited	Mangalore SEZ Limited	Petronet MHB Limited
Relationship	Associate	Joint Venture	Joint Venture	Associate	Associate
Sale of Products	Nil (Nil)	4,022.24 (4647.31)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Transportation charges payable	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	-39.72 (-37.96)
Reimbursement of expenditure by MRPL	1.01 (Nil)	Nil (Nil)	Nil (Nil)	1.33 (-2.38)	Nil (Nil)
Salary and other establishment related expenses incurred by MRPL reimbursable by JV/ Associate.	6.74 (18.40)	0.29 (0.78)	Nil (Nil)	3.53 (3.82)	24.54 (24.08)
Advance against Equity investment in JV / Associates	599.99 (599.99)	Nil (Nil)	0.05 (1.00)	Nil (Nil)	Nil (Nil)
Amount receivable/ adjustable as on 31st March 2013.	12.45 (25.06)	406.91 (408.47)	Nil (Nil)	133.55 (131.54)	Nil (Nil)
Amount payable/ adjustable as on 31st March, 2013.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	1.83 (8.55)

Note : Figures in brackets represent previous year figure.

31.07 Leases (AS-19)

- 31.07.01 The company has taken various premises under cancellable operating lease.
- 31.07.02 These lease agreements are normally renewed on expiry of the term.
- 31.07.03 Lease rental expenses for the year ended 31st March, 2013 in respect of above operating leases are ₹ 35.06 Million (pre. year ₹ 34.75 Million)

31.08 Exceptional Items

- 31.08.01 Pursuant to the order of Tariff Authority for Major Ports (TAMP) no TAMP/22/2012-NMPT dated 1st April 2013 notified in Gazette of India dated 12th April 2013 fixing the wharfage rates for the years 2002-03 to 2008-09, the Company has recognised ₹ 444.54 Million as receivable from NMPT and the same is considered as income under Exceptional items. (Refer Note No. 29)

31.09 Deferred Tax

- 31.09.01 The company has not recognized deferred tax assets amounting to ₹ 5,792.10 Million in the absence of virtual certainty (Refer Note No. 5)

31.10 Financial Reporting of Interests in Joint Ventures (AS-27)

(₹ in Million)

Particulars	Shell MRPL Aviation Fuel Services Limited		Mangalam Retail Services Limited	
Proportion of the ownership interest	50%		45%	
Country of incorporation	India		India	
Aggregate amount of interest in Joint Venture (MRPL's share)	2012-13 (Audited)	2011-12 (Audited)	2012- 13 (Un Audited)	2011-12 (UnAudited)
Assets	1473.89	864.98	0.60	0.91
Liabilities	1,188.61	612.15	0.25	0.01
Income	2478.54	2635.55	0.21	Nil
Expenditure including Tax Expenses	2,432.04	2,570.33	0.02	Nil
Contingent Liabilities	Nil	Nil	Nil	Nil
Capital Commitments	Nil	Nil	Nil	Nil

31.11 Provisions, Contingent Liabilities and Contingent Assets (AS -29)

31.11.01 Movement in Provisions

(₹ in Million)

Year	2012-13		2011-12	
Particulars	Debtors	Others	Debtors	Others
Opening Balance	629.95	96.55	660.65	98.25
Add : Provision made during the year	84.48	7.52	-	1.68
Less: Provision written back/reclassified/ reduction during year	-	0.95	30.70	3.38
Closing Balance	714.43	103.12	629.95	96.55

31.12 Provisions, Contingent Liabilities and Contingent Assets (AS -29)

31.12.01 Employee Benefits

(₹ in Million)

Year	2012-13		2011-12	
Particulars	Leave	Other benefits	Leave	Other benefits
Opening Balance	290.19	76.11	243.81	41.68
Add : Provision made during the year	155.72	25.71	76.44	35.63
Less: Provision written back/reclassified/ reduction during year	53.59	5.73	30.06	1.20
Closing Balance	392.32	96.09	290.19	76.11

Mangalore Refinery and Petrochemicals Limited

31.12.02 Contingent Liabilities not provided for in respect of :

- a Corporate Guarantee given by the Company towards loan of ₹ 3,372.30 Million sanctioned by certain bankers / financial institutions to New Mangalore Port Trust (NMPT) for construction of Jetties. Amount outstanding as at the close of the year ended 31st March, 2013, after adjusting the repayment made by NMPT is ₹ Nil (Previous Year ₹ Nil).

b Claims against the Company not acknowledged as debt :

(₹ in Million)

Sr. No.	Particulars	As on 31.03.2013	As on 31.03.2012
1	Claims of Contractors / vendors in Arbitration / Court		
	Some of the contractors for supply and installation of equipment have lodged claims on the company seeking revision of time of completion without liquidated damages, extended stay compensation and extra claims etc., which are contested by the company as not admissible in terms of the provisions of the respective contracts. In case of unfavourable awards the amount payable would be capitalised ₹ 327.39 million / Reimbursable ₹ 37.63 million [Previous year ₹ 306.73 million and ₹ 37.63 million respectively]	365.02	344.36
2	Claims / counter claims of Customers		
(a)	The company and the customer had filed a petition before the H'ble High Court, Mumbai on 16.08.2012 for withdrawal of case on account of amicable settlement.	-	18.85
(b)	One of the customers has lodged a claim for damages for pre-closure of the contract. The company has disputed the claim basis Force Majeure condition. In case of non acceptance of the stand taken by the company the amount will be debited to the Profit & Loss account.	85.20	85.20
3	Others		
(a)	The New Mangalore Port Trust (NMPT) has claimed from the company notified wharfage charges for handling cargo at oil berths for the period beyond MOU (berth No 10 from 16.10.2009 to 31.03.2013 & for berth no 11 from 01.04.2011 to 31.03.2013). The company has claimed that Memorandum of understanding, provides for arriving at a mutually agreeable rate subject to Government approval (TAMP (Tariff Authority for Major Ports)). The issue is before the TAMP. on adjudication by TAMP, the differential wharfage amount between the notified wharfage rate and the wharfage rate being paid by the company, if any, will be debited / credited to the Profit & Loss Account in the year of such settlement.	1,561.36	1,288.07
(b)	This represents the potential liability which the company has undertaken towards reimbursement to lessors in case of any liability in their respective tax assessments. In case of any claim by lessors the same will be debited to Profit & Loss Account.	133.67	133.67
(c)	The claim of Mangalore SEZ Ltd. over and above the advance paid for land and rehabilitation & resettlement work.	37.43	37.43
(d)	Charges for delay in creation of security for ECB borrowings	2.26	-
Total		2,184.94	1,907.58

In respect of all these claims, which are 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 settlement of such claim pending resolution / award from Arbitrators / Court.

31.12.03

Disputed tax / Duty demands pending in appeal:

- a) Income Tax: ₹ 1,881.24 Million (Previous Year ₹ 1,123.40 Million). Against this ₹ 948.74 Million (Previous year ₹ 1000.92 Million) is adjusted / paid under protest and is included under loans & advances Note 15.
- b) Commercial Tax: ₹ 24.09 Million (Previous Year ₹ 321.49 Million) – includes ₹ Nil (Previous Year ₹ 321.49 Million) relating to projects.
- c) Excise Duty: ₹ 341.85 Million (Previous Year ₹ 500.19 Million). (against this ₹ 79.36 Million (Previous Year ₹ 39.10 Million) was paid under protest and is included under loans & advances Note -20)
- d) Customs Duty: ₹ 762.86 Million (previous year ₹ 647.54 Million).

31.12.04

- a) The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 19,896.30 Million (Previous Year ₹ 31,185.31 Million).
- b) Other commitments
- ECB Loan to be availed USD 350 million
 - ONGC Loan to be availed ₹ 17,000 million
 - Pending commitment on account of Refinery performance improvement programme by M/s.Shell Global International Solution (M/s.Shell GIS) USD 3.25 Million.

31.13

Foreign Exchange exposures

31.13.01

Exposures not hedged by Derivative instruments or otherwise (net):

(₹ in Million)

Particulars.	As on 31.03.2013		As on 31.03.2012	
	Foreign Currency	Equivalent Rupees	Foreign Currency	Equivalent Rupees
Imports USD	1,764.62	95,836.51	2,476.18	127,597.56
Creditors Euro	Nil	Nil	31,788.00	2.19
Creditors JPY	Nil	Nil	Nil	Nil
Creditors USD	0.01	0.54	0.03	1.55
Exports USD	312.30	16,957.89	200.79	10,222.22
Loans USD	520.00	28,241.20	410.00	21,127.30

31.13.02

Value of Imports on CIF basis:

(₹ in Million)

Particulars	2012-2013	2011-2012
Capital Goods	119.26	1396.91
Raw materials	558,690.88	476,186.50
Stores, Spares & Chemicals	534.18	316.25

31.13.03

Expenditure in Foreign Currency:

(₹ in Million)

Particulars	2012-2013	2011-2012
Interest	1665.90	73.30
Others	363.80	85.85

31.13.04

Earnings in Foreign Currency

(₹ in Million)

Particulars	2012-2013	2011-2012
Exports (FOB Value)	321,798.45	234,183.24

31.14 Auditor's Remuneration:

(₹ in Million)

Particulars	2012-2013	2011-2012
As Auditor	1.90	1.50
For taxation Matters	0.53	0.38
For Certification Fees	0.92	1.83
Reimbursement of Expenses	1.17	1.71

31.15 Consumption of Raw Materials, Trading Goods, Stores, Spares and Chemicals

(₹ in Million)

Particulars	2012-2013		2011-2012	
	Value in ₹ Million	(%)	Value in ₹ Million	(%)
Raw Material: Crude Oil				
Imported	574,921.62	87.91%	444,149.46	86.69%
Indigenous	79,026.98	12.08%	68,100.07	13.29%
CRMB Modifier Cost				
Imported	-	-	-	-
Indigenous	52.79	0.01%	117.82	0.02%
Total	654,001.39	100.00%	512,367.35	100.00%
Trading goods	0.43		0.15	
Stores, Spares and Chemicals (Gross)				
Imported	544.28	54.93%	407.07	42.84%
Indigenous	446.61	45.07%	543.04	57.16%
Total	990.89	100.00%	950.11	100.00%

31.16 The details about Non-resident shareholders are as follows:

Particulars	As on 31.03.13	As on 31.03.12
Number of Non-resident shareholders	19,536	20,434
No. of shares held by Non-resident shareholders	16,946,878	26,447,524
Dividend remitted to Non-resident shareholders during the year	₹ 21.54 Million	₹ 42.42 Million

31.17 Loans and Advances :

Loans and advances (Note 14) include refund claims for Custom Duty on project imports ₹ 378.71 Million (Previous year ₹ 378.71 Million) and Commercial Taxes ₹ 158.30 Million (previous year ₹ 548.48 Million). A

further refund due towards Commercial Taxes ₹ 2,884.43 Million is also included therein for which there is a matching liability to pay to customers on receipt of the refund which is included under other current liabilities - liability for statutory payments(Note 10).

31.18 Commercial Tax incentives:

31.18.01 The Company, as per the Government of Karnataka notification, is entitled to Sales Tax deferment loan as follows:

Refinery Project	Amount (₹ in Million)	Availment period
Phase II (6 MMTPA)	2,500.00 per annum *	14 years from the date of issue of notification viz., 14th August 2000
* Can also be availed as exemption of CST.		

31.18.02 The Sales tax deferment loan shown under Unsecured Loans (Note-4) includes a sum of ₹ Nil (Previous Year ₹ 290.17 Million) relating to CST on excise duty included under refund from Commercial Tax Department (Note 20) for the years 2000-01 and 2001-02, which were earlier paid under protest and are now being claimed as sales tax deferment loan by the Company.

31.19 The Company is yet to receive response for its confirmation letters from some of the trade receivables , Loans and Advances and trade payables. Reconciliation and adjustment will be effected on receipt of confirmations, which in the opinion of the management will not be significant.

31.20 Dues to Micro, Small & Medium enterprises:

The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the company. The Company has neither paid any interest in the terms Section 16 of the above said Act nor any interest remain unpaid and no payments were made beyond the 'appointed date' to such enterprises during the year ended 31.03.2013. Amount outstanding to these enterprises for the year ended 31st March, 2013 is ₹ Nil (Previous year: ₹ Nil)

31.21 Price Reduction Clause

Note No.10 - Other current liabilities includes ₹ 838.81 million (Previous Year ₹ 386.92 Million) under payable against capital goods , being amount withheld from vendors pursuant to price reduction clause for delay in delivery and pending finalisation of proceedings, cost of fixed assets, depreciation and WDV may undergo revision in the year in which the proceedings to appropriate the withheld amounts are ultimately finalised and appropriated.

31.22 Following expenses are included under other heads of expenses

Insurance charges amounting to ₹ 29.88 Million (Previous year ₹ 20.22 Million) relating to crude purchase and staff welfare has been charged under respective heads.

31.23 Previous year's figures have been re-grouped/ re arranged wherever necessary to conform to the current period presentation .

As per our report of even date attached

For and on behalf of the Board

For MAHARAJ N. R. SURESH AND Co
Chartered Accountants
Firm Registration No. : 001931S

For GOPALAIYER AND SUBRAMANIAN
Chartered Accountants
Firm Registration No. : 000960S

SUDHIR VASUDEVA
Chairman

CA N. R. SURESH
Partner
Membership No. 021661

CA S. SUNDAR
Partner
Membership No. 202725

P P UPADHYA
Managing Director

B SUKUMAR
Company Secretary

VISHNU AGRAWAL
Director (Finance)

Mumbai : 24th May, 2013

Mangalore Refinery and Petrochemicals Limited

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

Corporate Governance is based on principles of conducting business with all integrity and fairness, being transparent with regard to all transactions, making all disclosures, complying with laws of land, accountability and responsibility towards the shareholders and commitment to conduct the business in an ethical manner.

We, at MRPL, are committed to good governance practices that create long-term sustainable value for its stakeholders. Our Corporate Governance framework is based on the following principles:

- Ensuring maximum disclosure of information to the Board/Committees of the Board for meaningful and focused discussions in meetings;
- Committed to a transparent system and values;
- Operating in a sound system of internal control with a thrust on integrity and accountability;
- Ensuring timely and adequate disclosure of all material information to all Stakeholders;
- Ensuring compliance of applicable laws, guidelines, rules and regulations;
- Committed for equitable and fair treatment to all its stakeholders and society at large.

1) BOARD OF DIRECTORS:

A) COMPOSITION OF DIRECTORS AS ON 31/03/2013

Executive Directors : 2

Non Executive Directors
(Including Two Independent Directors) : 5

(i) BOARD OF DIRECTORS AS ON 31/03/2013

Director	Executive/ Non-Executive	Category	No. of other Directorship		No. of outside Committees	
			Public	Private	Member	Chairman
Shri Sudhir Vasudeva	Chairman Non-Executive	Promoter Company's Director	8	-	-	-
Shri P.P. Upadhyaya	Executive	Managing Director & Director (Refinery)	3	-	1	-
Shri Vishnu Agrawal	Executive	Director (Finance)	2	-	2	-
Shri P. K. Singh	Non-Executive	Government Director (Joint Secretary, Ministry of Petroleum & Natural Gas)	1	-	-	-
Shri K. Murali	Non-Executive	Promoter Company's Director	5	-	2	-
Shri.B Ravindranath	Non-Executive	Independent Director	4	-	1	-
Dr. D. Chandrasekharam	Non-Executive	Independent Director	3	1	2	-

BRIEF RESUME OF BOARD OF DIRECTORS (QUALIFICATION/ EXPERTISE IN TERMS OF CLAUSE 49 (G) OF THE LISTING AGREEMENT)

Director	Brief Resume (Qualification/ Expertise)	Name of the other Companies/ Firms where Directorship held
Shri Sudhir Vasudeva	Shri Sudhir Vasudeva is a Chemical Engineer (Gold Medallist) with an Advanced Diploma in Management. Shri Sudhir Vasudeva a distinguished technocrat has over 37 years of varied experience in oil explorations. Known across ONGC for his team management capabilities, Shri Sudhir Vasudeva was steering the offshore joint venture segment of ONGC's operation before elevated as a Director (Offshore) in 2009 and CMD, ONGC in 2011.	1. Oil and Natural Gas Corporation Limited. 2. ONGC Videsh Limited. 3. ONGC Petro- additions Limited. 4. Mangalore SEZ Limited. 5. ONGC Tripura Power Company Limited. 6. Petronet LNG Limited. 7. ONGC Mangalore Petrochemicals Limited. 8. ONGC Mittal Energy Limited
Shri P.P. Upadhyaya	Shri P.P. Upadhyaya is a Chemical Engineer and holds Masters in Engineering in Chemical Plant Design. Shri P.P. Upadhyaya started his professional career in India's foremost Fortune Global 200 Oil Company – Indian Oil Corporation Limited in 1978 and served for nearly 15 years before he joined Mangalore Refinery and Petrochemicals Limited in 1993 and played vital role in steering MRPL to unprecedented heights in the refinery performance. Shri P.P. Upadhyaya carries with him over 3 decades of professional experience in Refinery Operation and Management.	1. Shell MRPL Aviation Fuel and Services Limited. 2. ONGC Mangalore Petrochemicals Limited. 3. Petronet MHB Limited.
Shri Vishnu Agrawal	Shri Vishnu Agrawal is a Fellow Member of the Institute of Chartered Accountants of India and has over 32 years of functional experience in Finance and Accounts, Commercial, International Trade, Treasury, Corporate Finance, Marketing, Management Information Systems – Primarily in Oil Sector (both in down stream and upstream sector). He is instrumental in achieving many mile-stones in IOCL and ONGC after serving at various important position in marketing division and corporate office, IOCL for 20 years and for 8 years in ONGC, he joined MRPL in 2011. He has got credit to his account in contributing development of various systems and procedures and various system software for upgraded computerization.	1. Shell MRPL Aviation Fuels and Services Limited 2. Mangalore SEZ Limited
Shri P K Singh	Shri P. K. Singh is a B. Tech. in Electrical Engineering. He is an I.A.S Officer with over 18 years of experience in public affairs. Presently, he is a Joint Secretary of Ministry of Petroleum and Natural Gas, Government of India looking after international co-operations and other high profile ministry portfolios.	1. ONGC Videsh Limited

Director	Brief Resume (Qualification/ Expertise)	Name of the other Companies/ Firms where Directorship held
Shri K. Murali	Shri K. Murali is also a Director (Refinery) in HPCL. He is a Chemical Engineer; He has wide experience in refinery operations. During his long career spanning more than 30 years, he has handled various critical positions including as head of both the refineries of HPCL at Mumbai and Visakhapatnam.	1. Hindustan Petroleum Corporation Limited 2. HPCL - Mittal Energy Limited 3. HPCL - Bio Fuels Limited 4. Creda - HPCL Bio Fuels Limited. 5. Prize Petroleum Company Limited
Shri.B Ravindranath	Shri B. Ravindranath, a Mechanical Engineer, is the nominee director of IDBI Bank Ltd. (IDBI). Shri B. Ravindranath presently holds the position of Executive Director of IDBI. He joined IDBI in 1982 as Industrial Finance Officer. His significant contribution in the Corporate Finance Department and in the Project Appraisal Department at Head Office handling various industrial / infrastructure projects on his portfolio saw him rapidly climbing the corporate ladder. He headed the Southern Regional Office of IDBI. His leadership of the Southern Zone ensured phenomenal business growth in that zone.	1. IDBI Infratin Limited 2. Stock Holding Corporation of India Limited 3. Asset Reconstruction Company (I) Limited 4. JSW Energy Limited
Dr. D. Chandrasekharam	Dr. D. Chandrasekharam is a Professor in the Department of Earth Sciences, Indian Institute of Technology Bombay. He obtained his M.Sc. degree in Applied Geology in 1972 and Ph.D. in 1979. He is working in the fields of volcanology, groundwater pollution and geothermics over the past 30 years. With his vast experience in geothermics, Indian Institute of Technology Bombay encouraged him to incubate M/s Geosyndicate Power Private Ltd., the only geothermal company in India. He is currently the Chairman of M/s Geosyndicate Power Private Ltd, India. He is also a member of the Advisory committee of the ONGC Energy Centre.	1. Geosyndicate Power Private Limited 2. Indian Rare Earths Limited 3. Western Coalfields Limited 4. Oil and Natural Gas Corporation Limited

*Note: As on 01/01/2013, there were 3 Independent Directors on the Board which constituted 1/3rd of Board strength. Subsequently Dr. A.K. Rath, Independent Director has completed his 3 years tenure on 15/02/2013 and accordingly at present there are 2 Independent Directors on the Board of MRPL.

MRPL being a Government company, Independent Directors are to be appointed by Ministry of Petroleum and Natural Gas (MoP&NG), Government of India (GoI). In view of the same, MRPL have been taking-up with MoP&NG to appoint requisite number of Independent Directors on the Board of MRPL to comply with Clause 49 of the Listing Agreement.

ii) PAST DIRECTORS

Director	Executive/ Non-Executive	Category	No. of other Directorship		No. of outside Committees	
			Public	Private	Member	Chairman
Shri U.K. Basu	Executive	Managing Director	2	1	-	1
Shri Vivek Kumar	Non-Executive	Government Director (Joint Secretary, Ministry of Petroleum & Natural Gas)	1	-	-	1
Dr. A.K.Rath	Non-Executive	Independent Director	2	-	3	3

iii) CHANGES IN THE BOARD OF DIRECTORS DURING 2012-2013

Director	Date of Appointment	Date of Cessation	Remarks
Shri U.K. Basu	01/09/2008	30/06/2012	Ceased to be Director consequent to superannuation on 30/06/2012
Shri Vivek Kumar	29/10/2007	06/08/2012	Resigned from the Board of MRPL and Shri P. K. Singh was appointed to fill in the casual vacancy.
Shri P. K. Singh	17/08/2012	11/04/2013	Appointed as Government Director by Ministry of Petroleum & Natural Gas.
Dr. A.K.Rath	16/02/2010	15/02/2013	Ceased to be Director consequent to completion of three years tenure on 15/02/2013.

iv) CHANGES IN THE BOARD OF DIRECTORS AFTER 31/03/2013

- Shri V. G. Joshi has been appointed as Director (Refinery) w.e.f. 04/04/2013.
- Shri P. Kalyanasundaram, Joint Secretary, MoP&NG has been nominated as Government Director by Ministry of Petroleum & Natural Gas w.e.f. 15/04/2013 in place of Shri P. K. Singh, Joint Secretary.
- Shri B.K. Namdeo, Director Refinery (HPCL) has been nominated as Director on MRPL Board by HPCL w.e.f. 01/07/2013 in place of Shri. K. Murali, who has superannuated from the services of HPCL on 30/06/2013.

(B) ATTENDANCE OF DIRECTORS AT THE BOARD MEETING HELD DURING THE FINANCIAL YEAR 2012-13 AND 24th ANNUAL GENERAL MEETING HELD ON 15/09/2012

(i) DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2012-13.

Date of meeting	Meeting No.	Place
23.05.2012	170	New Delhi
16.06.2012	171	Mangalore
27.07.2012	172	New Delhi
17.08.2012	173	New Delhi
15.09.2012	174	Mangalore
02.11.2012	175	New Delhi
31.01.2013	176	New Delhi
05.03.2013	177	New Delhi
29.03.2013	178	Mangalore

Note: During the year 2012-13, 9 Board Meetings were held.

(ii) ATTENDANCE OF DIRECTORS DURING THE YEAR 2012-13.

Director	No. of Board Meetings attended	Attended Last AGM
Shri Sudhir Vasudeva	9	Yes
Shri P.P. Upadhyaya	9	Yes
Shri Vishnu Agrawal	9	Yes
Shri P. K. Singh	1	No
Shri K. Murali	6	No
Shri B. Ravindranath	8	Yes
Dr. D. Chandrasekharam	7	No

(iii) ATTENDANCE OF THE PAST DIRECTORS DURING THE YEAR 2012-13.

Director	No. of Board Meetings attended	Attended Last AGM
Shri U.K Basu	2	No *
Shri Vivek Kumar	1	No**
Dr. A. K. Rath	6	Yes

* ceased to be Director on 01/07/2012

**ceased to be Director on 06/08/2012

Mangalore Refinery and Petrochemicals Limited

2) AUDIT COMMITTEE

(i) TERMS OF REFERENCE:

The Audit Committee was constituted on the terms of reference as prescribed under Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with the Stock Exchanges, and Guidelines on Corporate Governance for Central Public Sector Enterprise issued by Department of Public Enterprise, Government of India.

(ii) COMPOSITION OF AUDIT COMMITTEE AS ON 31/03/2013

Members of Audit Committee	Category
Shri B. Ravindranath	Chairman (Independent Director)
Dr. D. Chandrasekharam	Member (Independent Director)
Shri K. Murali *	Member

* Shri B. K. Namdeo has been nominated, in place of Shri K. Murali w.e.f 22/7/2013

Note:

- The Company complies with the requirement of Clause 49 (II) (A) of the listing agreement as regards to constitution of the Audit Committee.
- Managing Director*, Director (Finance) and General Manager (Internal Audit) are the permanent Invitees to the Audit Committee Meetings.
* ceased to be permanent invitee w.e.f 09/05/2013.
- Company Secretary is the Secretary to the Audit Committee.
- Statutory Auditors are Special Invitees while reviewing the financial accounts by the Audit Committee

(iii) DETAILS OF THE AUDIT COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2012-13

Date of Meeting	Meeting No.	No. of members attended
23.05.2012	52	4
16.06.2012	53	4
05.07.2012	54	3
27.07.2012	55	4
15.09.2012	56	2
02.11.2012	57	4
31.01.2013	58	4

Note: During the year 2012-13, 7 Audit Committee Meetings were held.

(iv) ATTENDANCE IN AUDIT COMMITTEE MEETINGS

Members of Audit Committee	No. of Meetings attended	Remarks
Shri B. Ravindranath	7	
Shri K. Murali	5	
Dr. D. Chandrasekharam	6	
Dr. A. K. Rath	7	Past Member

3) REMUNERATION COMMITTEE:

MRPL being a Government Company and CPSE, appointment, terms and conditions of remuneration of Managing Directors and Functional Directors (Whole-time Directors) are determined by the Government of India

Pursuant to Clause 49 of the Listing Agreement and also DPE guidelines on Corporate Governance for CPSE, the Company has constituted a Remuneration Committee in April, 2009. During the year 2012-13, 2 Remuneration Committee Meetings were held. The Committee comprises following Directors as on 31/03/2013:

Members of Remuneration Committee	Attendance of Members
Shri B. Ravindranath Chairman (Independent Director)	2
Dr. D. Chandrasekharam Member (Independent Director)	1
Shri P. K. Singh Member (Government Director)	-

The Company pays the sitting fees only to Independent Directors for attending the Board Sub-Committee and Board meetings.

(i) DETAILS OF REMUNERATION (SITTING FEES) PAID TO THE INDEPENDENT DIRECTORS DURING FINANCIAL YEAR 2012 -13:

Independent Directors	Sitting Fees (₹)
Shri B. Ravindranath	3,30,000
Dr. A. K. Rath	2,85,000
Dr. D.Chandrasekharam	2,85,000

(ii) DETAILS OF REMUNERATION PAID TO MANAGING DIRECTOR, DIRECTOR (FINANCE) AND DIRECTOR (REFINERY) DURING FY 2012-13 ON PAID BASIS :

(Amount in ₹)

Particulars	Managing Director (Shri P.P. Upadhy & Shri U.K. Basu)	Director (Refinery) (Shri P.P. Upadhy)	Director (Finance)	Total
Salaries and Allowances	65,63,238	4,88,657	27,65,225	98,17,120
Contribution to PF & Other Funds	4,08,264	91,956	3,62,778	8,62,698
Other Perquisites & Benefits	82,405	-	-	82,405
Total	70,53,907 *	5,80,613	31,28,003	1,07,62,223

* Includes ₹ 34,52,847 paid to Shri U.K. Basu towards remuneration / terminal benefits.

Particulars	Managing Director*	Director (Finance)
Service Contract	Till 31/07/2014 (the date of superannuation) or until further orders, whichever is earlier	5 years from the date of appointment or till the date of superannuation or until further orders, whichever is earlier
Notice Period	-	Three Months Notice or on payment of three months salary in lieu thereof
Severance fees	-	Not Applicable
Stock Options details (if any)	-	Not Applicable
Whether issued at discount	-	Not Applicable
Period over which it is accrued and is exercisable	-	Not Applicable

* detailed terms of appointment are awaited.

(iii) DIRECTOR'S SHAREHOLDING:

The Directors are holding Equity shares of the Company as on 31/03/2013 as under :

Name of the Director	No. of Shares held
Shri Sudhir Vasudeva	300
Shri Vishnu Agrawal	50

4) SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

- (i) The Company has constituted Shareholders'/ Investors' Grievance Committee pursuant to Clause 49(IV) (G) (iii) of Listing agreement and Guidelines issued by SEBI.

COMPOSITION OF SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE AS ON 31/03/2013

Members of Shareholders'/ Investors' Grievance Committee	Category
Shri B. Ravindranath	Chairman (Independent Director)
Dr. D. Chandrasekharam	Member (Independent Director)
Shri P.P. Upadhyaya	Member
Shri Vishnu Agrawal	Member

- (ii) A Share Transfer Committee is constituted to approve transfer, transmission, Dematerialization, rematerialization etc.

Note:

- Name and Designation of the Compliance officer: Shri B. Sukumar, Company Secretary.
- No. of Shareholder's complaints received during the FY 2012-2013: 103
- No. of complaints remains unresolved during the FY 2012-2013: NIL
- No. of pending share transfers as on 31/03/2013 : NIL

5) DETAILS OF GENERAL BODY MEETINGS

- (i) Location, place and time of last 3 AGMs held

Year	Location	Date	Time
2012 24th AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	15/09/2012	4:00 p.m
2011 23rd AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	27/08/2011	4:00 p.m
2010 22nd AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	04/09/2010	3:30 p.m

- (ii) Whether any special resolutions passed in the previous 3 AGMs?

Yes

One Special Resolution was passed in the 24th AGM for:

Pursuant to Section 31 and other applicable provisions if any of the Companies Act, 1956 and Article 27(1) of Articles of Association of the Company with regard to Buy-back of shares.

- (iii) Any special resolutions were put through Postal ballot last year:

No special resolution was put through postal ballot in the last AGM.

- (iv) Persons who conducted the Postal Ballot exercise:

Not Applicable.

- (v) Procedure for Postal Ballot:

Not Applicable.

6) DISCLOSURES:

- (i) MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

- (a) The Company is a State controlled enterprise and there are no transactions to be disclosed as per the Accounting Standard 18 (AS - 18) of Related Party Disclosures issued by the Institute of Chartered Accountants of India except 'b' and 'c' mentioned below.
- (b) Key Management Personnel:

Whole-time Directors:

- Shri P.P. Upadhyaya : Managing Director & Director (Refinery)
Shri Vishnu Agrawal : Director (Finance)
Shri U.K. Basu : Managing Director (upto 30/06/2012)

Details of Transactions during financial year 2012-2013:

The Remuneration paid to Managing Director (includes remuneration/ terminal benefits paid to Shri U.K. Basu), Director (Refinery) and Director (Finance) for the FY 2012-13.

- Salaries and allowances ₹ 98,17,120 including Performance Related Pay.
- Contribution to Provident Fund ₹ 8,62,698
- Other perquisite and benefits ₹ 82,405

(Excluding accrued leave salary and gratuity since the same is not available for individual employees)

- (c) Enterprises in which significant influence is exercised:

Name	Relationship	Nature of Transaction
ONGC Mangalore Petrochemicals Limited	Associate *	Details furnished in Note-31.06.03 of Accounts 2012-13
Shell MRPL Aviation Fuel & Services Limited.	Joint Venture	
Mangalam Retail Services Limited	Associate	

* along with group companies

- (ii) Details of non-compliance by the company, penalties, strictures imposed by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last 3 years: NIL

- (iii) Non- Mandatory Requirements:

- The Company maintains a Chairman's office at its expense.
- MRPL being a Government Company, appointment and terms and conditions of remuneration of Executive Directors (whole-time directors) are determined by the President of India except the Performance Related Pay which is approved by the Remuneration Committee.
- As the Company's Quarterly/ Half Yearly Financial results are displayed on the website of the company, the half-yearly report is not sent to each Shareholders residence.
- There are no qualifications in the Auditor's report on the financial statements to the shareholders of the Company.
- A formal policy for training Board members of the Company is under formulation. Pending this, the directors are being sent for suitable training depending on the requirement and their profile.
- There is no formal mechanism existing in performance evaluation of non-executive directors.
- The Company has formulated a Whistle Blower policy which has been approved by the Board.
- The company mandatorily complies with all the Accounting Standards issued by ICAI from time to time.

- (iv) CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Board at its meeting held on 30/01/2006, has adopted a Code of Conduct ('Code') for Members of the Board and Senior Management. This Code is a comprehensive code applicable to Executive and Non-executive Directors as well as members of the Senior Management i.e. Managerial Personnel at the level of Group General Manager and above of the Company. A copy of the Code has been placed on the Company's website www.mrpl.co.in

The Code has been circulated to all the members of the Board and Senior Management and compliance of the same has been affirmed by them. A declaration signed by Managing Director is given below:

Mangalore Refinery and Petrochemicals Limited

I hereby confirm that:

The Company has obtained affirmation from all the members of the Board and Senior Management that they have complied with the Code of Conduct for Members of Board and Senior Management, in respect of the financial year 2012-13.

P.P. Upadhya
Managing Director

(v) MRPL CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2008 the Board has approved the amended "Code of Conduct for Prevention of Insider Trading". This Code is followed by all Designated Employees of the Company.

(vi) CEO & CFO CERTIFICATION

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO & CFO on the financial statements and internal controls relating to financial reporting has been obtained.

(vii) BUSINESS RESPONSIBILITY REPORT (BRR)

Pursuant to new Clause 55 of the Listing Agreement, a BRR for the year 2012-13 has been made which forms part of the Annual Report. As a measure of Green Initiative, Stock Exchange has permitted the Company to upload the BRR in the Company's website and a reference to the link be printed in the Annual Report. Accordingly, the BRR could be viewed at www.mrpl.co.in. The BRR Annexure is not sent along with the Annual Report. Any member who is interested to have a hard copy of the BRR may write to the Company to the Investors' Relation Cell at Mangalore.

7) MEANS OF COMMUNICATION:

- i) Quarterly Results : Quarterly Results of the Company are published in Business Standard (English), Udayavani -Manipal (Kannada) and are also displayed in the Company's website www.mrpl.co.in
- ii) News Releases, Presentations, etc : Official news releases and Official Media Releases are sent to the Stock Exchanges.
- iii) Presentation to Institutional Investors /Analysts. : No
- iv) Website : The Company's website www.mrpl.co.in contains a separate dedicated section 'Investor Services' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- v) Annual Report : Annual Report containing, inter-alia, Audited Annual Accounts, Director's Report, Auditor's Report, Corporate Governance Report and other enclosures thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website www.mrpl.co.in
- vi) Chairman's Communique : Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings. The same is also placed on the website of the Company and sent to Stock Exchanges and published in leading Newspapers.
- vii) Reminders to investors : Reminders for unclaimed shares was sent to shareholders.
- viii) Corporate Filing and Dissemination System(CFDS) : The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed.

- ix) NSE Electronic Application Processing System (NEAPS) : The NEAPS is web based application designed by NSE for corporate, The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.
- x) SEBI Complaints Redress System (SCORES) : The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- xi) Designated Exclusive email-id : Company has designated the following e-mail-ids exclusively for investor servicing.
 - a) For queries on Annual Report- investor@mrplindia.com
 - b) For queries in respect of shares in physical mode- mrplrc@linkintime.co.in

8) GENERAL SHAREHOLDERS INFORMATION

25th ANNUAL GENERAL MEETING

- (i) Company Registration Details : The Company is registered in the State of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L85110KA1988GOI008959
- (ii) Day, Date, Time and Venue : Monday, 23rd September, 2013 at 4:00 p.m.
Registered Office: Mudapadav, Kuthethoor P.O.
Via Katipalla, Mangalore – 575 030
- (iii) Financial Year : 01/04/2012 to 31/03/2013.
- (iv) Date of Book Closure : 31/08/2013 to 07/09/2013.
- (v) Dividend Payment Date : Not applicable
- (vi) Listing on Stock Exchange
 - A) Equity Shares : 1) Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
Scrip Code: 500109
2) The National Stock Exchange of India Limited
Exchange Plaza, Bandra (E), Mumbai - 400 051
Trading Symbol: MRPL
ISIN: INE103A01014
 - B) Payment of Listing Fees : Annual listing fee for the year 2013-14 has been paid by the Company to BSE and NSE.
 - C) Payment of Depository Fees : Annual Custody/ Issuer fee for the year 2013-14 has been paid by the Company to NSDL and CDSL.

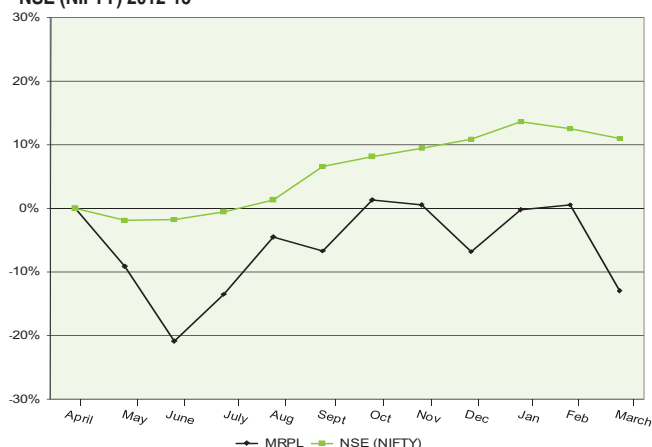
- (vii) Brief Resume of all Directors mentioning qualification, expertise, names of the companies in which they hold Chairmanship/Directorship in the Board and Chairmanship/ Directorship in the Board sub- committees, shareholding in these companies and relationship between director inter-se pursuant to Clause 49 of Listing agreement with Stock exchanges are provided in this report which forms part of the Annual Report.

(viii) Market Price Data

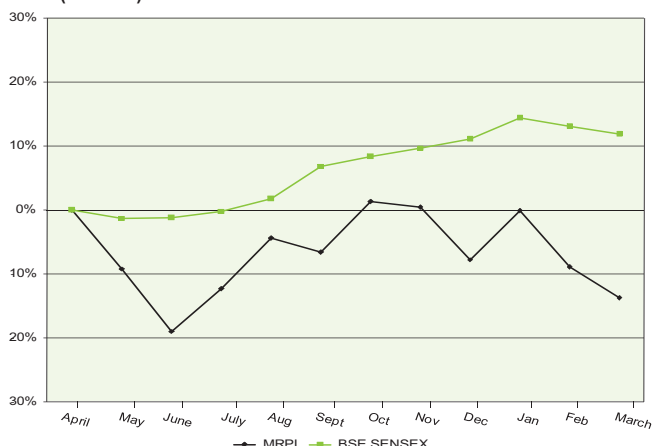
Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-12	69.60	60.65	69.60	60.40
May-12	63.25	53.00	63.20	53.25
Jun-12	56.40	50.30	56.4	51.15
Jul-12	62.00	49.50	61.00	49.55
Aug-12	66.80	55.15	66.50	55.25
Sep-12	65.15	55.80	65.00	58.40
Oct-12	70.45	56.30	70.50	60.70
Nov-12	69.95	59.50	69.90	59.80
Dec-12	64.85	59.00	64.20	59.85
Jan-13	69.45	60.40	69.50	60.70
Feb-13	70.00	56.70	63.40	56.70
Mar-13	60.50	48.60	60.00	48.80

- (ix) Performance in comparison to broad based indices such as NSE NIFTY and BSE Sensex:

NSE (NIFTY) 2012-13



BSE (SENSEX) 2012-13



- (x) Registrar and Transfer Agent: M/s Link Intime India Private Limited, C - 13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai - 400 078

(xi) Share transfer system:

The share transfer work is being handled by Company's R&T agents, M/s. Link Intime India Pvt Ltd., who are having connectivity with the depositories viz. NSDL and CDSL. The transfers are approved by the Share Transfer Committee on weekly basis. Share transfers are registered and dispatched within a period of 15 days from the date of receipt provided they are complete in all respects.

(xii) Distribution of Shareholding as on 31/03/2013.

No. of Equity Shares held	No. of shareholders holding shares in		No. of shares held in		% of Equity capital held in	
	Physical Form	Demat Form	Physical Form	Demat Form	Physical Form	Demat Form
1-500	234650	237106	41641667	41320036	2.38	2.36
501-1000	975	14936	747875	11940514	0.04	0.68
1001-2000	176	5812	255957	8836347	0.01	0.50
2001-3000	26	1684	65125	4228237	0.00	0.24
3001-4000	7	683	25008	2453430	0.00	0.14
4001-5000	16	522	75350	2443444	0.00	0.14
5001-10000	14	652	100950	4677294	0.01	0.27
10001 & above	8	418	247200	1633540343	0.01	93.21
Total	235872	261813	43159132	1709439645	2.46	97.54

(xiii) Shareholding Pattern as on 31/03/2013.

Particulars	No. of Shares	Percentage
Oil and Natural Gas Corporation Ltd.	1255354097	71.63
Hindustan Petroleum Corporation Ltd.	297153518	16.96
Resident Individuals	114502914	6.53
Non Resident Individuals	8544140	0.49
Domestic Companies	20682460	1.18
Overseas Corporate Bodies	8402588	0.48
GIC & Subsidiaries/Banks & Financial Institutions/Mutual Funds	47942605	2.73
Central/State Govt. Institutions	2700	0.00
Trusts	13755	0.00
Total	1752598777	100.00

(xiv) Dematerialization of Shares and liquidity

As on 31st March 2013, 170,94,39,645 equity shares representing 97.54 %, is in dematerialized form.

Both the promoters, ONGC and HPCL are holding shares in dematerialized form.

(xv) Unclaimed/Undelivered Shares

Sl. No	Particulars	No. of shareholders	No. of shares
1	Aggregate number of shareholders whose shares were lying undelivered / unclaimed at the beginning of the year;	9224	1025025
2	Addition - Number of shareholders whose shares lying undelivered / unclaimed during the year (April, 12 to March, 13)	129	15300
3	Number of shareholders who approached the company for their undelivered shares during the year;	281	23900
4	Number of shareholders to whom undelivered shares were returned / re-posted during the year;	281	23900
5	Aggregate number of shareholders and the outstanding shares in the "Unclaimed Share Suspense Account" lying at the end of the year;	9072	1016425

- (xvi) Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion date and impact on equity: NIL

(xvii) BUSINESS RESPONSIBILITY REPORT (BRR)

Pursuant to new Clause 55 of the Listing Agreement, a BRR for the year 2012-13 has been made which forms part of the Annual Report. As a measure of Green Initiative, Stock Exchange has permitted the Company to upload the BRR in the Company's website and a reference to the link be printed in the Annual Report. Accordingly, the BRR could be viewed at www.mrpl.co.in. The BRR Annexure is not sent along with the Annual Report. Any member who is interested to have a hard copy of the BRR may write to the Company to the Investors' Relation Cell at Mangalore.

- (xvii) Plant Location : Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore-575 030, Karnataka, India

- (xviii) Address for Correspondence:

REGISTERED OFFICE/ COMPANY'S INVESTOR RELATIONS CELL:

SECRETARIAL DEPARTMENT

Mangalore Refinery and Petrochemicals Limited (MRPL)

Mudapadav, Kuthethoor, P.O.Via Katipalla, Mangalore-575 030, Karnataka.

Tele.No.: 0824-2270400 Fax No.: 0824-2273300

Email: investor@mrplindia.com • Website: www.mrpl.co.in

Mangalore Refinery and Petrochemicals Limited

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Members,
Mangalore Refinery and Petrochemicals Limited
Mangalore.

We have examined the compliance of conditions of Corporate Governance by M/s. Mangalore Refinery and Petrochemicals Limited for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except relating to appointment of Independent Directors on the Board of the company, which is being pursued with the Ministry of Petroleum and Natural Gas, Government of India.

We state that no investor grievance is pending with the company as at 31st March, 2013 for a period exceeding one month against the Company as per the records maintained and certified by the Company/Registrar and Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **MAHARAJ N.R.SURESH & Co**
Chartered Accountants
Firm Registration No. : 001931S

CA N R SURESH
Partner
Membership No. 021661

Place: Chennai
Date: 02/07/2013

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
Firm Registration No. : 000960S

CA S. SUNDAR
Partner
Membership No. 202725

SECRETARIAL AUDIT REPORT

To,
The Board of directors,
Mangalore Refinery and Petrochemicals Ltd.
Regd. Office: Mudapadav, Kuthethoor,
Post via Katipalla, Mangalore-575030.

We have examined the registers, records and documents of Mangalore Refinery and Petrochemicals Ltd. (the Company) for the financial year ended on 31.3.2013 according to the provisions of:

- The Companies Act, 1956 and Rules made under the Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under the Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulations, 1997;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Equity Listing Agreements with the Bombay Stock Exchange Ltd. and the National stock Exchange of India Ltd. and
- Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M.No 18(8)/2005-GM dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India ("the DPE Guidelines on Corporate Governance").

Based on our examination and verification of records produced to us and according to the information and explanations given to us by the Company, in our opinion:

1. We report that the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:
 - a. Maintenance of statutory registers and documents and making necessary entries therein;
 - b. Filing of the requisite forms and returns with the Registrar of Companies, Karnataka, Bangalore within the time prescribed under the Act and the Rules made thereunder.
 - c. Service of documents by the Company on its members and the Registrar of Companies.
 - d. Closure of Register of Members and Share Transfer Books of the Company.
 - e. Notice of Board Meetings and Committee meetings of Directors;
 - f. Convening and holding of the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - g. The 24th Annual General Meeting held on 15th September 2012.
 - h. Recording and maintenance of the minutes of the proceedings of General Meetings and Meetings of the Board and committees thereof.
 - i. Constitution of Board of Directors and appointment, retirement and re-appointment of directors;
 - j. Appointment of Chairman, Managing Director, Whole Time Directors and non-executive Directors and their remuneration.
 - k. The Directors disclosed their interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities and their disclosures have been noted and recorded by the Board.
 - l. Transfer and transmission of shares within the stipulated time and issue and delivery of original and duplicate certificates of shares; dematerialization/rematerialization of shares;
 - m. Declaration and payment of dividend to Equity shareholders and Preference Shareholders.
 - n. The Company has credited and paid to the Investor Education and Protection Fund within the stipulated time, all the unpaid dividends as required to be so credited to the fund.

- o. Investment of Company's funds including inter corporate loans and investments.
 - p. Appointment and payment of remuneration to Statutory Auditors.
 - q. Appointment of Cost Auditors under Section 233B of the Act.
 - r. The Company was not required to keep in abeyance rights to dividend declared at the Annual General Meeting held on 15th September, 2012 as there was no pending registration of transfer of shares.
 - s. The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Act during the financial year.
 - t. The Company has made secured borrowings during the financial year ended on 31st March, 2013 and has created, modified charges on assets of the Company and complied with the applicable laws.
 - u. The Company has not bought back any shares during the financial year.
 - v. The Company has not altered any provisions of its Memorandum of Association during the Financial Year. The Articles of Association of the Company was altered during the Financial Year to provide for Buy-Back of shares of the Company and the Company has complied with the provisions of the Act and Rules made under that Act.
 - w. The Company has created a Trust, namely, the Provident Fund of MRPL for its employees. The Company has deposited both the employees' and employer's contribution with the above Trust within the prescribed time pursuant to Section 418 of the Act.
 - x. There was no prosecution initiated against or show cause notice received by the Company and no fines or any other punishment was imposed on the Company, its Directors and officers during the financial year for any offences under the Act.
2. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and Regulations framed there under with regard to dematerialization/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
3. We further report that:
 - i. The Company has complied with the requirements of Equity Listing Agreements entered into with the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd. except that the Board of Directors does not comprise of the required number of independent directors as per clause 49(I)(A)(ii) of the Listing Agreements.
 - ii. The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with regard to disclosures and maintenance of records required under the Regulations.
 - iii. The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.
4. In our opinion and to the best of our information and according to explanations given to us by the management, we certify that, except the composition of the Board of Directors with regard to independent Directors, the Company has complied with the DPE guidelines on Corporate Governance.

For **Ullas Kumar Melinamogaru & Associates**
Practising Company Secretaries

Ullas Kumar Melinamogaru
Proprietor
CP No. 6640

Date : 20/06/2013
Place : Mangalore

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of **Mangalore Refinery and Petrochemicals Limited** will be held at the Registered office of the Company at Mudapadav, Kuththoor P.O., Via Katipalla, Mangalore-575030 on **Monday, 23rd September, 2013 at 4:00 p.m.** to transact, with or without modifications, as may be permissible, the following ordinary businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the year ended on that date including Schedules thereto and the reports of the Board of Directors, Auditors and Comptroller and Auditor General of India thereon.
2. To appoint a Director in place of Shri Sudhir Vasudeva, who retires from office by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri P. Kalyanasundaram, who retires from office by rotation and being eligible offers himself for re-appointment.
4. To fix and / or to determine the payment of remuneration to the Joint Statutory Auditors of the Company to be appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the Financial Year 2013-14.

By Order of the Board

B. SUKUMAR
Company Secretary

8th August, 2013

Registered office

Mangalore Refinery and Petrochemicals Limited
Mudapadav, Kuththoor P.O., Via Katipalla,
Mangalore – 575030

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote as a poll instead of himself and the proxy need not be a member of the company. The proxy form should be lodged with the company at its registered office, not later than forty-eight hours before the time of commencement of the Annual General Meeting.**
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send their nomination letter approved by the competent authority authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 151 to 153 of the Articles of Association of the company, read with Section 256 of the Companies Act, 1956 Shri Sudhir Vasudeva and Shri P. Kalyanasundaram retire by rotation in the ensuing meeting and being eligible offer themselves for re-appointment.
4. In respect of appointment/ re- appointment of the Directors, a brief resume containing details of the concerned Directors is annexed to this notice for the information of Members.

5. In case of joint holders attending the meeting any such joint holders who is higher in the order of names in Register of Members will be entitled to vote.
6. **The Company has notified that the Register of Members and Share Transfer Books of the Company will remain closed from 31/08/2013 to 7/09/2013 (both days inclusive) for the purpose of Annual General Meeting.**
7. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days during business hours of the Company, up to the date of the Annual General Meeting.
8. Members are requested to provide their Folio Number along with Bank Account Number, Name and Address of the Bank/Branch to M/s. Link Intime, R&T Agent of the Company at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400078, in respect of shares held in physical mode and to their respective DPs for shares held in Demat mode to enable the Company to pay dividend, if any declared in future.
9. Members holding shares in Demat form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company/ R&T Agents, M/s Link Intime, Mumbai.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in Demat form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ R&T Agents, M/s Link Intime, Mumbai.
11. Members holding more than one Share Certificate in the same name under the different Ledger Folios are requested to apply for consolidation of such folios and send the relevant share certificate to the said Registrars.
12. The Company has entered into an Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and Dematerialization of securities. Members can avail of the depository facilities by approaching any of the Depository Participants of NSDL or CDSL.
13. The Companies (Amendment) Act, 1999 extended the nomination facility to individuals holding shares in Companies. Members holding shares in physical form and in particular whose holding is in single name, are requested to avail the above facility by furnishing to the Company the particulars of their nomination. Members can download the prescribed Nomination Form available at the "Investor Services" link of the Company website i.e. www.mrpl.co.in.
14. The Company has listed its shares at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees have been paid to both the Stock Exchanges for the Financial Year 2013-14.
15. The Ministry of Corporate Affairs (vide circular Nos. 17/2011 and 18/2011 dated April, 21 and April 29, 2011 respectively) has undertaken a 'Green initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support

Mangalore Refinery and Petrochemicals Limited

this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form, with the Company's R&T Agent, M/s Link Intime, Mumbai.

ANNEXURE TO THE NOTICE

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 25th ANNUAL GENERAL MEETING

Name of Director	Shri Sudhir Vasudeva	Shri P. Kalyanasundaram
Date of Birth	25-02-1954	25-12-1954
Date of Appointment/ Reappointment	29-02-2009	15-04-2013
Expertise in specific functional areas	A distinguished technocrat, Shri Sudhir Vasudeva has over 37 years of varied experience in oil explorations. Known across ONGC for his team management capabilities, Shri Sudhir Vasudeva was steering the offshore joint venture segment of ONGC's operation before elevated as a Director (Offshore) in 2009 and CMD, ONGC in 2011.	Belongs to Central Secretariat Service (IAS Allied) - 1983 cadre. He has worked in various capacities in different Ministries such as Ministry of Steel & Mines, Civil Aviation, Road Transport, Shipping, Law & Justice, Agriculture, Sports & Youth Affairs, Consumer Affairs, Food & Public Distribution before joining Ministry of Petroleum & Natural Gas.
Qualification	Chemical Engineer -Gold Medalist with an Advanced Diploma in Management.	M.Sc (Geology); LLB;MBA, M. Phil (Commerce); M.A (Economics); M. Phil (Social Science); Masters' Diploma in Public Administration; (Ph. D) in International Business.
List of outside Directorships held.	<ol style="list-style-type: none"> Oil and Natural Gas Corporation Limited. ONGC Videsh Limited. ONGC Petro- additions Limited. Mangalore SEZ Limited. ONGC Tripura Power Company Limited. Petronet LNG Limited. ONGC Mangalore Petrochemicals Limited. ONGC Mittal Energy Limited 	<ol style="list-style-type: none"> Balmer Lawrie Investment Limited
Chairman/ Member of the Committees of the Board of Directors of the Company	NIL	<ol style="list-style-type: none"> Human Resource Management Committee- Member Remuneration Committee- Member
Chairman/ Member of the Committees of Director of other Companies in which he is a Director.	NIL	Balmer Lawrie Investment Ltd ➤ Audit Committee- Member ➤ Investor Grievance Committee- Member
Shareholding in MRPL as on 31st March, 2013	300	NIL

FIVE YEAR PERFORMANCE AT A GLANCE

(₹ in Million)

	2012-13	2011-12	2010-11	2009-10	2008-09
What We Owe					
Share Capital	17,526.64	17,572.57	17,618.50	17,618.50	17,618.31
Reserves	47,150.26	54,719.37	47,670.51	38,347.02	29,675.68
Net Worth	64,676.90	72,291.94	65,289.01	55,965.52	47,293.99
Borrowings	75,576.54	61,831.10	15,569.75	16,963.97	19,868.04
Deferred Tax Liability	7,343.28	4,531.40	3,471.64	6,602.22	5,685.53
TOTAL	147,596.72	138,654.44	84,330.40	79,531.71	72,847.56
What We Own					
Fixed Assets (Including Capital WIP)	188,929.44	161,134.49	130,871.85	92,954.50	78,390.04
Less : Depreciation	55,578.31	49,644.32	45,301.36	41,428.08	37,661.38
	133,351.13	111,490.17	85,570.49	51,526.42	40,728.66
Investments	150.02	422.80	948.25	16,236.62	6,428.93
Net Current Assets	14,095.57	26,741.47	(2,188.34)	11,768.67	25,689.97
TOTAL	147,596.72	138,654.44	84,330.40	79,531.71	72,847.56
Income					
Sales (Net Of Excise Duty)	656,915.16	537,633.43	389,566.73	318,851.74	382,437.41
Other Income	1,160.36	3,543.09	2,171.83	2,915.12	1,866.41
Exchange Fluctuation (net) : Gain	-	-	184.48	3,903.97	-
Increase/ (Decrease) in stocks	11,161.53	1,502.05	8,152.71	2,958.77	(5,968.56)
TOTAL	669,237.05	542,678.57	400,075.75	328,629.60	378,335.26
Expenditure					
Raw Materials	654,001.82	512,367.50	372,193.37	302,308.74	345,127.66
Operating expenses	2,235.03	2,431.61	2,270.15	1,679.76	1,280.26
Sales Tax & Excise Duty on Stocks (net)	217.99	(606.16)	647.77	894.23	559.01
Salaries & Other Expenses	1,845.60	1,606.42	1,845.35	958.95	1,130.30
Exchange Fluctuation (net) : Loss	5,364.91	6,482.20	-	-	6,104.96
Administration & Other Expenses	1,010.53	789.47	786.27	821.22	758.83
Interest	3,285.53	2,066.77	1,043.73	1,154.98	1,434.51
Depreciation	6,044.10	4,338.73	3,914.19	3,893.27	3,823.16
TOTAL	674,005.51	529,476.54	382,700.83	311,711.15	360,218.69
Profit Before Tax	(4,768.46)	13202.03	17374.92	16918.45	18116.57
Provision for Taxation	2,800.65	4,116.25	5,608.59	5,794.68	6,191.13
Profit After Tax	(7,569.11)	9085.78	11766.33	11123.77	11925.44
Dividend	-	1,752.60	2,103.13	2,103.13	2,103.49
Dividend Distribution Tax	-	284.32	341.18	349.30	357.49
GRM (\$/bbl)	2.45	5.60	5.96	5.51	5.38
Middle Distillate Yield (in %)	55.58	53.00	53.09	54.23	52.39
Capital Expenditure	27,794.95	30,262.64	39,896.78	14,139.16	2,813.92



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

Registered Office : Mudapadav, Kuthethoor P.O. VIA. Katipalla, Mangalore - 575 030, Karnataka

ATTENDANCE SLIP

25th Annual General Meeting
23rd September, 2013

Regd. Folio No.		*D.P Id	
No. of Shares held		*Client Id	

I Certify that I am a registered Shareholder/Proxy for the Registered shareholder of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company held on Monday, 23rd September, 2013 at 4:00 p.m. at Mudapadav, Kuthethoor P.O. Via. Katipalla, Mangalore - 575 030, Karnataka.

Members'/Proxy's Name in Block Letters

Note : Please fill this Attendance Slip and HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

* Applicable for investors holding shares in electronic form.

Members'/Proxy's Signature



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

Registered Office : Mudapadav, Kuthethoor P.O. VIA. Katipalla, Mangalore - 575 030, Karnataka

FORM OF PROXY

25th Annual General Meeting
23rd September, 2013

Regd. Folio No.		*D.P Id	
No. of Shares held		*Client Id	

I/We _____ of _____
being a Member /Members of the above named Company hereby appoint _____ of _____
_____ or failing him _____ of _____ as
my/our proxy to vote for me/us on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Monday, 23rd September, 2013 at 4:00 p.m. and at any adjournment thereof.

Affix ₹ 1
Revenue
Stamp

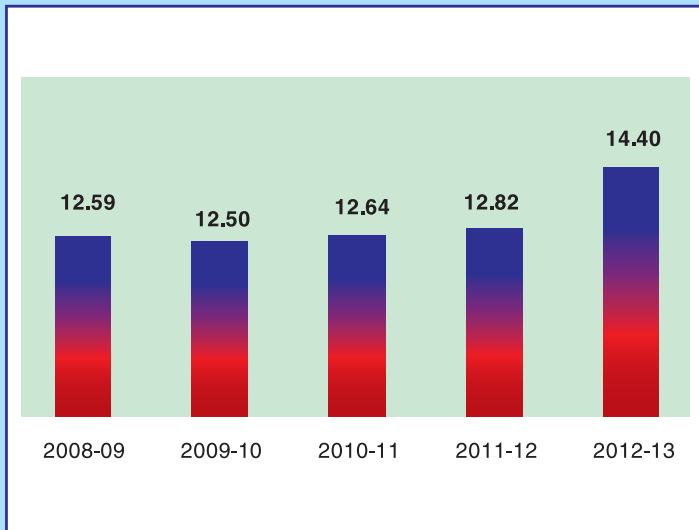
(Signature)

Signed this _____ day of _____ 2013.

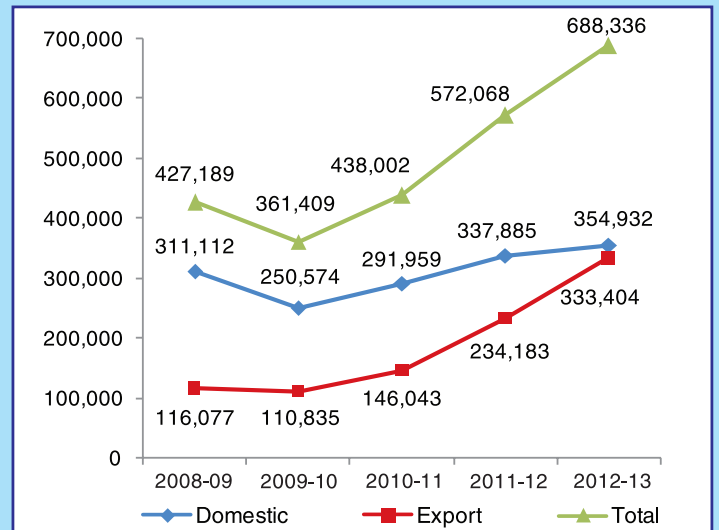
*Applicable for investors holding shares in electronic form.

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 Hours before the time of commencement of the meeting.

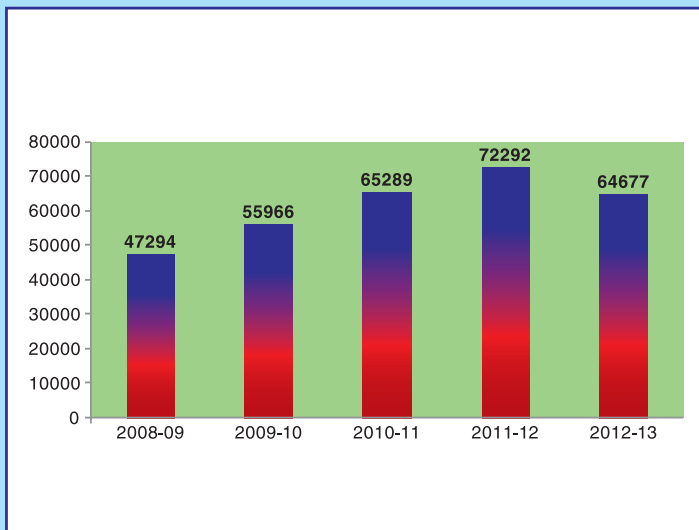
MRPL PERFORMANCE



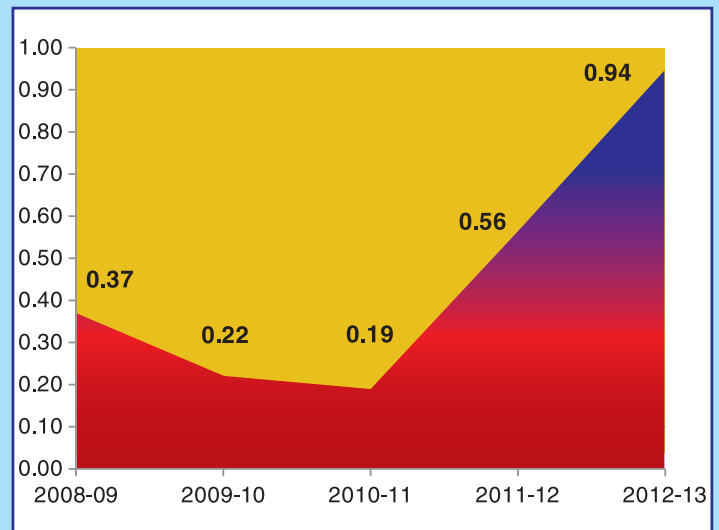
THRUPUT (MILLION TONNES)



EXPORT AND DOMESTIC SALES(₹ IN MILLION)



NETWORTH (₹ IN MILLION)



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