

*Upgrading
to Win*





Shri A. K. Hazarika, Chairman, MRPL receiving Petrofed certificate for "Refinery of the year - 2010" Award and Shri P. P. Upadhy Director (Tech.), receiving Petrofed Trophy from Shri Jaipal Reddy, the Hon'ble Minister of Petroleum and Natural Gas, Shri Sudhir Vasudeva, Director (MRPL) and Shri R.S. Butola, Chairman, Petrofed, were also present.



Shri U.K. Basu, Managing Director, MRPL, Receiving "Oil & Gas Conservation Award-2010" for Furnace/Boiler Efficiency instituted by Center for High Technology



CSR Initiative :- Distribution of tricycles to the disabled at MRPL Employees Club.



CSR Initiative :- Stich craft training is in motion at Sarapady village. More than 45 ladies are undergoing this training.

Mangalore Refinery and Petrochemicals Limited

BOARD OF DIRECTORS

Shri A. K. Hazarika
Shri U. K. Basu
Shri P. P. Upadhyaya
Shri Vishnu Agrawal
Shri D. K. Sarraf
Shri Sudhir Vasudeva
Shri Vivek Kumar
Shri K. Murali
Dr. A. K. Rath
Shri B. Ravindranath

Chairman
Managing Director
Director (Technical)
Director (Finance)
Director
Director
Director
Director
Independent Director
Independent Director

COMPANY SECRETARY

Shri Dinesh Mishra

REGISTERED OFFICE

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

SOLICITORS

M/s. Mulla & Mulla & Craigie Blunt & Caroe

AUDITORS

M/s. S.R.R.K. Sharma Associates,
Chartered Accountants

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

BANKERS

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

INVESTOR RELATION CELL

MRPL

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REGISTRAR AND TRANSFER AGENT

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L.B.S Marg, Bhandup (West),
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DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, I take pleasure in presenting the 23rd Annual Report on the performance of your company, together with the audit report and audited account for the year ended 31st March, 2011.

It is a matter of immense satisfaction that the performance on Fiscal and Physical parameter of your company created certain new benchmarks of excellence during the year 2010-11. Some of the performance highlights are enumerated below:

- 1) Highest ever Refinery crude thruput at 12.64 MMT.
- 2) Highest ever Turnover at ₹ 43,800 Crores.
- 3) Highest ever continuous accident free days of 1367 days as on 31st March, 2011.
- 4) Highest ever products dispatched through Mangalore – Hassan – Bangalore pipeline of 2.576 MMT.
- 5) Hydro cracker the major secondary processing unit achieved processing of 2.88 MMT (Capacity 121%).
- 6) Energy index of 58.13 MBN the lowest ever achieved.
- 7) Your Company signed a MoU with STC Mauritius 3 year products sale agreement signed in July, 2010.
- 8) Overall refinery performance for 2009-10 was found to be qualified for "excellent" rating of MoU with Government of India.
- 9) Phase – III Refinery upgradation and expansion project has achieved a overall progress of 84.4% (Actual) as against schedule target of 92.7% as on 15th June, 2011.

1.1 FINANCIAL PERFORMANCE

(₹ in Crore)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Turnover	43,800	36,141
Profit before Depreciation Interest and Tax	2,233	2,196
Interest and Finance Charges	104	115
Gross Profit after interest but before Depreciation and Tax	2,129	2,081
Depreciation and Amortizations	391	389
Profit Before Tax	1,738	1,692
Provision for Taxation	561	580
Profit after Tax	1,177	1,112
Balance of Profit/(Loss) brought forward from previous year	3,396	2,557
Surplus available for appropriation	4,573	3,669
Appropriations:		
Proposed dividend on Preference Shares (₹ 9,186)	0.00	0.00
Proposed Dividend on Equity Shares	210	210
Tax on Dividend	34	35
Transfer to General Reserve	30	28
Balance carried to Balance Sheet	4,299	3,396

1.2 DIVIDEND

In view of the ensuing project investment and considering the performance, the Board of your company has decided to recommend a dividend payout of 12%. This will absorb ₹ 244 Crore including ₹ 34 Crore as tax on dividend.

1.3 OPERATIONAL PERFORMANCE

The Refinery throughput was 12.64 MMT crude oil achieving 107% capacity utilization. The Refinery produced 11.77 MMT of finished products.

1.4 EXPORTS

Even in these challenging times your company has exported, MS, Naphtha, Mixed Xylene, HSD, ATF and FO totaling to 4.9 MMT amounting to ₹ 14,604 Crore.

1.5 Domestic Marketing of Products

Your Company continued to make inroads in the direct sales segment in Karnataka and its adjoining states with sales turnover during the year at ₹ 2,291 Crores.

In view of deregulation of MS pricing, your company has reformulated its Retail Business plan to set up 122 retail outlets in next two years and has developed its policy on dealer selection for setting up retail outlets predominantly in southern India.

1.6 SAFETY PERFORMANCE

- The Refinery has achieved its best ever record of 1367 days without Reportable Lost Time Injury (RLTI) as on 31st March, 2011 i.e. 9.59 Million Man Hours without RLTI. On the Contractor's level a total of 757 days was completed from 5th March, 2009 to 31st March, 2011 i.e. 7.69 Million Man Hours without RLTI.
- In the year 2010, your company was adjudged as "Most consistent Safety Performer in Refinery" by Oil Industry Safety Directorate.
- Safety at MRPL is the commitment of the Top Management and incorporates the highest standards amongst its employees and contract workmen. Periodic audits (both internal and external), Mock Exercise (Onsite & Offsite), regular training updates and a positive attitude towards safe work practices have ensured a safe and healthy work environment. All process plant modifications are verified through Hazard and Operability Study (HAZOP) before implementation.
- HAZOP study of all Refinery facilities including Offsite and Utilities were carried out.

1.7 ENVIRONMENT MANAGEMENT

- In Environment Management, your 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. Your Company has undertaken following initiatives for greener environment:
- A Sulphur Pelletisation Unit was commissioned in the refinery to reduce the dust emissions.
- Wet Air Oxidation Plant is being commissioned in the refinery for treating Spent Caustic resulting in further improving the quality of the treated effluent. Plant is in advance stage of completion.

- Second Continuous Ambient Air Quality Monitoring System is being installed in the refinery to monitor the air quality. Installation of instrument is in advance stage.
- 26th Activity Committee Meet on "Environment Management" was jointly organized first time in MRPL by Centre for High Technology (CHT) and MRPL in the month of December, 2010.
- Microbiology study completed on treated effluent by M/s. College of Fisheries.
- VOC Emission monitoring carried out in the refinery through reputed agency and corrective measures are taken to effectively minimize the same, wherever needed.
- Order placed to State Forest Department, Govt. of Karnataka for developing Greenbelt & Mango Orchard in and around the refinery, 5,000 mangoes trees and 33,320 others trees, covering this 120 Acre Area.
- Periodic Manual Stack Monitoring is being carried out by MoEF/ KSPCB approved external agency.
- Work Environment Monitoring was carried out by M/s. Regional Labour Institute, Chennai.
- Hydro geological Study is being carried out by M/s. National Geophysical Research Institute, Hyderabad in all water sheds of the refinery.
- Work Order placed on MoEF/KSPCB approved external agency for monitoring Ambient Air Quality in and around the refinery as per revised National Ambient Air Quality Monitoring Standards published by Ministry of Environment & Forests.
- An advance technology employed for cleaning Crude Tanks in the refinery. Tank cleaning was carried out by M/s. Plant Tech – Mid-continent (India) Pvt. Ltd.
- Bioremediation of 1000 MT of Oily Sludge has been completed by M/s. TERI, New Delhi.
- Environment Awareness Programs conducted in the neighbouring villages for School Children and for the community members.
- 70-75% of the total treated Effluent is recycled back to the cooling towers.
- Continuous online monitoring Analyzers installed to monitor Treated Effluents for parameters like PH, Sulphide, Dissolved Oxygen, Phenols, and VOC (Volatile Organic Compound) before discharged to sea.
- Treated effluents are monitored on a daily basis at both Refinery end & at APMC (Agricultural Produce Market Committee) yard.
- SOx and NOx emissions in ambient air are well below the standard stipulated by pollution control board, the monitoring of which in and around the refinery is being done by M/s. National Institute of Technology Karnataka.
- A Fortnightly Marine Environment Impact Assessment study is being carried out through the M/s. Central Marine Fisheries Research Institute, Mangalore from 7 monitoring stations set-up in the vicinity of Treated effluent Disposal point (at sea) & 3 Stations in the Seashore. The monitoring of Flora and Fauna, Studies on Phytoplankton, Zooplankton & Benthic Organisms in the Ocean is being conducted. Study on Bioaccumulation of Heavy metals in Marine Organisms are also conducted twice per year.
- Your Company is meeting the stipulations of KSPCB with regard to the quality and quantity of treated effluent, which is well below the standards in every aspect, on a continuous basis.
- Ten Nos. of 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.

- Low sulphur Fuel oil with less than 1% sulphur is being used in all the Refinery furnaces and boilers, simultaneously maximizing the usage of ultra low Sulphur fuel gas generated in the refinery process units.
- 3 Sulphur Recovery Units (SRUs), 2 working + 1 Standby established. SRUs are operated at efficiency greater than 99%.
- Innovative methods of solid waste reduction have been carried out by using Bioremediation process.
- Special health checkup is being carried out for employees working in high noise & dusty area and in units where Benzene is present.
- On-line analyzers have been installed for continuous monitoring of stack emissions, apart from manual monitoring of all stacks for compliance to Environment norms.
- Annual Submarine pipeline inspection carried out by M/s. National Institute of Oceanography (NIO).

1.8 MARKETING

1.8.1 Sales & Operation

Your Company continued to make inroads in the direct sales segment in Karnataka and its adjoining states. Major inroads made in Mixed Xylene market. ATF sales increased by 23 % to 67 TMT as compared to last year sales of 54 TMT. Total sales turn over during the year was about ₹ 2,291 Crores.

VG 30 and VG 10 grade Bitumen supplies started during the year. Your Company also started HSD supplies ex-Hassan hospitality location. Your Company increased supplies to OMC locations in Tamilnadu & Kerala.

1.8.2 Business Development

Your Company entered into an agreement with State Trading Corporation, Mauritius on 1st July, 2010 for supply of 1.1 MMT per annum liquid petroleum products valued at about 800 million USD at current prices. The products comprising ATF, MS, HSD and Furnace Oil will be supplied for a period of 3 years and the total value of this deal at current prices is 2.4 billion USD.

1.8.3 Joint ventures

The Joint Venture of your company with Shell B.V.Netherlands viz., "Shell MRPL Aviation Fuels and Services Private Limited" for marketing of ATF achieved a operating profit of ₹ 214.06 Million (Previous year ₹ 145.45 Million), Pre tax profit of ₹ 136.28 Million (Previous year ₹ 82.08 Million) and Post tax profit of ₹ 109.68 Million (Previous year ₹ 45.34 Million) during the year. During the year, the sales under Delivering Company (DELCO) model were 85,489 KL (Previous year 68,927 KL). The Company fuelled 12,674 flights (Previous year 11,106 flights). Sales under the Contracting Company (CONCO) Model were 4,16,487KL (Previous year 3,43,133 KL).

1.8.4 Retail

Your Company continued to follow a non aggressive and cautious approach in marketing of HSD and petrol in view of the Government regulation in pricing. As of 1st April, 2011 MRPL is operating two HiQ retail outlets one each at Maddur and Hubli in Karnataka. The third outlet at Kadri Hills, Mangalore is under construction. In view of expected complete deregulation of MS and HSD pricing, your company has worked out its

Retail Business plan to set up 122 retail outlets within two years. Your Company plans to set up these retail outlets predominantly around Mangalore with minimum logistic cost.

2. AWARDS AND RECOGNITION:

The excellent standards maintained by the Refinery on the production, energy conservation, environment management and safety front, enabled us to bag several awards:

- MRPL has bagged the Petrofed 'Refinery of the Year' Award honoring performance in refining of petroleum in India during the year 2009-10. This recognizes leading Performance in production and operational efficiency in refining operations, while meeting the norms of health safety and environmental protection.
- Oil Industry Safety directorate ranks MRPL as 1st in "Most consistent safety performer in Refineries" for the year 2009-10
- Company has achieved the "Excellent" Target (Composite score 1.04) against the MOU Targets set with Government of India for the year 2009-10
- Best Exporter Award (Gold) – 2010 for exporting products through NMPT, by Federation of Karnataka Chamber of Commerce & Industries.
- The "Oil & Gas Conservation Award-2010" for Furnace/Boiler Efficiency instituted by CHT.
- Your Company bagged 1st Prize in Furnace/Boiler Efficiency under the Category-2 of Group-1 in the Annual OGCF-2009-10.
- Your Company bagged the second Prize of Jawaharlal Nehru Centenary Awards 2009-10 for Energy Performance of Refinery with composite energy factor for more than 5, under Group-1.

3. IMPROVED CREDIT PROFILE

- 3.1 Your Directors are pleased to inform you that ICRA Limited has reaffirmed Issuer Rating "IR AAA" (pronounced IR Triple A) to your company. This rating indicates the highest credit quality rating assigned by ICRA and the rated entity i.e., MRPL carries the lowest credit risk.

ICRA has reaffirmed "LAAA" (pronounced L triple A) the highest credit quality rating under ICRA's Long Term Rating Scale for ₹ 900 Crore Fund Based Working Capital limit of MRPL.

ICRA has also reaffirmed the "A1+" (pronounced A one plus), the highest and relatively stronger credit quality rating (within the rating category of A1) under ICRA's Short Term Rating Scale for ₹ 5,500 Crore Non-fund Based working capital Limit of MRPL.

4. PROJECTS

4.1 Phase III Refinery Project:

As you are aware, your company is currently implementing Phase III Refinery Project with an objective of increasing profitability by increasing the refining capacity to 15 MMTA, to process more of low price high Sulphur/high acid, heavy crude oils, increasing the distillate yield by upgrading low value black oils, producing value added products like Propylene and upgradation of its total diesel pool to superior (Euro III/IV) grade. The estimated cost of the project is ₹ 12,160.26 Crore. Orders have been placed for all the units like PFCC, SRU & PPU, Captive Power Plant (CPP), Hydrogen & DHDT Units, CHT, DCU etc., as well as all utility

packages like Nitrogen, Compressed Air, Raw Water, Cooling water DM water and Waste Water Treatment Plant. The total value of orders placed as on 31st May, 2011 is ₹ 10,193 Crore. The implementation is progressing satisfactorily.

The Project has achieved a overall progress of 84.4% (Actual) as against schedule target of 92.7% as on 15th June, 2011. The captive powerplant being executed by M/s BHEL has achieved overall progress of 81.3% (Actual) against schedule of 96.6% as on 15th June, 2011, M/s BHEL has indicated 6 months delay in completion. To achieve production schedule of January, 2012, your Company has initiated action to draw power and steam from existing powerplants. The project is expected to achieve start of production within financial year 2011-12.

4.2 Polypropylene Project:

As you are aware that your company has been setting up Polypropylene unit integrated with the Phase III Project at an estimated capex of ₹ 1803.78 Crore. M/s.Engineers India Limited (EIL) has been engaged to implement the project under Open Book Execution (OBE) methodology. M/s.Novelene Technology, Germany have been selected as licensor for the project. However, the site work has been delayed due to PDF problems in this area. This has resulted in shifting the location of the unit. Site grading work has been carried out in the new location and is now ready for start of civil works. Fresh clearance from MoEF as required due to shifting of PP unit from MSEZ to MRPL Phase III Area is expected Shortly.

Polypropylene Project has achieved a progress of 64.2% (Actual) as against target of 67.2% (Scheduled) as of 15th June, 2011. Proactive actions have been taken to minimise delay from approved mechanical completion target of April, 2012 and commissioning by July, 2012.

Cost Commitment made for Polypropylene Project is ₹ 1,290.56 Crore and the expenditure incurred is ₹ 301.6 Crore as of 15th June, 2011.

4.3 SPM Project:

As reported last year, your company is proposing to set up a Single Point Mooring (SPM) facility in the sea of Mangalore Port area with an objective to receive crude oil in Very Large Crude Carrier (VLCC) tankers. Your Company Board approved the SPM Project in June, 2010 and subsequently ONGC Board Approved the SPM Project in July, 2010.

M/s Engineers India Ltd (EIL) is appointed as OBE/LSTK Contractor for this Project. EIL have already completed ordering of major long lead equipments like Booster Pumps with Diesel Engine, SPM, Bare Pipe, Valves, Pipe Fittings etc and ordering for the balance items is in progress. The Civil and Structural Work Contract, Sub Sea Pipeline and SPM Installation Contract are placed. Civil and Structural Work for the Booster Pump Station is in progress in NMPT Limits. Tender Floated for Composite Works.

The Progress of the Project as on 15.05.2011 is 15.7%.

Your Company has already obtained Environmental Clearance from Ministry of Environment and Forests, Government of India for the Project.

5. INTERNAL PROJECTS

5.1 CDU / VDU1 revamp:

The CDU / VDU Phase 1 unit for improvements in yield with better energy efficiency. The Basic Engineering was done by M/s. EIL who is the suppliers of Basic Engineering & Detailed Engineering for the original unit. Project Management Consultant (PMC) for the project is M/s. Uhde

India Pvt. Ltd. (UIPL). The LSTK Contractor is M/s. Toyo Engineering India Ltd. The Pre-shutdown activities related to the Project are completed and the Shutdown works shall be taken up in the scheduled Turnaround during September/October 2011.

5.2 Revamp of naphtha splitter unit-2:

This project is for maximizing the capacity utilization of the existing Isomerisation Unit and the CCR Unit with better Naphtha management. The Naphtha Splitter Unit-2 is being revamped with minor changes. The Basic Engineering has been carried out by Process Design Engg. Cell of M/s IOCL. M/s Engineers India Limited (EIL) has been retained for the Engineering & Procurement services. The estimated Project cost is about ₹ 9.5 Crores and targeted completion by April, 2012.

5.3 Relocation of tank truck loading for BS IV MS /HSD and argumentation of ATF loading facility:

The existing BS IV MS/HSD tank truck loading is being carried out at hired third party a premise which has inherent limitations. Loading facilities is being proposed at own premises at a cost of approximately ₹ 25 Crores (inclusive of security related infrastructure). M/s. Mecon have been retained as the Project Management Consultant and engineering is nearing completion. The schedule completion is March, 2013.

Highlights of activities

- GOHDS (Gas Oil Hydro De-sulphurisation) unit major revamp was successfully completed 4.5 months ahead of schedule and Unit commissioned on 16th April, 2010 which facilitates MRPL to Produce higher quantity of Euro-3 & Euro-4 grade low sulphur Diesel Products.
- Sulphur Pellatisation unit was commissioned on 29th July, 2010 which facilitates MRPL to market Pellatised sulphur.
- Hydrocracker-1 and Hydrogen-1 Catalyst replacement activity was safely & Successfully completed during June, 2010.
- CDU-2 Annual turnaround was carried out during 22nd Aug to 13th Sep, 2010.
- Major activity like entire radiation heater coil replacement of VDU was successfully completed.
- CDU-1, VDU-1, VBU-1&2 heater coil online cleaning was carried out during Feb, 2011. This helped us to improve capacity utilization.

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

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 Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings & outgo is furnished in 'Annexure - I' which forms part of this Report.

7. PARTICULARS OF EMPLOYEES

Pursuant to the Notification No. 2/29/1998-CL.V dated 31st March, 2011 issued by Ministry of Corporate Affairs, the Particulars of Employees Rules, 2011 has been amended. As per the amendment, a government company is not required to publish the Particulars of employees under section

217(2A) of the Companies Act, 1956, and the rules framed thereunder. Your company being a government company is exempted from disclosures under section 217(2A) of the Companies Act, 1956, and the rules framed thereunder.

8. HUMAN RESOURCES

- During the year 2010-11, your company continued to enjoy cordial and harmonious relations with the collectives and as an evidence to the same, not a single man-hour was lost on account of any industrial disturbance during the entire year.
- The Long Term Settlement (LTS) pertaining to Wage revision and other related benefits effective 1st April, 2007 with the Employees union was finalized and signed on 31st January, 2011.
- As regards the pay revision for Board level and below Board level executives which was due from 1st January, 2007 is implemented successfully as per the Guidelines of Department of Public Enterprises, Government of India, (DPE)
- Your Company has recruited 6 employees during the year 2010-11. Out of these 01 belonged to Scheduled Caste (SC), 01 belonged to Other Backward Class (OBC) and 01 women employee were recruited.
- The number of employees as on 31st March, 2011 was 1294, including 73 women employees. The number of employees belonging to SC, ST & OBC categories were 74, 24 and 317 respectively.
- During the year 2010-11, your company devoted 4141 man-days for Training, Development and Learning which amounts to an average of 3.2 man-days per employee. This included functional, developmental and special training programs covering the entire spectrum of employees.

9. OFFICIAL LANGUAGE

Your Company is implementing Official Language Policy in letter and spirit as per the Annual Programme prescribed by the Department of Official Language, Ministry of Home Affairs, and Govt. of India. In order to propagate Hindi among the employees, Hindi Workshops are organized on a regular basis at Mangalore, Mumbai, Delhi & Bangalore Offices. Regular Hindi classes such as Prabodh, Praveen & Pragya are being conducted for employees. To motivate employees who pass final Hindi examinations, Incentive schemes are introduced such as Cash award & Personal Pay.

For promoting the use of Hindi, Hindi Fortnight was celebrated and many Hindi competitions such as Hindi Essay, Dictation, Translation, Songs, Extempore speech etc. were conducted for the employees, their children and family members in the month of September, 2010. Competitions are also held in Hindi for employees and their family members during National Safety Day, Environment Day, Security awareness week and Vigilance awareness week. OL inspections of internal departments and subordinate offices were carried out. Special awards were given to the three toppers of DPS-MRPL School children who stood first three in the public exam of class X in Hindi language.

Your Company participated at TOLIC level Hindi competitions and won nine prizes and stood First at TOLIC level competition. Quarterly, half yearly and yearly reports are sent to all the controlling Agencies/ Departments / MOP&NG on time by highlighting the progress made in promotion of Hindi in the company. To popularize usage of Hindi, Hasya Hindi Kavi sammelan was organized on 25th March, 2011. Five National level Hindi humor poets participated in the Programme.

10. VIGILANCE FUNCTION

Your Company has developed a structured mechanism of vigilance functions and its practices are 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 are being followed. Officers in sensitive posts are rotated regularly. A 'Whistle Blower's 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 has achieved very high compliance level with regard to e-payment, e-tender.

Leveraging of technology to enhance transparency has been a thrust area of action in which vigilance has played a catalytic role. Prominent examples are publication of all tenders above ₹ 5.00 lakhs in Company website along-with provision for downloadable tender document, publication of information of works awarded on nomination in Company website, publication of post award information of all contracts above ₹ 1.00 Crore in Company website.

11. SECURITY MEASURES

11.1 CISF Induction:

Following approval of 200 CISF manpower by Ministry of Home Affairs (MHA), for protection of MRPL, a Quick Reaction Team (QRT) team consisting of 22 CISF personnel was inducted to guard the Refinery on 28th August, 2010. The remaining CISF manpower will be inducted once the CISF Township is constructed having target completion of 3rd quarter of 2013.

11.2 CCTV Surveillance:

Complete area of the Refinery is covered by state-of-the art CCTV Network. Few Cameras are working on OFC cables and rests of them are working on wireless technology. CCTV network is designed to cover all the access control gates and other strategic locations. Work for expanding the CCTV coverage to 10 more critical locations is going on.

11.3 Access Control:

Access to Plant area will be better controlled with completion of the proposed New Plant Gate & Security Building for which work will begin shortly. This Security Building will be equipped with Multi-Zone Metal Detectors and X-ray baggage scanners. This Gate will also have turnstiles controlled through bio-metric card readers for strict access control to Plant area. Anti-Vehicle Intrusion systems viz Tire Rippers/ Bollards are also being planned to be installed at Plant Gates. Similar Marketing cum Security Infrastructure is being built in the Lower Plateau of the Refinery.

11.4 IB Recommendations:

Intelligence Bureau (IB) visits once in every two years to inspect security arrangements, identify grey area and to recommend / suggest improvements. All the recommendations given by the IB in the year 2008 have been complied. The latest IB inspection was carried out on 28-29th December, 2010 and a fresh set of 30 Recommendations have been

received. Action has been initiated to comply with all the recommendations in a time bound manner.

11.5 Internal Security Audit – ONGC:

Besides IB, ONGC carries out Security Audit of MRPL internally. ED Chief Security, ONGC also carries out periodical review of Security and gives his recommendations which are being implemented.

11.6 Mock Drills:

Regular mock drills are conducted exclusively on Security. Besides internal mock drills conducted within Security Department, district level security exercises are conducted along with State Police and Coast Guard. MRPL and industries in the neighborhood are actively involved in the Coastal Security Exercises conducted along the Coastal area under the leadership of Coast Guard.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

As a socially responsive organisation your company is committed to the well being of the communities around the refinery area and with this objective, it has taken up a number of schemes/ developmental activities during 2010-11. The expenditure incurred on CSR activities during the year was ₹ 4.34 Crore (₹ 12.54 Crore in previous year) in the core areas viz., Education, Health & Sanitation, Infrastructure, SC/ST Development Scheme, MRPL Rehabilitation Colony, Women Empowerment Programme.

13. DIRECTORS

- 13.1 Shri A.K. Hazarika was appointed as Director w.e.f 1st February, 2011, in place of Shri R.S Sharma consequent upon his superannuation from the services of ONGC on 31st January, 2011.
- 13.2 Shri B.Ravindranath has been appointed as a Nominee Director on the Board of MRPL by IDBI Bank Limited w.e.f 1st November, 2010, in place of Shri G.M Ramamurthy.
- 13.3 Shri P.P. Upadhyaya has been appointed as Director (Technical) of MRPL by President of India. He has assumed the office of Director (Technical) w.e.f 30th September, 2010.
- 13.4 Shri Vishnu Agrawal has been appointed as Director (Finance) of MRPL by President of India. He has assumed the office of Director (Finance) w.e.f 4th April, 2011.
- 13.5 In accordance with the provisions of the Companies Act, 1956 and Article of Association of the Company, Shri K. Murali and Shri Sudhir Vasudeva Directors will retire by rotation at the 23rd Annual General Meeting of the Company. Shri K. Murali and Shri Sudhir Vasudeva, being eligible, offer themselves for re-appointment as Directors of the Company.
- 13.6 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 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are given in the Annexure to the AGM notice.
- 13.7 Your Company continues to pursue with the Government of India (Ministry of Petroleum & Natural Gas) for appointment of requisite number of Independent Directors on the Board of the Company for comply with clause 49(1A)(ii) of the Listing Agreement.

14. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same.
- ii) They 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 at the end of the financial year viz., 31st March, 2011 and of the Profit & Loss of the Company for the year ended on that date.
- iii) They 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;
- iv) They have prepared the Annual Accounts of the Company on a going concern basis.

15. FIXED DEPOSIT

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

16. CORPORATE GOVERNANCE

- 16.1 Your Company has complied with all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance requirements, except with the requirement of requisite number of Independent Directors on the Board of the Company. Your Company is pursuing with the Administrative Ministry, MoP&NG for appointment of requisite number of Independent Directors on the Board. The Annual Report contains a separate section on Corporate Governance, which forms part of this Report.
- 16.2 Your Company is listed with the Bombay Stock Exchange Limited and National Stock Exchange Limited.
- 16.3 As required under Clause 49 of the Listing Agreement with Stock Exchanges, your company has obtained the Certificate from the Auditors of the Company, for Compliance of Corporate Governance which is annexed to and forms part of this report.
- 16.4 As a measure of good corporate governance, your company has voluntarily taken up Secretarial Audit for the year 2010-2011 and a Report obtained from M/s. A.N. Kukreja & Co, Practicing Company Secretaries is annexed to the Annual Report, and forms part of this report.
- 16.5 Your Company has also complied with the guidelines of corporate governance for Central Public Sector Enterprises (CPSEs), issued by DPE dated 14th May, 2010 except with regard to appointment of requisite number of Independent Directors.
- 16.6 The Management Discussion and Analysis Report forms part of the Directors' Report annexed as Annexure-II.


17. AUDITORS

- 17.1 M/s. S.R.R.K. Sharma Associates, Bangalore and M/s. Maharaj N. R. Suresh & Co., Chennai have been appointed as joint Statutory Auditors of the Company for the Financial Year 2010-11 by Comptroller & Auditor General of India (C&AG).
- 17.2 The report of the C&AG at Annexure III forms part of this Report.
- 17.3 Cost Audit branch of Ministry of Corporate Affairs (MCA) vide its order no. 52/61/CAB 2007 dated 24th January, 2007 has directed the company to maintain the cost accounts under the provisions of the Companies Act, 1956 and directed to conduct cost audit under section 233(B)(1) of the Companies Act, 1956. M/s. Musib & Associates, Practicing Cost Accountant has conducted Cost Audit for the year ended 2010-11. The Cost Audit Branch of Ministry of Corporate Affairs (MCA) has issued circular dated 11th April, 2011 w.e.f. 1st April, 2011 in supersession of earlier circular, whereby it requires the disclosures of details of the Cost Auditor and Cost Audit report for the year 2011-12.
- 17.4 Particulars of the Cost Auditor.
 - (a) M/s. Musib and Associates, Cost Auditor for the year 2010-11.
 - (b) Cost Audit report for the year 2010-11 will be filed before September, 2011.

18. ACKNOWLEDGEMENT

- 18.1 Your Directors sincerely thank the Government of India (GOI), Ministry of Petroleum and Natural Gas (MOP&NG), Ministry of Finance (MOF), Ministry of Corporate Affairs (MCA), Department of Public Enterprise (DPE), Ministry of Environment and Forest (MoEF), Ministry of External Affairs, Ministry of Shipping, Ministry of Home Affairs other Ministries and Departments of the Central Government and the State Government of Karnataka, Andhra Pradesh, Tamilnadu, Kerala and District Authorities at Mangalore for their valuable support and continued co-operation.
- 18.2 Your Directors gratefully acknowledge support and direction provided by the parent company, ONGC and the support of Hindustan Petroleum Corporation Limited (HPCL), as Promoters of the Company.
- 18.3 Your Directors wish to thank the shareholders for the continued confidence reposed on the Management and the Company.
- 18.4 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, vendors, contractors, transporters and others.
- 18.5 Your Directors recognize the patronage extended by the valued customers for the products of the Company and promise to provide them the best satisfaction.
- 18.6 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.

For and on behalf of the Board


A.K. Hazarika
Chairman

Place: New Delhi

Date: 4th July, 2011

ANNEXURE I TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Your 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:
- Optimization of Hydrogen network, for minimizing energy intensive pure Hydrogen make-up & for maximizing availability of Hydrogen to get cleaner products.
 - Amine system solvent change over from Di ethanol amine to Methyl Di ethanol amine, to optimize steam & power consumption.
 - Optimization of Gas Oil Hydro Desulfurization (GOHDS) operating parameters post revamp, to optimize energy consumption.
 - Routing of Hydrocracker (HCU) units' Heavy Naphtha stream to Continuous catalytic reformer (CCR)-2 stripper directly, to reduce fuel consumption.
 - Optimization of unit capacity of Hydrocracker sour water stripping unit at phase2 & stoppage of the same unit in phase 1, thereby saving significant amount of power & steam.
 - Application of ceramic coating on Refractory surface of CCR2 Plat former charge heater, Crude distillation (CDU) 2 & Vacuum distillation unit (VDU) 2 heaters.
 - A modification is carried out to route amine off-gas to the incinerator of Sulfur recovery unit (SRU) -3 to facilitate diverting excess flash gases for minimizing flaring of the gases SRU-3, while SRU1 & 2 units are shut down.
 - Online chemical cleaning of CDU1, CDU2, VDU1, Visbreaker unit (VBU) ph1 & 2 unit furnaces were carried out. This resulted in improved heater margins, which has resulted increased capacity utilization & lesser specific fuel consumption.
 - Modification in VDU2 vacuum Diesel circulating reflux, resulting in reduced Medium pressure steam consumption & increased hot feed to GOHDS.
 - Modifications have been carried out for slop minimizations, resulting in improved crude refining capacity & reduced energy consumption for slop reprocessing.
 - Modifications carried out to provide additional cooling system in CDU2 overhead system, which resulted in improved LPG yield in addition to reduced heaters load.
- b) Additional investments and proposals, if any, being implemented/ under consideration for reduction of consumption of energy / resources.
- Continuing:
- Condensate heat recovery in CDU & HCU units.
 - Refinery steam lines insulation repair and maintenance.
 - Recovery of Hydrogen from fuel gas streams & PSA tail gas streams.
 - Slop recycling provision with coalescer in CDU1 & VBU2.
- New:
- Provision of Pre-flash column in CDU1 Crude distillation unit to minimize heater load & to enable maximizing the unit throughput, as part of phase 3.
 - Providing additional LP steam interconnection between phase 1 & phase 2 for better steam distribution & enable minimizing intermittent LP steam venting.

- Changing adsorbents in Hydrogen phase 2 unit, for improving Hydrogen recovery.

- The measures (a) above resulted in Energy consumption reduction by ~ 21000 MT/Year, in addition to this also improvements in Naphtha & LPG yield. The equivalent to a net saving of approx. ₹ 800 Million/year. This with an investment of approximately ₹ 26 Million. The investment estimated for the measures (b) above is approximately ₹ 20 Million, excluding the CDU1 revamp cost.
- Fuel & Loss in the Refinery for the year 2010-11 was 6.85%, whereas it was 6.51% in 2009-10. F&L is comparatively higher on account of higher feed processing in secondary units like GOHDS, ISOM, VBU, Hydro cracker and Hydrogen generation units. The Refinery Energy index (MBTU/BBL/NRGF) is lower at 58.13 for the year 2010-11 as compared to 58.27 for the year 2009-10.
- Energy Conservation award:

Your Company has won the Second Prize in the 'Jawaharlal Nehru Centenary Award for Energy conservation in refineries' for the year 2009-10, instituted by the Ministry of Petroleum & Natural Gas (MoP&NG), through Centre for High Technology. Your Company has achieved the lowest ever MBN of 58.13 for the year 2010-11.

Your Company has been adjudged as "Refinery of the year" Award constituted by Petroleum Federation of India (PetroFed) for the year 2009-10.

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)
2010-11	12.639	5.585	58.13
2009-10	12.497	5.371	58.27
2008-09	12.586	5.277	59.07
2007-08	12.547	5.359	61.55

FORM - A

Total Energy consumption and Energy consumption per unit of production:

A) Power and Fuel Consumption

	Current year 2010-11	Previous year 2009-10
1. Electricity		
a) Purchased		
Unit (Million KWH)	19.52	17.37
Total Amount (₹ Million)	114.76	103.05
Rate / Unit (₹ /KWH) *	5.88	5.93
* Includes demand charges of ₹ 18.58 Million (₹ 20.70 Million for 2009-10)		
The unit cost per KWH excluding Demand charges is ₹ 4.90 (₹ 4.64 for 2009-10)		
b) Own Generation		
i) Through Diesel Generator (at Sarpady)		
Unit (Million KWH)	0.08	0.03
Unit per ltr. Of Diesel (KWH/ltr.)	3.27	3.10
Cost / Unit (₹ /KWH)	10.71	10.31

	Current year 2010-11	Previous year 2009-10
ii) Through Steam turbine generator		
Unit (Million KWH)	613.89	593.96
Unit per liter Of Fuel Oil (KWH/ltr)*	1.99	2.03
Cost / Unit (₹ /KWH) *	9.56	9.97
* Includes co generated Steam cost		
2. Fuel Oil		
Quantity (MT) (Oil + Gas)	823185	774210
Total Amount (₹ In Million)	20,226.72	16,378.84
Average Rate (₹ /MT)	24,571.24	21,155.55
3. Others / Internal Generation		
Diesel (at Sarapady)		
Quantity (KL)	22.99	9.66
Total Cost (Rs. Million)	0.8	0.31
Rate (₹/KL)	34,990	31,990
4. Consumption per unit production		
Total crude processed (TPA)	1,26,38,942	1,24,96,950
Total Fuel Consumed (TPA) (includes fuel and loss)	9,65,927	8,13,696
Total Electricity (Million KWH) (after deducting external supply)	627.66	605.57
Fuel Consumption, MT/ MT of Crude processed (%)	6.85	6.51
Electricity Consumption, KWH / MT of Crude processed	49.46	48.46

FORM - B

A) Research and Development (R&D)

1. Specific Areas in which R&D carried out by the company 2010-11:

❖ Crude Assay

Crude Assay was carried out using TBP apparatus.

Azeri

Bombay High

B 55 Series Condensate (ONGC)

C-Series Condensate (ONGC)

Nile

Iran Light

❖ Experiment on Modified Bitumen:

Experiments were carried out to study the storage stability of modified Bitumen with various additives and for optimizing the additive dosage levels.

❖ Experiments on liquid Effluents

Experiments were carried out for establishing the analytical method to estimate Hydrocarbons in effluents, sludge, seawater and Treated effluent using Spectrofluorometer.

❖ Additives Evaluation

Additives were evaluated for improving the Pour Point, Lubricity, and CFPP of Gas oil products.

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. Assay of Crude Condensates helped ONGC (IOGPT) to explore the possibility of producing value added products.

- ❖ Experiments on modified bitumen has helped to select and source quality Additives.
- ❖ Establishment of analytical method has helped to estimate the trace level Hydrocarbon content quickly and accurately.
- ❖ Additive evaluation has helped operation units to optimize the dosage Levels.

3. Future plan of Action:

- ❖ To study trace metal impurities in ground water using ICP-MS.
- ❖ To study Atmospheric corrosion.
- ❖ Study on bitumen emulsions.

4. Expenditure on R&D:

- ❖ Capital: ₹ 0.00 lakhs
 - ❖ Recurring: ₹ 11.06 lakhs
 - ❖ Total: ₹ 11.06 lakhs
- Total R&D expenditure as percentage of total Turn over – Negligible.

B) Technology Absorption, Adaptation & Innovation

- i) Efforts, in brief, made towards technology absorption, adaptation and innovation.

- a) Technologies for process units of Phase-1 & 2 have been fully absorbed.
- b) Light Naphtha Isomerisation unit commissioned during end-2006.
- c) Gas Oil Hydro-desulfurisation unit capacity revamp activity taken-up for increasing plant capacity by 30%.

- ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

Refinery throughput sustained at 12.64 Million TPA with a capacity utilization of 107%, 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.

- iii) 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
Isomerisation process, Variable frequency drives, GOHDS unit capacity revamp
- b) Year of import
2004-05 and 2008-09
- c) Has technology been fully absorbed?
Yes.

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(₹ in Crore)	
	2010- 2011	2009 – 2010
Foreign Exchange Earnings – FOB value of exports	14,602.47	11,041.34
Foreign Exchange Outgo	30,736.23	26,329.72

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

This analysis report is Management's perspective of economy, market and company's performance. The analysis statements can be termed as company's perspective of the situation and can also be explained with the words like planning, estimation, expectation, anticipation, etc. The company is not in a position to guarantee to make changes or modifications in the analysis report based on future changes of the situation and announce it publicly.

1. THE ECONOMY

As per IMF reports, the world output grew by 5 % in 2010 (which was -0.6% in 2009). During the second half of 2010, global financial conditions broadly improved, equity markets rose, risk spreads continued to tighten, and bank lending conditions in major advanced economies became less tight. IMF further estimates growth of 4 % in 2011 and 4.5 % in 2012. In medium term, WEO Outlook estimates that world economy grows on average by 4.4% over the five year to 2015 and in longer term world GDP is estimated to grow by an average of 3.2% per year over the period of 2008-2035.

The performance of the Indian Economy which break the declining trend in 2009-10 and achieved GDP growth of 8% (from 6.8 % in 2008-09) has continued and as per advance estimates of then Central Statistics offices (CSO) released on 7th February 2011, GDP growth is projected to be 8.6 % in 2010-11. It is assumed that WPI inflation will continue to remain elevated with the fuel and the manufacturing inflation posing an upward pressure. Global inflationary pressure are likely to persist.

• World Oil and Gas Projection :-

Global Oil demand grew by 3.4 % in 2010 and around 42 % of the oil demand increase was attributed solely in India and China, the emerging consumption hubs of Crude Oil. Global energy consumption growth is expected to be at an average of around 1.7 % per annum over next two decades.

As per IEA's Medium-Term Oil and Gas Markets 2011, annual growth in oil demand could average 1.2 million barrels per day (mb/d) between now and 2016, while natural gas demand could grow by around 500 billion cubic meters. The report also estimates that buoyant economic growth of non-OECD countries would make demand growth to stay robust, despite high international crude prices. China, Asia and the Middle East together generate around 95% of net growth, with buoyant gasoil/diesel growth and major increases expected from the transport and petrochemical sectors.

• Indian Petroleum Industry:-

India refining Industry growing at a CAGR of 12.35% in the last 5 year will be sitting at a refining capacity of 240.96 MMTPA by the end of 2012 .The Indian refining Industry is at the tail of implementing and consolidating a huge wave of expansions achieved through Greenfield and brownfield projects. Significant investments are made in upgrading and capacity enhancements in order to produce high quality fuels which will be meeting the stringent global standards. With the enhancement of capacities and down the lane of few years, India's refining capacity will be having a 50-55 MMTPA surplus over the domestic consumption. The dramatic growth was mainly due to its efficiency of deploying capital to built refining and petrochemical facilities better than about anywhere in the world.

• Consumption:-

In recent years, India, the fourth largest consumer of crude oil, posted robust growth in consumption of petroleum products. During last two years consumption of petroleum products in India has creased by 3%(2.9%); from 137.80 Million Tonnes in FY'09-10 to 141.7 Million Tonne in FY'10-11. Product-wise growth is given in table1 below.

Table 1: Consumption of petroleum products

('000 Metric Tonne)

	2009-10	2010-11	% Increase
LPG	13135	14327	9%
MS	12818	14200	11%
NAPHTHA	10134	10676	5%
ATF	4627	5079	9%
SKO	9304	8928	-4%
HSD	56242	59981	7%
LDO	457	453	-1%
LUBES	2539	2509	-1.1%
FO/LSHS	11629	10878	-7%
BITUMEN	4934	4555	-7%
PET-COKE	6586	5487	-16.7%
PROPYLENE	919	872	-5.1%
OTHERS	4482	3807	-15%
TOTAL	137808	141751	3%
POLYPROPYLENE	2217	2648	19%

From the table 1, it can be observed that the 3 % growth is driven mainly by HSD, LPG and MS (all the controlled products) whereas all other free products have negative growth except ATF and Naphtha. (MS was officially decontrolled on 27.06.2010, though its price continues to be maintained at lower level by oil marketing companies). Consumption of High Speed Diesel (HSD) and Motor Sprit (MS) have increased by 7 % and 11 % respectively mainly on account of rapid growth in vehicle sales. Similarly, consumption of Liquefied Petroleum Gases (LPG) has also increased by 9%.

(i) Crude oil & products import

Table 2: Summary of Crude Imports and import / export of petroleum products, 2008-09 to 2010-11

(Million Tonnes)

	Crude Oil Import	Products Import	Gross Imports	Product Exports	Net Imports
2008-09	132.775	18.524	151.299	38.902	112.398
2009-10	159.259	14.662	173.921	50.974	122.948
2010-11	163.508	17.006	180.514	56.437	124.077
	2.7%	16.0%	3.8%	10.7%	0.9%

Crude oil import in the country increased by 2.7 % during last year (FY'10-11 over FY'09-10). During FY'09-10, crude oil import has been 159.2 MMT , which has increased to 163.5 MMT). In value terms, crude oil import has risen by 27 % to ₹ 4,52,978 Crore from ₹ 3,75,378 Crore.

(ii) Product Import

About 17 Million Tonne finished petroleum products have been imported in the country, a rise of 16% over 14.7 Million tone product import during previous years.

(iii) Product Export

About 56 Million petroleum products have been exported by the country during 2010-11, a rise of about 10.7 % over previous year.

The country's refining capacity, which was 185.4 MMTPA as on 01.04.2010 (against consumption of 137.8 MMT in FY'2009-10) has increased to 187.4 MMTPA as on 01.04.2011. This has resulted in

increased in export of petroleum products by 5.4 MMT (total export was 50.9 MMT in 2009-10 and 56.4 MMT in 2010-11), amounting to increase of ₹ 36,000 crore account to this increase in export of petroleum products.

Total export by country and export by MRPL is given in table 3 below.

Table 3: Export of Petroleum products, 2008-09 to 2010-11

	TMT	MRPL
2008-09	38,902	4458
2009-10	50,974	4315
2010-11	56,437	4899

(iv) Net Export/ imports

During FY'2010-11, import dependency has been around 75 %, a substantial reduction by 2 %, from 77.2% import dependency in 2009-10, due to increase in indigenous production of petroleum products from fields under new exploration licensing policy regime.

Table 3C: Crude Imports and import / export of petroleum products, 2008-09 to 2010-11

(₹ Crores)

	Crude Oil Import	Product Import	Gross Import Bill	Product Export	Net Import Bill
2008-09	3,48,149	60,846	4,08,995	1,22,064	2,86,931
% Growth	27.7	-0.3	22.6	10.2	28.7
2009-10	3,75,378	33,753	4,09,132	1,44,037	2,65,095
% Growth	7.8	-44.5	-0.3	18	-7.6
2010-11 Prov.*	4,52,978	54,041	5,07,019	1,80,224	3,26,795
% Growth	21%	60%	24%	25%	23%

(v) Crude oil price

During FY'2010-11 the average crude oil price (Indian basket) has been US\$ 85.09/bbl against US\$ 69.76 /bbl in FY 2009-10 and 83.57/bbl during FY'2008-09.

However, retail prices of four sensitive petroleum products i.e., HSD, MS, LPG & SKO were continued to be controlled by the government to make these products available to the consumers at affordable prices.

2. OPPORTUNITIES & THREATS

Population growth, rapid urbanization, modernization of lifestyles, higher vehicle population growth and sustained growth in India's gross domestic production (GDP) is projected to drive continuous increases in energy demand and hence demand of oil products is going to remain as an assured kind of phenomena both in medium and long terms. This can be termed as opportunity for oil producers and refiners like MRPL.

MS price is fully made market determined, further the price of Diesel will also be made market determined, both at the Refinery Gate and at the Retail level, will obtain full value of the petroleum products.

The openings of African markets provide a great opportunity for India refineries to meet their demand requirement.

Demand of ultra low sulfur gasoline, by 2020 half of world demand will consist of gasoline with less than 10 ppm of sulfur. Supply will be short for gasoline with less than 50 ppm and long on higher sulphur products. A third of world demand will be for less than 10 ppm sulphur Diesel.

Supply will be short for diesel with less than 50 ppm and long on higher sulfur products. (Source: Hart energy consulting).

With respect to possible threat perception, the very first concern can be

market volatility, as refinery like MRPL, which places its products both in domestic and export market, crude oil and product pricing are detrimental to its profitability. The second, lack of forward integration, in case all the domestic marketing companies become surplus in their refining capacities and export market becomes less attractive, product placement may become competitive for MRPL. However, as MRPL refinery is on the west coast, where there are no other refineries at present, marketing companies will always find it cost effective to source their product from nearest delivery point rather than bringing their own product from far off locations.

Addition of further refining capacities by China and Middle east countries will pose a threat to the Indian export oriented Refineries.

As a long-term strategy, MRPL has some plans for having storage capacity of product at strategic locations abroad, possibly with joint ventures with other group companies of ONGC.

3. RISKS AND CONCERNS

Your Company operates in a business environment that is characterized by increasing globalization of markets, intensifying competition and more complex technologies. These characteristics have their own sets of risks which your company factors in its operations and dealings.

Your Company has formulated a well defined policy framework including implementation procedure and monitoring mechanism for the risk management system in place. Risk Managers are evaluating identified risks on quarterly basis and identifying new risks with the mitigation measures. The procedure and monitoring is already in place, which is proving to be helpful for timely and appropriate actions.

Your Company has taken a comprehensive mega risk insurance cover for its assets to safeguard them from unforeseen risks as well as from the loss of profit due to business interruptions.

Like all other refining companies, your company is also exposed to the risk of volatility in international prices of crude oil and petroleum products along with Crude Supply Risk.

The recent geo-political developments in Middle East and West Asian countries may affect crude supply of MRPL as MRPL procures major portion of crude from Iran / Middle East. Though Iran is not much affected due to current turmoil but since, it is a major source of supply for MRPL the impact due to other reasons viz. EU sanctions may affect continued supply from Iran. Like other Oil Marketing Companies, MRPL is also facing difficulty in remitting the payments against import of crude oil from Iran due to EU sanctions and dismantling of Asian Clearing Union (ACU) by Reserve Bank of India (RBI) w.e.f. 23rd December, 2010. Though currently supplies are maintained based on an interim arrangement, but considering the enhanced level of sanctions against Iran in future, non- resolution of current crisis, the availability of Iranian crude may be difficult and supply may not continue till an indefinite period.

MRPL has also finalized to buy crude oil from Kuwait, a new source of supply of crude oil from 2011. The company is also in discussion with its other term crude oil suppliers like ADNOC & Saudi Aramoc for supply of additional volume of crude oil and have been able to achieve to some extent. These will reduce the dependency on few sources of supply & reduce the crude supply risk.

Accordingly, it has been decided to finalize the term contracts for crude oil import for the year 2012-13 well in advance by September 2011, in order to have more suppliers. It is also envisaged to import crude oil in VLCC from far flung areas and discharge through lighthouse till SPM becomes operational.

4. STRATEGIC BUSINESS PURSUITS/ OUTLOOK

i) Phase III Refinery Project

MRPL is currently implementing Phase III Refinery Project with an objective of increasing profitability by increasing the refining capacity to 15MMTPA, to process more of low price high Sulphur/high acid

heavy crude oils, increasing the distillate yield by upgrading low value black oils, producing value added products like Polypropylene and up gradation of its total diesel pool to superior (Euro III/IV) grade. The estimated cost of the project is ₹ 12160.26 Crore. Orders have been placed for all the units like PFCC, SRU & PPU, Captive Power Plant (CPP), Hydrogen & DHDT Units, CHT, DCU etc., as well as all utility packages like Nitrogen, Compressed Air, Raw Water, Cooling water DM water and Waste Water Treatment Plant. The total value of orders placed as on 31.03.2011 is ₹ 10175 Crore.

The project has achieved a progress of 78.9% (Actual) as against MOU target of 72.3% (Scheduled) as on 15.03.2011. To meet the erection and commissioning target of January, 2012 and for availing tax benefits on commissioning before March, 2012, the project implementation work is progressing satisfactorily at steady pace.

ii) Limiting the growth in Retail Marketing

Under 11th Plan, Government of India has projected that: Full price competition at the refinery gate and retail level needs to be adopted to enhance competition in the sector. The same could not materialize and finally on the basis of recommendations of the Expert Group and decisions taken in the meeting of the Empowered Group on Ministers (EGoM) on 25.06.2010, the Government has implemented the following effective 26.06.2010

• Expert Group Recommendations on pricing

- The price of Petrol, both at the Refinery Gate and the Retail level, will be market determined.
- The price of Diesel will also be made market determined, both at the Refinery Gate and at the Retail level. However, for the present, the Public Sector OMCs have increased the retail selling price (RSP) of Diesel only by ₹ 2/litre at Delhi with corresponding increases in the rest of the country.

(The RSPs of PDS Kerosene and Domestic LPG have been increased by ₹ 2/litre and ₹ 50/cylinder at Delhi with corresponding increases in the rest of the country)

With these policy changes oil marketing companies will be able to cover their under-recoveries upto some extent only. However, uncertainty with the present adhoc mechanism will remain a concern for the industry the estimated under recovery for 2010-11 is about ₹ 183415 Crore against ₹ 78190 Crore in 2009-10.

- In view of the above circumstances, MRPL has strategically slowed down its plans in retail marketing and is concentrating on direct marketing of non-controlled products.
- We envisage a long term growth plan on Consumer / Retail Sales market and at present is operating two Retail Outlets under MRPL HiQ brand and one Retail Outlet under ONGC Oval brand. This is out of the total approval received from GOI for 500 Retail Outlets for MRPL and 1100 Retail Outlets for ONGC.
- Since MS deregulation has been announced by Government, it is proposed that MRPL will set up all its outlets during next five to seven years time frame. The primary focus of MRPL Retail Outlets will be the Peninsular India and on the basis of successful finalization of supply terms with OMCs, MRPL can further expand into the inland markets of North India.

iii) Diversifying the source of Crude Import

MRPL buys most of the imported crude on term basis ensuring firm supply of crude to the refinery as well as production of a stable product mix to meet requirement of OMCs.

Your company has been continuously diversifying the sources and adding more countries/ crude in the crude supply basket.

iv) Sale of finished products

MRPL is having long term supply contracts with Mauritius. and has long term plans to carry out further integration of such supply opportunities along with further down stream markets such as setting up retail network chain outside India in growing markets of Africa. This downward integration will ensure that MRPL controls a sizeable amount of market for ensuring evacuation of its increasing refinery capacity.

Your company has already made an Expression of Interest to Government of Mauritius for setting up 150000 MT oil terminal in Mauritius, to leverage this facility for further exports into African countries. Africa, as of today, offers an attractive market for Indian Refineries and all the major oil companies have already set up some infrastructure / establishment in Africa.

Your Company plans to set up Joint Ventures for storage of product at strategic locations abroad coupled with long term supply arrangements with marketing companies operating in growing markets of Africa and Asia. This will facilitate evacuation of growing MRPL production into the growing markets abroad.

In the light of availability of Raw Petroleum Coke, Light Naphtha from MRPL and Paraxylene and Benzene from Aromatic complex several potential projects are being contemplated for setting-up petrochemical hub in South India.

Your Company is planning to have a tie-up with ONGC Videsh Limited (OVL) for strategic overseas investment. The consortium of OVL has been selected by the Government of the Venezuela for awarding a 40% ownership interest in the Joint Venture, which will develop the Carabobo one norte and Carabobo one Centro blocks located in the Orinoco heavy oil belt of Venezuela. MRPL has given in principle agreement to off-take about 110,000 Barrels per day of the aforesaid Venezuelan crude oil from start-up of upgrader, which is expected around 2016-2017.

MRPL during the current year has recently renewed its long term contract with State Trading Corporate (STC), Mauritius for supply of 1.10 MMTPA of petroleum products (MS, HSD, ATF and FO) during 2010- 2013, which is valued at about 2.4 billion USD at current prices. The total requirement of Mauritius is being met by MRPL. Mauritius has sought the help of MRPL to build their self-reliance in petroleum in the form of a Joint Venture that will set-up and run a Refinery at Mauritius.

v) Single Point Mooring (SPM)

The Company is setting up a Single Point Mooring (SPM) facility off Mangalore Coast within New Mangalore Port limits with an objective to receive Crude Oil in Very Large Crude Carrier (VLCC). MRPL have already obtained the Environmental Clearance from Ministry of Environment and Forests, Government of India for this Project. NMPT have also allotted the required land with in the Port Limits for the Booster Pump Station and other facilities for the Project. With SPM , MRPL can source cheaper crudes from far east with added freight advantage .

M/s Engineers India Ltd (EIL) has been appointed as the OBE/LSTK Contractor in July 2010 for this Project with a completion schedule of April 2012. EIL have already completed placement of Orders for major long lead Equipment like Booster Pumps with Diesel Engines, SPM, Bare Pipes and further ordering for the balance items are in progress. The Civil and Structural Works Contract for Booster Pump Station has already been placed and ordering for the remaining major Contracts like Installation Work, Composite Work etc. are in progress.

vi) Petrochemicals

Indian petrochemical industry is one of the critical driver of the Indian economy and in coming times, Refinery-Petrochemicals

integration is going to be a must for all the refiners, as well as corporate profitability as significant opportunity exists for refinery- petrochemical integration. As per Ernest & Young, the Indian petrochemical industry, has been growing at 14% CAGR since the past few years. India's per capita polymer consumption at 5.8 kg, compared to 28.9 (global) and 24.2 kg (China), provides strong headroom for future growth.

In order to tap this market, MRPL has taken lead and taken all the necessary steps required to keep MRPL ahead and with its efforts, MRPL will be able to deliver value added products like Propylene ,ethylene ,Mixed Xylene etc, to other processing units like OMPL.

MRPL has been able to locate petrochemical plants adjacent to its refinery site as brown field expansion, for max integration synergy.

5. INTERNAL CONTROL SYSTEMS

We have institutionalized a prudent internal control systems and procedures to ensure optimal use of its resources. The internal audit department of the company carries regular audits of various operational and financial matters and its observations are periodically reviewed by the Audit Committee of the Board.

M/s. KPMG has formulated an Internal control system, Head of Departments and Internal Audit department facilitate CEO/CFO certification to assure adequacy and efficacy of internal control environment.

Apart from the above, the Company's Vigilance Department has been carrying out various preventive 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.

6. PERFORMANCE

In financial year 2010-11 MRPL's performance both on physical and financial parameters have surpassed its past performance standards and set a new bench mark for the future.

- MRPL achieved highest ever throughput of 12.64 MMT in the year FY-2010-11 against 12.497MMT for the previous year FY-2009-10.

- MRPL achieved Lowest ever MBN 58.13 achieved for the year FY-2010-11 compared to 58.27 for FY 2009-10.
- Ever highest turnover of ₹ 43,800 Cr was achieved for the year FY 2010-11 as against ₹ 36,140 Cr for FY 2009-10.
- The net profit for the year FY 2010-11 was ₹ 1,176 Cr compared to net profit of ₹ 1112 Cr for the previous year FY2009-10.
- MRPL achieved its best ever record of 1367 days of Reportable Lost Time Injury as on 31-03-2011 ,the previous best Safety record of 1301 days.
- MRPL was the first to produce Euro-4 diesel. It commissioned its revamped GOHDS unit ahead of the schedule on 16th April-2010.

The excellent standards maintained by the Refinery on the production, energy conservation, environment management and safety front, enabled us to bag several awards which are already mentioned in the Directors Report.. Company has achieved the "Excellent" Target (Composite score 1.04) against the MOU Targets set with Government of India for the year 2009-10 .

7. HUMAN RESOURCES

11th Plan document envisaged that in view of rapid development of the oil and gas sector, major thrust would be given for planning sustained availability of knowledge workers in the petroleum and natural gas sector.

Your Company has employees' strength of 1294 (as on 31.03.2011), including 73 women employees. The number of employees belonging to SC, ST and OBC categories has been 74, 24, and 317 respectively

8. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and Directors Report describing the Company's objectives, 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 31st MARCH, 2011.

The preparation of financial statements of **Mangalore Refinery and Petrochemicals Limited, Mangalore** for the year ended 31st March, 2011 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 20th May, 2011.

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, 2011. 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 Auditors' report under section 619(4) of the Companies Act, 1956.

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

(C. H. Kharshiing, IA&AS)

**Pr. Director of Commercial Audit
& ex-office Member, Audit Board, Bangalore**

Place: Bangalore

Dated: 15.06.2011

AUDITORS' REPORT

To,
The Members
Mangalore Refinery and Petrochemicals Limited
Mangalore.

We have audited the attached Balance Sheet of **Mangalore Refinery and Petrochemicals Limited** as at 31st March, 2011 the Profit and Loss Account and the Cash Flow Statement for the year ended on that date together with the schedules annexed thereto which are in agreement with the books of account maintained. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i) 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.
 - ii) 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.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report are in agreement with books of account maintained.

- iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report read with the notes thereon are in Compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
- v) 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 Department of Company Affairs.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes on accounts attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. R. R. K. SHARMA ASSOCIATES
Chartered Accountants
(ICAI Registration No. 003790S)

C.A.S.R.R.K.Sharma
Partner
Membership No. 18088

Place: New Delhi
Date: 20th May, 2011.

For MAHARAJ N.R.SURESH & CO
Chartered Accountants
(ICAI Registration No. 001931S)

C.A. JAYADEVAN N R
Partner
Membership No. 23838

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31st MARCH, 2011

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) 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.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
2. (a) We are informed that the inventories of stores and spares are physically verified by the management on a continuing basis as per a 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.
- (b) 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.
- (c) The Company is maintaining proper records of inventory and as informed to us, discrepancies noticed on physical verification by the management, which are reported to be not material, same have been properly dealt with in the books of account of the Company.
3. (a) 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.
- (b) 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.
4. In our opinion and according to the information and explanations given to us, internal control procedures are fairly adequate, commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and with regard to the sale of goods. During the course of our audit no major weakness has been noticed in the internal control systems.

5. According to the information and explanations given to us, Company has not entered into any transactions that need to be entered in a register maintained pursuant to section 301 of the Companies Act, 1956.
6. 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 the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable.
7. The Company has an internal audit system which is commensurate with its size and nature of its business.
8. We have broadly reviewed the records maintained by the Company pursuant to the order by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for maintenance of Cost records in respect of the products of the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

However, we are not required to and have not carried out any detailed examination of such records.

9. (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Investor Education and Protection Fund, Service Tax 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 following disputed amounts of tax not provided for in the accounts of the Company and not deposited with appropriate authorities as at 31st March, 2011.

Name of the Statute	Nature of the dues	Total Amount (₹ Millions)	Paid and or Provided (₹ Millions)	Balance Amt Outstanding (₹ Millions)	Period to which the amount relates (financial year)	Forum where dispute is pending
The Karnataka Sales Tax Act, 1957/Central Sales Tax Act, 1956/ The Karnataka Tax on Entry of Goods Act, 1979.	Sales Tax/Entry Tax/ Interest and Penalty	1,972.95	1,132.31	840.64	1993-94 to 2007-08	Commercial Tax Appellate Authorities/ Hon'ble High Court of Karnataka. Entry tax – Before Govt. of Karnataka for conciliation and settlement.
Income Tax Act, 1961	Income Tax/Interest/ Penalty	373.90	251.41	122.49	2002-03 to 2006-07	Income Tax Appellate Authorities
Central Excise Act, 1944	Central Excise Duty/ Service Tax/ Interest/ Penalty	360.26	36.08	324.18	1996-97 to 2010-11	Central Excise Appellate Authorities/Ministry of Finance, Government of India.
The Customs Act, 1962	Customs Duty	130.19	Nil	130.19	2004-05 to 2009-10	Customs Appellate Authorities.

10. There are no accumulated losses at the end of the financial year. The Company has not incurred cash losses during the year and in the immediately preceding financial year.
11. 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.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of share, debenture and other securities.
13. Since the Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society, the relative reporting requirements are not applicable.
14. The Company was dealing in Mutual Fund investments during the year. Proper records of the 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.
15. According to the information and explanations given to us and as per the verification of the records of the Company, the terms and conditions of the guarantee 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, Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. According to the information and explanations given to us, the Company has not availed any fresh term loans during the year.
17. According to the information and explanations given to us and as per the verification of the records of the Company, on an overall basis, the Company has not utilized short-term funds for long term purposes.
18. The Company has not made any preferential allotment of share to the parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us and as per the verification of the records of the Company, no fraud either on or by the Company, having a material financial impact, has been noticed or reported during the year.

For S. R. R. K. SHARMA ASSOCIATES

Chartered Accountants
(ICAI Registration No. 003790S)

C.A.S.R.R.K.SHARMA

Partner
Membership No. 18088

Place: New Delhi
Date: 20th May, 2011.

For MAHARAJ N.R.SURESH & CO

Chartered Accountants
(ICAI Registration No. 001931S)

C.A.JAYADEVAN N R

Partner
Membership No. 23838

BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	17,618.50	17,618.50
Reserves and Surplus	B	47,670.51	38,347.02
LOAN FUNDS			
Secured Loans	C	2,027.13	3,421.35
Unsecured Loans	D	13,542.62	13,542.62
DEFERRED TAX LIABILITY (NET)		3,471.64	6,602.22
TOTAL		84,330.40	79,531.71
II. APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross Block		76,197.53	74,351.65
Less : Depreciation/ Amortisation		45,301.36	41,428.08
Net Block		30,896.17	32,923.57
Capital Work in Progress	F	54,674.32	18,602.85
		85,570.49	51,526.42
INVESTMENTS	G	948.25	16,236.62
CURRENT ASSETS, LOANS AND ADVANCES			
Interest Accrued		284.43	1,059.62
Inventories	H	40,973.84	31,143.55
Sundry Debtors	I	25,266.31	16,572.20
Cash and Bank Balances	J	24,151.05	23,440.08
Loans and Advances	K	7,604.65	5,849.78
		98,280.28	78,065.23
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	L	96,874.15	63,098.82
Provisions	M	3,594.47	3,197.74
		100,468.62	66,296.56
Net Current Assets		(2,188.34)	11,768.67
TOTAL		84,330.40	79,531.71
Significant Accounting Policies	R		
Notes on Accounts	S		
Schedules referred to above form part of the Balance Sheet			

As per our report of even date attached

For S.R.R.K. Sharma Associates
Chartered Accountants
ICAI Registration No. : 003790S

CA S.R.R.K SHARMA
Partner
Membership No. 18088

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

CA JAYADEVAN N R
Partner
Membership No. 23838

For and on behalf of the Board

A. K. HAZARIKA
Chairman

U. K. BASU
Managing Director

VISHNU AGRAWAL
Director (Finance)

DINESH MISHRA
Company Secretary

New Delhi : 20th May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCHEDULE	For the Year Ended 31.03.2011 (₹ in Million)	For the Year Ended 31.03.2010 (₹ in Million)
INCOME			
Income from Operations			
Sale of Products (Gross)		438,002.39	361,409.41
Less : Excise Duty		48,435.66	41,957.35
Sale of Products (Net)		389,566.73	319,452.06
Other Income	N	2,356.31	6,712.15
Increase/(Decrease) in Stocks	O	8,152.71	2,958.77
		400,075.75	329,122.98
EXPENDITURE			
Raw Materials Consumed		372,193.37	302,308.74
Operating and Other Expenses	P	5,553.78	4,848.63
		377,747.15	307,157.37
Profit for the year before Interest, Depreciation, Prior Period and Tax		22,328.60	21,965.61
Interest & Finance Charges	Q	1,043.73	1,154.98
Depreciation/ Amortisation		3,914.19	3,893.27
Profit Before Prior Period and Tax		17,370.68	16,917.36
Adjustments Related to Prior Period (net) (Refer Note No. 22 of Schedule S - Notes to Accounts)		(4.24)	(1.09)
Profit Before Tax		17,374.92	16,918.45
Provision for Wealth Tax		4.10	3.25
Provision for Income Tax			
Current Tax		8,780.50	4,865.81
Prior Year's Tax adjustments		(45.43)	8.92
Deferred Tax		(3,130.58)	916.70
Profit after Taxation		11,766.33	11,123.77
Balance of Profit brought forward from Previous year		33,959.49	25,567.15
Add : Excess Provision for Dividend in earlier Years		1.47	-
Balance available for Appropriation		45,727.29	36,690.92
Appropriations			
Proposed Dividend on Preference Shares		0.01	0.01
Proposed Dividend on Equity Shares		2,103.12	2,103.12
Corporate Dividend Tax		341.18	349.30
Transfer to General Reserve		295.00	279.00
Balance carried to Balance Sheet		42,987.98	33,959.49
Earnings per Equity Share :			
(Face Value ₹. 10/- Per Share)			
Basic (in ₹)		6.71	6.35
Diluted (in ₹)		6.21	5.87

Significant Accounting Policies

R

Notes on Accounts

S

Schedules referred to above form part of the Profit and Loss Account

As per our report of even date attached

For and on behalf of the Board

For S.R.R.K. Sharma Associates
Chartered Accountants
ICAI Registration No. : 003790S

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

A. K. HAZARIKA
Chairman

CA S.R.R.K SHARMA
Partner
Membership No. 18088

CA JAYADEVAN N R
Partner
Membership No. 23838

U. K. BASU
Managing Director

VISHNU AGRAWAL
Director (Finance)

DINESH MISHRA
Company Secretary

New Delhi : 20th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	FOR THE YEAR ENDED 31.03.2011 (₹ in Million)	FOR THE YEAR ENDED 31.03.2010 (₹ in Million)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Tax	17,374.92	16,918.45
Adjustments for :		
- Depreciation / Amortisation	3,930.30	3,901.94
- Loss/ (Profit) on sale of Fixed Assets	18.31	53.44
- Provisions Written back	(201.36)	(92.19)
- Provision for Doubtful Debts/ Advances	106.53	175.65
- Provision for Non-Moving Inventory/ Stock Loss	0.40	3.00
- Interest Expense	1,043.73	1,154.98
- Interest/ Dividend Income	(1,848.67)	(2,641.30)
Operating Profit before Working Capital changes	20,424.16	19,473.97
Adjustment for :		
- Trade and other receivables	(14,606.35)	(3,219.38)
- Inventories	(9,830.69)	(12,242.25)
- Trade payable and provisions	31,669.80	27,940.43
Cash generated from operations	27,656.92	31,952.77
- Direct taxes paid (net of refunds)	(8,216.25)	(4,501.29)
Cash flow before Prior Period items	19,440.67	27,451.48
- Prior Period items (cash items)	(20.35)	(9.76)
Net Cash flow from Operating Activities (a)	19,420.32	27,441.72
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(35,623.01)	(10,827.30)
Sale of Fixed assets	6.84	6.97
Interest/ Dividend Income received	2,623.87	1,794.72
Tax Paid on Interest Income	(219.26)	(206.39)
Investments (Net)	15,288.37	(9,807.69)
Net Cash flow from Investing Activities (b)	(17,923.19)	(19,039.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	0.19
Proceeds from Long Term Borrowings	0.00	(4,775.76)
Proceeds from Short Term Borrowings	(1,394.22)	1,946.70
Interest and Finance charges paid	(1,043.73)	(1,162.34)
Dividend and Dividend tax paid	(2,452.43)	(2,460.98)
Net Cash flow from Financing Activities (c)	(4,890.38)	(6,452.19)
Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)	(3,393.25)	1,949.84
Cash and Cash Equivalents as at the beginning of the year	19,565.92	17,616.08
Cash and Cash Equivalents as at the end of the year	16,172.67	19,565.92
	(3,393.25)	1,949.84
	31.03.2011	31.03.2010
	(₹ in Million)	(₹ in Million)
1) Cash and Cash Equivalents	0.20	1.62
Cash balances including imprest	-	20.89
Cheques on Hand	16,172.47	19,543.41
Bank Balances with Schedule Banks**	16,172.67	19,565.92

** Excludes balances in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks / Govt. authorities ₹.7,978.38 Million (Previous Year ₹ 3,874.16 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 S.R.R.K. Sharma Associates
Chartered Accountants
ICAI Registration No. : 003790S

CA S.R.R.K SHARMA
Partner
Membership No. 18088

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

CA JAYADEVAN N R
Partner
Membership No. 23838

For and on behalf of the Board

A. K. HAZARIKA
Chairman

U. K. BASU
Managing Director

VISHNU AGRAWAL
Director (Finance)

DINESH MISHRA
Company Secretary

New Delhi : 20th May, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
SCHEDULE A :		
SHARE CAPITAL		
AUTHORISED		
1,900,000,000 Equity Shares of ₹ 10 each	19,000.00	19,000.00
(Previous Year 1,900,000,000 Equity Shares of ₹ 10 each)		
100,000,000 Non-Cumulative, Redeemable, Preference Shares of ₹ 10 each	1,000.00	1,000.00
(previous year 100,000,000 Preference Shares of ₹ 10 each)		
TOTAL	<u>20,000.00</u>	<u>20,000.00</u>
	<u>20,000.00</u>	<u>20,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Share Capital	17,525.99	17,525.99
(1,752,598,777 (Previous year 1,752,598,777) Equity Shares of ₹ 10 each fully paid up (out of the above 1,255,354,097 numbers (Previous Year 1,255,354,097 numbers) held by ONGC Limited, the Holding Company)		
Add: Forfeited Shares (amount originally paid-up)	0.65	0.65
	<u>17,526.64</u>	<u>17,526.64</u>
Preference Share Capital	91.86	91.86
(9,186,242 (Previous year 9,186,242) 0.01% ,Non-Cumulative, Redeemable Preference Shares of ₹ 10 each fully paid-up (Redeemable in two equal annual installments on 1 st July, 2011 and 1 st July, 2012)		
TOTAL	<u>17,618.50</u>	<u>17,618.50</u>
Notes:		
In the year 2009-10 company has forfeited 3,03,550 Equity Shares due to non receipt of allotment and/or call money from Equity Shareholders.		
SCHEDULE B :		
RESERVES AND SURPLUS		
Securities Premium Account (as per last Balance Sheet)	3,490.53	3,490.53
General Reserve		
As per Last Balance Sheet	897.00	618.00
- Transferred from Profit and Loss Account	<u>295.00</u>	<u>279.00</u>
	1,192.00	897.00
Surplus Transferred from Profit & Loss Account	42,987.98	33,959.49
TOTAL	<u>47,670.51</u>	<u>38,347.02</u>
SCHEDULE C:		
SECURED LOANS FROM BANKS		
(a) Rupee Term Loans (Interest Free)	1,428.09	1,428.09
(b) Working Capital Facilities	599.04	1,993.26
TOTAL	<u>2,027.13</u>	<u>3,421.35</u>

NOTES TO SCHEDULE C

- Rupee Term Loans from Banks of ₹ 1,428.09 Million (Previous year ₹ 1,428.09 million) along with all interest, cost charges, expenses and other monies whatsoever payable to lenders are secured/ to be secured by:
 - Equitable mortgage over the immovable properties, both present & future;
 - 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.
- Working Capital Facilities from banks – are 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 ₹ 7,830.00 Million (Previous Year ₹ 3,751.40 Million)

3. Charges created/to be created in favour of lenders as referred to in note 1 shall rank pari passu inter se and are subject to the charge(s) created/ to be created by the company in favour of its bankers on the company's stock of raw materials, semi-finished goods, consumable stores and book debts and such other movables as may be specifically permitted to secure its working capital requirements in the ordinary course of business.

SCHEDULE D :

UNSECURED LOANS

From Others

From Holding Company

(Including ₹ 3,600 Million due for payment within one year) (Previous year ₹ NIL)

Sales Tax Deferment Loan (Interest Free)

(Including ₹ Nil due for payment within one year) (Previous year ₹ Nil)

TOTAL

	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
From Others	10,800.00	10,800.00
From Holding Company	2,742.62	2,742.62
(Including ₹ 3,600 Million due for payment within one year) (Previous year ₹ NIL)	13,542.62	13,542.62
Sales Tax Deferment Loan (Interest Free)	13,542.62	13,542.62
(Including ₹ Nil due for payment within one year) (Previous year ₹ Nil)	13,542.62	13,542.62
TOTAL	13,542.62	13,542.62

SCHEDULE - E

FIXED ASSETS

(₹ in Million)

PARTICULARS	REF. NOTE	USEFUL LIFE (IN YEARS)	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
			As at 01.04.2010	Additions during the Period	Sale/ Adjustments during the Period	As at 31.03.2011	Up to 01.04.2010	Provided during the Period	Deletions/ Adjustments during the Period	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Tangible Assets												
Land - Freehold			17.65	-	-	17.65	-	-	-	-	17.65	17.65
Land - Leasehold	1		242.86	25.75	-	268.61	0.37	0.08	-	0.45	268.16	242.49
Buildings			2,817.39	114.85	-	2,932.24	616.49	54.32	-	670.81	2,261.43	2,200.90
Plant & Machinery	2, 3		70,757.84	1,706.64	67.43	72,397.05	40,680.97	3,788.89	52.29	44,417.57	27,979.48	30,076.87
Furniture & Fittings			108.01	8.39	0.78	115.62	55.24	6.90	0.56	61.58	54.04	52.77
Vehicles			237.99	4.16	15.45	226.70	50.92	21.62	5.66	66.88	159.82	187.07
Sub-Total (A)			74,181.74	1,859.79	83.66	75,957.87	41,403.99	3,871.81	58.51	45,217.29	30,740.58	32,777.75
B. Assets Not In Use Held For Disposal	4											
Land (Free Hold)			77.96	-	-	77.96	-	-	-	-	77.96	77.96
Others	5		2.68	-	0.10	2.58	2.68	-	0.10	2.58	0.00	0.00
Sub-Total (B)			80.64	-	0.10	80.54	2.68	-	0.10	2.58	77.96	77.96
Total (A+B)			74,262.38	1,859.79	83.76	76,038.41	41,406.67	3,871.81	58.61	45,219.87	30,818.54	32,855.71
C. Intangible Assets												
Goodwill **		10	20.13	-	-	20.13	6.04	2.01	-	8.05	12.08	14.09
Software		10	4.47	-	-	4.47	0.99	0.45	-	1.44	3.03	3.48
Software		3	56.47	69.85	-	126.32	12.44	55.64	-	68.08	58.24	44.03
Software		4	7.39	-	-	7.39	1.85	1.86	-	3.71	3.68	5.54
Software		7	0.81	-	-	0.81	0.09	0.12	-	0.21	0.60	0.72
Sub-Total (C)			89.27	69.85	-	159.12	21.41	60.08	-	81.49	77.63	67.86
Total (A+B+C)			74,351.65	1,929.64	83.76	76,197.53	41,428.08	3,931.89	58.61	45,301.36	30,896.17	32,923.57
Previous Year			74,240.50	383.72	272.57	74,351.65	37,661.38	3,903.85	137.15	41,428.08		

** Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired.

NOTE:

1. Lease hold land (Gross Block) includes:

: ₹ 260.87 Million (Previous Year ₹ 235.13 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.

: ₹ 11.52 Million (Previous Year ₹ 11.52 Million) which is in the process being surrendered to Competent Authority. Net Block ₹ 11.52 Million (Previous Year ₹ 11.52 Million)

: ₹ 29.99 Million (Previous Year ₹ 4.25 Million), which is in possession of the Company and in respect of which formal lease deeds are yet to be executed. Net Block ₹ 29.92 Million (Previous Year ₹ 4.19 Million)

2. Includes ₹ 782.98 Million (Previous Year ₹ 782.98 Million) being Company's share of an asset jointly owned with another Company. Net Block ₹ 162.07 Million (Previous Year ₹ 203.41 Million).

3. Addition during the year includes exchange difference, being net decrease in the value of foreign currency liability adjusted to the carrying cost of fixed assets Nil (Previous year ₹ 75.01 Million).
4. Assets not in use and held for sale is shown at lower of cost or estimated realisable value.
5. Includes ₹ NIL (Previous Year ₹ 0.41 Million) towards additional depreciation provided to recognise the expected loss on disposal.
6. Depreciation provided during the year includes:
 - a. Charged to Profit & Loss Account : ₹ 3,914.19 Million (Previous Year ₹ 3,893.27 Million)
 - b. Charged to Adjustments related to Prior Period (Net) : ₹ 16.11 Million (Previous Year ₹ 8.67 Million)
 - c. Charged to Capital Work in Progress: ₹ 1.59 Million (Previous Year ₹ 1.91 Million)

SCHEDULE F :

CAPITAL WORK-IN-PROGRESS

(Including Project expenses to be Capitalised appropriately)

	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
a) Capital Work-in-Progress	40,960.66	14,731.90
b) Advances for Capital Expenditure	14,722.66	3,595.68
c) Project expenditure to be Capitalised appropriately		
Salaries, Wages & Gratuity	330.27	173.22
Contribution to P.F & Superannuation Fund	43.14	9.23
Staff Welfare Expenses	0.41	0.03
Rates & Taxes	1.61	0.90
Insurance	292.16	160.79
Miscellaneous Expenses	82.12	44.04
Depreciation	4.75	3.16
	<u>754.46</u>	<u>391.37</u>
	56,437.78	18,718.95
d) Less : Amount Capitalised to Fixed assets during the year	<u>1,763.46</u>	<u>116.10</u>
TOTAL (a+b+c-d)	<u>54,674.32</u>	<u>18,602.85</u>

SCHEDULE G :

INVESTMENTS - AT COST

Long Term Investments : Trade (Unquoted)

a) 1,500 equity shares of ₹.10 each of ONGC Mangalore Petrochemicals Ltd. fully paid	0.02	0.02
b) 7% Oil Companies Government of India Special Bonds, 2012 (27278 no of bonds, face value @ ₹ 10,000 each)	272.78	272.78
c) 1,50,00,000 Equity Shares of ₹ 10 each of Shell MRPL Aviation Fuels & Services Pvt. Limited	<u>150.00</u>	<u>150.00</u>
	422.80	422.80
Current Investments : Non-Trade (Unquoted)		
d) Investments in Units of UTI		
I) UTI Liquid Cash Plan Institutional -Daily Income Option -Re-investment (Current Year 515,427.500 units @ ₹ 1019.4457) (Previous Year 2,180,705.98 units @ ₹ 1019.4457)	525.45	2,223.11
II) UTI Treasury Advantage Fund : Institutional Plan (Current Year Nil units) (Previous Year 13,587,803.44 Units @ ₹ 1000.2141)	<u>-</u>	<u>13,590.71</u>
	525.45	15,813.82
TOTAL	<u>948.25</u>	<u>16,236.62</u>

Details of Investment purchased and sold during the year	UNITS	NAV	Cost (₹ in Million)
Purchases :			
I) UTI Liquid Cash Plan Institutional -Daily Income Option -Re-investment	156,149,809.570	1,019.446	159,186.25
II) UTI Treasury Advantage Fund : Institutional Plan	15,615,986.650	1,000.214	15,619.33
Sales:			
I) UTI Liquid Cash Plan Institutional -Daily Income Option -Re-investment	157,815,283.500	1,019.446	160,884.11
II) UTI Treasury Advantage Fund : Institutional Plan	29,203,790.090	1,000.214	29,210.04

SCHEDULE H :

INVENTORIES

	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
Stores, Spares & Chemicals	1,262.05	1,237.79
(including in transit ₹. 43.97 Million ; Previous Year ₹ 70.97 Million)		
Less : Provision for Non moving Inventories	86.10	85.70
	1,175.95	1,152.09
Raw Materials		
(Including in Transit ₹ 12,035.34 Million ; previous year ₹ 6,338.62 Million)	19,417.57	17,763.85
Stock-in-Process	2,414.79	1,090.92
Finished products	17,972.51	11,143.67
Less : Provision for Stock loss	6.98	6.98
	17,965.53	11,136.69
TOTAL	40,973.84	31,143.55

SCHEDULE I :

SUNDRY DEBTORS (Unsecured : Unless Otherwise Stated)

Debts due for more than six months		
Considered Good	1,655.23	701.75
Considered Doubtful	640.21	590.47
	2,295.44	1,292.22
Others		
Considered Good	23,611.09	15,870.45
Considered Doubtful	20.43	17.03
	23,631.52	15,887.48
	25,926.96	17,179.70
Less : Provision for Doubtful Debts	660.65	607.50
TOTAL	25,266.31	16,572.20

(Above "Considered Good" includes ₹ 420.92 Million (Previous Year ₹ 289.54 Million) backed by bank guarantees)

SCHEDULE J :

CASH & BANK BALANCES

Cash balances including imprest**	0.20	1.62
Cheques on hand	-	20.89
Balance with Scheduled Banks		
In Current Accounts (Including Dividend/ Interest/ Refund Accounts etc.)	134.64	207.26
In Deposit Accounts (Including Under Lien/ Pledge with Banks/ Customs Authorities)	24,016.21	23,210.31
	24,150.85	23,417.57
TOTAL	24,151.05	23,440.08

** Includes Gold Coins valued ₹ 0.01 million; (Previous year ₹ 1.36 Million)

SCHEDULE K :
LOANS AND ADVANCES

Unsecured and Considered Good unless and otherwise stated

	AS AT 31.03.2011 (₹ in Million)	AS AT 31.03.2010 (₹ in Million)
Loan to Port Trust	-	133.33
Loan to Employees*	128.98	105.36
Advances recoverable in cash or in kind or for value to be received		
Considered good	6,362.49	4,957.64
Considered doubtful	5.17	5.17
	<u>6,367.66</u>	<u>4,962.81</u>
Less : Provision for doubtful advances	5.17	5.17
	<u>6,362.49</u>	<u>4,957.64</u>
Advances against the proposed issue / allotment of equity shares	600.98	285.98
Balance with Customs, Port Trust, etc.	453.94	307.55
Other Deposits	58.26	59.92
TOTAL	<u><u>7,604.65</u></u>	<u><u>5,849.78</u></u>

* Represents secured loans having repayment schedule of more than 7 years

SCHEDULE L :
CURRENT LIABILITIES

Sundry Creditors		
Dues to Micro and Small Enterprises	-	0.74
Dues to Others	87,286.17	50,463.70
	<u>87,286.17</u>	<u>50,464.44</u>
Advance from Customers	355.04	407.61
Investor Education and Protection Fund (IEPF) shall be credited by:		
(a) Unpaid Dividend *	127.75	102.33
(b) Unpaid Matured Debentures *	-	4.28
(c) Interest on Matured Debentures*	0.19	0.74
	<u>127.94</u>	<u>107.35</u>
Other Liabilities	9,105.00	12,119.42
TOTAL	<u><u>96,874.15</u></u>	<u><u>63,098.82</u></u>

* Not due for payment to IEPF

SCHEDULE M :
PROVISIONS

Provisions for Taxation (Including Wealth Tax)	26,970.71	18,231.54
Provisions for Fringe Benefit Tax	43.46	43.46
	<u>27,014.17</u>	<u>18,275.00</u>
Less : Advance Payments of Tax (Including Wealth Tax)	26,172.57	17,737.06
Less : Advance Payments of Fringe Benefit Tax	45.98	45.98
	<u>795.62</u>	<u>491.96</u>
For Retirement Benefits		
Gratuity *	69.04	30.79
Leave Encashment	243.81	180.38
Post Retirement Medical & Other Retirement Benefits	23.02	23.02
Long Service Emblem	18.67	19.16
	<u>354.54</u>	<u>253.35</u>
For Proposed Dividends		
Preference Dividend	0.01	0.01
Equity Dividend	2,103.12	2,103.12
Corporate Dividend Tax	341.18	349.30
* Includes amount receivable from Gratuity Trust .	<u>2,444.31</u>	<u>2,452.43</u>
TOTAL	<u><u>3,594.47</u></u>	<u><u>3,197.74</u></u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

SCHEDULE N :

OTHER INCOME

Income from Investments

Long Term Investment : Interest

Current Investment : Dividend

Interest Income : Others

(Tax deducted at source ₹ 219.26 Million; previous year ₹ 206.39 Million)

Excess Provision/ Liabilities no longer required written back (net)

Other Miscellaneous Income

Exchange Fluctuations (net)

TOTAL

For The Year Ended

31.03.2011

(₹ in Million)

For The Year Ended

31.03.2010

(₹ in Million)

SCHEDULE O:

INCREASE/(DECREASE) IN STOCKS

Closing Stock

Stock-in-Process

Finished Products

Less:

Opening stock

Stock-in-Process

Finished products

TOTAL

SCHEDULE P:

OPERATING AND OTHER EXPENSES

Payment to and Provisions for Employees

(Refer note no. 5 in Schedule S (Notes on Accounts))

Salaries, Wages, Bonus & Gratuity

Contribution to PF & Other Funds

Staff Welfare Expenses

Power & Fuel

Less: Own Consumption

1,647.88

167.35

30.12

20,346.93

20,226.72

1,845.35

120.21

775.07

83.93

68.81

927.81

16,482.69

16,378.84

103.85

	For The Year Ended 31.03.2011 (₹ in Million)	For The Year Ended 31.03.2010 (₹ in Million)
Repairs & Maintenance		
Plant & Machinery	728.53	658.59
Buildings	9.37	86.23
Others	121.87	122.89
	859.77	867.71
Stores, Spares and Chemicals Consumed	737.39	816.11
Less : Shown under other heads of Expenditure	290.33	375.44
	447.06	440.67
Packing Materials Consumed	85.60	93.83
Rent	62.71	55.28
Insurance	75.31	99.06
Rates & Taxes	612.15	503.03
Sales Tax	765.83	744.15
Excise Duty on Stocks (Net)	(118.06)	150.07
Directors' Sitting Fees	0.86	0.54
Loss on Sale/Provision for Fixed Assets (Net)	7.34	9.69
Provision for Doubtful Debts	106.53	175.64
Provision for Non-Moving Inventory/ Stock Loss	0.40	3.00
Miscellaneous Expenses	682.72	674.30
TOTAL	5,553.78	4,848.63
SCHEDULE Q:		
INTEREST AND FINANCE CHARGES		
On Fixed Loans	756.00	917.16
Others	287.73	237.82
TOTAL	1,043.73	1,154.98

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE – R

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

- 2.1. 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

- 3.1. 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. Historical Cost for this purpose includes purchase prices, duties (net of cenvat), taxes, incidental expenses, erection / commissioning expenses, technical knowhow fee, professional fee and interest etc., up to the date, the asset is put to use

5. Impairment

- 5.1. 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:

- 7.1. 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

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

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.

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'

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 Balance Sheet date.

12.3. The exchange differences on settlement / translation are adjusted to the Profit and Loss Account. Wherever forward contracts are entered into, the exchange differences and premium / discount are dealt with in the Profit and Loss Account over the period of the contracts.

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 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 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 as 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

15.1. 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

16.1. 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.

18. Provisions, Contingent Liabilities and Contingent Assets

18.1. 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 Assets are neither recognised nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed by way of notes.

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Schedule – S

Notes to Accounts

1. Loans and Advances :

- 1.1 Loans and advances include refund claims for Custom Duty on project imports ₹ 378.71.Million (Previous year ₹ 378.71Million) and Commercial Taxes ₹ 476.34 Million (previous year ₹ 500.63 Million). A further refund due towards Commercial Taxes ₹ 2884.43 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 Sundry Creditors (Others).

2. Commercial Tax incentives:

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

Refinery Project	Maximum Amount (₹ in Million)	Availment period	Repayment terms
Phase I (3 MMTPA)	400.00 per annum	11 years from the date of issue of notification viz, 29 th August, 1998	11 annual instalments on year to year basis commencing from the date of completion of the deferment period. The benefit of exemption has expired on 28.08.2009 and repayment of instalments has been effected.
Phase II (6 MMTPA)	2,500.00 per annum*	14 years from the date of issue of notification viz., 14 th August, 2000	14 annual instalments on year to year basis commencing from the date of completion of the deferment period.

*Can also be availed as exemption of CST.

- 2.2. Sales tax deferment loan shown under Unsecured Loans includes a sum of ₹ 290.17 Million (Previous Year ₹ 290.17 Million) relating to CST on excise duty included under refund from Commercial Tax Department (refer note no.1.1 above) 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.
3. The Company is yet to receive response for its confirmation letters from some of the Sundry Debtors, Loans and Advances and Sundry Creditors. Reconciliation and adjustment will be effected on receipt of confirmations, which in the opinion of the management will not be significant.
4. **Following expenses are included under other heads of expenses**
Insurance charges amounting to ₹ 17.13 Million (Previous year ₹ 20.46

Million) relating to crude purchase and staff welfare has been charged under respective heads.

5. Wage revision

The Company during the financial year has finalised the wage revision of unionised employees effective from 01.04.2007. The quantum of wage arrears relating to period from 01.04.2007 to 31.03.2010 net of provision amounting to ₹ 405.00 Million is shown under "Payment to and Provision for Employees" in Schedule P.

6. 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 31.03.2011. Amount outstanding to these enterprises for the year ended 31st March, 2011 is ₹ Nil (Previous year: ₹ 0.74 Million)

7. Disclosures as required under Accounting Standard 15 (Revised) is given below:

- 7.1. 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 ₹ 10, 00,000.

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 employee's share of premium, the employee and his/her spouse will be covered under Group Medical Insurance. The cover amount depends on designation of employee at the time of retirement.

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.

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

Defined Contribution Plan	Expenses recognised during 2010-11	Contribution for key Management Personnel
Employer's contribution to Provident Fund	120.57 (45.24) [35.65]	0.33 (0.21) [0.21]
Employer's contribution to Superannuation Fund	44.68 (37.43) [24.70]	0.41 (0.27) [0.22]

- 7.3. 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	Other Retirement Benefits
1	Present value of Funded Obligation	254.34 (175.15) [135.27]	- - -	- - -
2	Fair Value of Plan Asset	183.09 (144.36) [81.50]	- - -	- - -
3	Present Value of Unfunded Obligation	- - -	16.74 (16.74) [8.08]	6.04 (6.28) [5.64]
4	Unrecognised Past Service Cost	-	-	-
5	Net Liability	71.25 (30.79) [53.77]	16.74 (16.74) [8.08]	6.04 (6.28) [5.64]

- 7.4. The amount included in the fair value of plan assets of gratuity fund are as follows: (₹ in Million)

Defined Contribution Plan	Expenses Recognised during 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]

- 7.5. Reconciliation showing the movements during the period in the net liability recognised in the Balance Sheet:

(₹ in Million)

S I . No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Opening defined benefit obligation	175.15 (135.27) [78.41]	16.74 (8.08) [6.67]	6.28 (5.64) [5.11]
2	Service Cost	15.25 (12.55) [8.52]	1.01 (0.46) [0.43]	0.17 (0.13) [0.13]
3	Interest Cost	14.93 (11.41) [6.79]	1.35 (0.64) [0.56]	0.46 (0.44) [0.40]
4	Actuarial losses (gains)	56.63 (16.94) [45.54]	-0.72 (8.13) [0.68]	0.46 (0.21) [0.60]
5	Liability transfer in	Nil (0.12) [0.18]	-	-
6	Benefits paid	(-7.62) (-1.14) [-4.17]	-1.64 (-0.58) [-0.26]	(-1.33) (-0.14) [-0.61]
7	Closing defined benefit obligation	254.34 (175.15) [135.27]	16.74 (16.74) [8.08]	6.04 (6.28) [5.64]

- 7.6. The total expenses recognised in the statement of profit and loss are as follows:

(₹ in Million)

SI. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Current Service Cost	15.25 (12.55) [8.52]	1.01 (0.46) [0.43]	0.17 (0.13) [0.13]
2	Interest on obligation	14.93 (11.41) [6.79]	1.35 (0.64) [0.56]	0.46 (0.44) [0.40]
3	Expected return on plan assets	-15.42 -10.78 [-6.11]	- - -	- - -
4	Net actuarial losses / (gains) recognised in the year	56.5 (17.61) [44.57]	-0.72 (8.13) [0.68]	0.46 (0.21) [0.61]
5	Past Service Cost	-	-	-
6	Losses / (Gains) on curtailments and settlements	-	-	-
7	Total included in 'employee benefit expenses'	71.26 (30.79) [53.77]	1.64 (9.23) [1.67]	1.09 (0.78) [1.13]
8	Actual return on plan assets	15.56 (10.11) [7.09]	- - -	- - -

7.7. Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Sl. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Discount Rate	8.25% (8.00%) [7.75%]	8.25% (8.00%) [7.75%]	8.25% (8.00%) [7.75%]
2	Expected return on plan assets previous	9.00%	-	-
3	Expected return on plan assets Current	9.00%	-	-
4	Annual increase in premium of med claim policy	-	5.00% (5.00%) [5.00%]	-
5	Annual increase in Salary	5.00% (5.00%) [5.00%]	-	5.00% (5.00%) [5.00%]

7.8. Gratuity (Funded) Defined Benefit Obligation - Category of Plan Assets
(₹ in Million)

Sl. No.	Particulars	Amount	(%)
1	Government of India Bonds	55.80 (55.36) [21.55]	30.48% (38.35%) [26.45%]
2	Corporate Bonds	88.48 (73.08) [47.70]	48.32% (50.62%) [58.52%]
3	State Govt. Bonds	32.38 (12.18) [12.20]	17.69% (8.44%) [14.97%]
4	Others	6.43 (3.74) [0.05]	3.51% (2.59%) [0.06%]
5	Total	183.09 (144.36) [81.50]	100.00% (100.00%) [100.00%]

7.9. Sensitivity of Post Retirement Medical Expenses
(₹ in Million)

Sl.No.	Particulars	Amount
1	Change in Liability for 1% increase in discount rate	-0.80 (-0.80) [-1.34]
2	Change in Liability for 1% decrease in discount rate	0.91 (+0.91) [+1.07]
3	Change in Service Cost for 1% increase in discount rate	-0.06 (-0.06) [-0.04]
4	Change in Service Cost for 1% decrease in discount rate	0.12 (+0.12) [+0.09]

Note: Figures in parenthesis () represents figure of 2009-10 and [] represents figures of 2008-09

8. Segment Reporting

The Company is engaged in the business of refining crude oil, all activities of the Company revolve around this business and the operations are in India. As such there is no other reportable segment as defined by the Accounting Standard 17 – Segment Reporting issued under the Company (Accounting Standard) Rules, 2006.

9. Information as per Accounting Standard (AS-18) on Related Party Disclosures is given below

9.1. 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.

9.2. Key Management Personnel:

Functional Directors:

- (i) Shri. U.K.Basu, Managing Director
 - (ii) Shri L.K.Gupta, Director (Finance).- Part of the period upto 31.05.2010
 - (iii) Shri P.P.Upadhyaya, Director (Technical) – Part of the period from 30.09.2010.
- Remuneration paid to the above-mentioned Directors during the year is ₹ 6.92 Million (Previous year ₹ 5.63 Million) – Refer Note No. 10 given below

9.3. Related party details: (₹ in Million)

Particulars	ONGC Mangalore Petrochemicals Limited	Shell MRPL Aviation Fuels & Services Pvt. Limited	Mangalam Retail Services Limited	Mangalore SEZ Limited	Petronet MHB Limited
Relationship	Associate	Joint Venture	Joint Venture	Associate	Associate
Sale of Products	Nil (Nil)	2457.04 (1643.97)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Transportation charges paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	124.34 (112.6)
Reimbursement of expenditure by MRPL	79.50 (52.40)	Nil (Nil)	Nil (Nil)	161.68 (39.25)	188.35 (189.59)
Salary and other establishment related expenses incurred by MRPL reimbursable by JV/ Associate.	36.50 (34.86)	1.44 (2.76)	Nil (Nil)	9.54 (7.63)	Nil (Nil)
Advance Against Land	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (117.33)	Nil (Nil)
Advance against Equity investment in JV / Associates	315 (75)	Nil (Nil)	1.00 (-3.50)	Nil (Nil)	Nil (Nil)
Amount receivable as on 31 st March, 2011.	572.57 (290.84)	272.13 (144.18)	Nil (1.00)	712.42 (743.98)	Nil (Nil)
Amount payable as on 31 st March, 2011.	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	83.09 (70.18)

Note : Figures in parenthesis represents previous year figure.

10. Managerial Remuneration:

(Remuneration paid or payable to Directors) (₹ in Million)

	2010-2011	2009-2010
Functional Directors		
Salaries & Allowances	5.89	2.46
Contribution to Provident & Other Funds	0.74	0.48
Other Benefits & Perquisites	0.28	2.69
Independent Directors:		
Sitting Fees	0.86	0.54

The above figures do not include Provision for Leave, Gratuity and Post Retirement Benefits as per Revised AS-15 since the same were not ascertained for individual employees.

The performance related pay is considered on paid basis

Loan & Advances outstanding from Directors – ₹ Nil (Previous year – ₹ Nil),

Maximum amount of Loans & Advances outstanding during the year ended 31st March, 2011, ₹ Nil (previous year ₹ 0.42 Million)

11. Operating Leases:

- 11.1. The company has taken various premises under cancellable operating lease.
- 11.2. These lease agreements are normally renewed on expiry of the term.
- 11.3. Lease rental expenses for the year ended 31st March, 2011 in respect of above operating leases are ₹ 44.22 Million (previous year ₹ 40.87 Million)

12. Basic and Diluted Earnings Per Share:

	31.03.2011 (₹ in Million)	31.03.2010 (₹ in Million)
Numerator – Net Profit		
Basic	11,766.33	11,123.77
Diluted	11,766.33	11,123.77
Denominator–Average number of Equity Shares outstanding during the year		
Basic	1,752,598,777	1,752,658,655
Diluted	1,895,408,012	1,895,467,890
Nominal Value per share	₹ 10 each	₹ 10 each
Earnings Per Share		
Basic (in Rupees)	6.71	6.35
Diluted (in Rupees)	6.21	5.87
Reconciliation of Basic and Diluted Earnings Per Share		
Net Profit	11,766.33	11,123.77
Add interest on dilutive portion of loans (Net of tax)	-	-
	11,766.33	11,123.77
Average No. of Equity shares	1,752,598,777	1,752,658,655
Number of shares in respect of loans having conversion clause	142,809,235	142,809,235
	1,895,408,012	1,895,467,890

13. Current Tax:

- 13.1. Provision for Current Tax is made in accordance with the provisions of the Income Tax Act, 1961.

14. Deferred Tax:

The break up of net Deferred Tax Liability/Asset is as under:

Particulars.	As on 31.03.2011 (₹ In Million)		As on 31.03.2010 (₹ In Million)	
Timing differences on account of:	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
WDV Difference on Assets		6,414.05		7,139.58
43B Disallowances	2,690.33		297.61	
Others	252.08		239.75	
Total	2,942.41	6,414.05	537.36	7,139.58
Net Deferred Tax Liability		3,471.64		6,602.22

15. Disclosure on Research & Development Expenditure

The Company during the year has carried out activities relating to study of Crude Assay, Modified Bitumen, Liquid Effluents, VG Bitumen & Additive Evaluation. as a part of its R & D activities. The company has obtained approval of competent authority to establish R&D facilities for carrying out development work w.r.t Polypropylene unit, PFCCU Unit, Corrosion Monitoring, Development of Modified bitumen and Bitumen Emulsions and Effluent & Spent Caustic Treatment. The total expenditure incurred by the company during the year on the above mentioned Research & Development activities is ₹ 1.11 Million (Previous Year – ₹ 1.83 Million).

(₹ In Million)

Particulars	Revenue Expenditure	Capital Expenditure	Total
Expenditure incurred during the year	1.11 (1.83)	(Nil) (Nil)	1.11 (1.83)

Note: Figures in parenthesis represents previous year figure.

16. Disclosure as required under Accounting Standard – 27 on ‘Financial Reporting of Interests in Joint Ventures’ is as given below:

(₹ In Million)

Name of the Joint Venture	Shell MRPL Aviation Fuel Services Pvt. 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)	2010-11 (Audited)	2009-10 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Assets	574.80	285.86	0.91	1.07
Liabilities	369.76	135.57	0.01	0.02
Income	1455.59	926.80	Nil	0.08
Expenditure incl Tax Expenses	1400.85	904.13	0.01	0.02
Contingent Liabilities	Nil	Nil	Nil	Nil
Capital Commitments	Nil	Nil	Nil	Nil

17. Disclosure under Accounting Standard – 29 on “Provisions, Contingent Liabilities and Contingent Assets”.

17.1. Movement in Provisions

(₹ In Million)

Year	2010-11		2009-10	
Particulars	Debtors	Others	Debtors	Others
Opening Balance	607.50	97.85	431.85	109.33
Add : Provision made during the year	106.53	0.40	175.65	3.00
Less: Provision written back/ reclassified/ Reduction during the year	(53.38)	-	-	(14.48)
Closing Balance	660.65	98.25	607.50	97.85

17.2 Contingent Liabilities not provided for in respect of :

1. 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, 2011, after adjusting the repayment made by NMPT is ₹ Nil (Previous Year ₹ Nil).

2. Claims against the Company not acknowledged as debt :

(₹ in Million)

Sl. No	Particulars	As on 31.03.2011	As on 31.03.2010
1	Claims of Contractors / vendors in Arbitration / Court	352.47	338.65
	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 ₹ 314.74 million / Reimbursable ₹ 37.73 million [Previous year ₹ 300.92 million and ₹ 37.73 million respectively]		
2	Claims / counter claims of Customers		
(a)	The Company had gone into an international arbitration at London against one of its export customers. The arbitration Tribunal has dismissed the Company's claims relating to throughput loss and non-full fillment of contractual obligations and has ordered the Company to bear the customer's advocate cost along with refund of part of adhoc amount paid by the customer along with interest. The Company has preferred an appeal in the Mumbai High Court against this arbitral award. In case of unfavourable award the amount payable would be debited to Profit & Loss Account.	16.17	14.31
(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 Majure 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 one of the Jetty. The company has approached the Tariff Authority of Major Ports (TAMP) for fixation of the wharfage rates based on Tariff Policy. The differential amount between the wharfage rate to be fixed by the TAMP and the wharfage rate being paid by the Company, if any, will be debited / credited to the Profit & Loss Account.	606.42	177.38
(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
4	Total	1193.93	749.21

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.

3. Disputed tax / Duty demands pending in appeal:

- Income Tax: ₹ 373.90 Million (Previous Year ₹ 244.51 Million). (against this ₹ 251.41 Million is adjusted / paid under protest and is included under loans & advances.)
- Commercial Tax: ₹ 1217.84 Million (Previous Year ₹ 1,188.76 Million) – includes ₹ 524.87 Million (Previous Year ₹ 500.46 Million) relating to projects. (Against this ₹ 377.20 Million is paid under protest and included under loans & advances.)
- Excise Duty: ₹ 360.26 Million (Previous Year ₹ 146.45 Million). (against this ₹ 41.08 Million is paid under protest and is included under loans & advances.)
- Customs Duty: ₹ 130.19 Million (previous year ₹ 128.82 Million).

4. The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 57,527.76 Million (Previous Year ₹ 93,391.12 Million).

18. Foreign Exchange exposures

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

(₹ in Million)

Particulars.	As on 31.03.2011		As on 31.03.2010	
	Foreign Currency	Equivalent Rupees	Foreign Currency	Equivalent Rupees
Imports USD	1,548.58	69,902.90	980.91	44,709.88
Creditors Euro	Nil	Nil	0.0247	1.51
Creditors JPY	Nil	Nil	5.49	2.69
Creditors USD	0.007	0.316	0.0447	2.03
Exports USD	211.43	9,351.55	159.21	7,111.91
Loans USD	Nil	Nil	Nil	Nil

19. Additional Information pursuant to the provisions of 3, 4B, 4C and 4D of Part II of Schedule – VI to the companies Act' 1956:

19.1. Licensed Capacity, Installed Capacity and Actual Production:

(As certified by the Management and relied upon by the Auditors)

	2010-2011		2009-2010	
	Qty. (M.T)	Value ₹ in Million	Qty. (M.T)	Value ₹ in Million
Licensed Capacity	Delicensed		Delicensed	
Installed Capacity	11,820,000	-	11,820,000	-
Opening stock of Petroleum products	335,524	11,143.67	376,622	8,582.98
Closing stock of Petroleum products	417,098	17,972.51	335,524	11,143.67
Actual production of Petroleum products *	11,772,855	-	11,683,254	-
Sale of Petroleum products	11,691,281	438,002.39	11,724,352	361,409.41

*Excludes own consumption: 823,187 MT (Previous year 774,221 MT)

19.2 Value of Imports on CIF basis:

(₹ in Million)

	2010-2011	2009-2010
Capital Goods	0.76	3.80
Raw materials	306,596.89	262,124.50
Stores, Spares & Chemicals	659.35	836.12

19.3 Expenditure in Foreign Currency:

(On Actual Payment basis)

(₹ in Million)

	2010-2011	2009-2010
Interest	Nil	44.25
Others	105.34	288.48

19.4 Earnings in Foreign Currency

₹ in Million)

	2010-2011	2009-2010
Exports (FOB Value)	146,024.71	110,413.41
Deputation of Specialists	6.87	5.51

19.5 Auditor's Remuneration:

(₹ in Million)

	2010-2011	2009-2010
Audit Fees	1.50	1.50
Tax Audit Fees	0.30	0.30
For Certification	1.15	0.59
Reimbursement of Expenses	1.63	0.25

20. Consumption of Raw Materials, Trading Goods, Stores, Spares and Chemicals

	2010-2011			2009-2010		
	(In M.T)	Value in ₹ Million	(%)	(In M.T)	Value in ₹ Million	(%)
Raw Material: Crude Oil						
Imported	10,754,789	320,131.12	86.01%	10,629,528	255,397.39	84.48%
Indigenous	1,884,153	51,964.65	13.96%	1,867,422	46,786.89	15.48%
CRMB Modifier Cost						
Imported						
Indigenous		97.60	0.03%		124.46	0.04%
Total	12,638,942	372,193.37	100%	12,496,950	302,308.74	100%
Stores, Spares and Chemicals						
Imported		382.12	51.82%		466.84	57.20%
Indigenous		355.27	48.18%		349.27	42.80%
Total		737.39	100%		816.11	100%

21. The details about Non-resident shareholders are as follows:

Particulars	As on 31.03.11	As on 31.03.10
Number of Non-resident shareholders	22,415	22,011
No. of shares held by Non-resident shareholders	28,201,675	16,913,716
Dividend remitted to Non-resident shareholders during the year	₹ 33.84 Million	₹ 20.30 Million

22. Details of Prior Period (Income) / Expenses (Net) are as under :

(₹ in Million)

Particulars	2010-2011	2009-2010
Depreciation (Net)	16.11	8.67
Repair & Maintenance	-	-
Rent	0.34	-
Salary & Wages	(32.49)	-
Miscellaneous Expenses	(1.48)	2.96
Sales	13.28	(12.72)
Total	(4.24)	(1.09)

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

Schedules referred to above from part of the Accounts

As per our report of even date attached

For S.R.R.K. Sharma Associates
Chartered Accountants
ICAI Registration No. : 003790S

CA S.R.R.K SHARMA
Partner
Membership No. 18088

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

CA JAYADEVAN N R
Partner
Membership No. 23838

For and on behalf of the Board

A. K. HAZARIKA
Chairman

U. K. BASU
Managing Director

VISHNU AGRAWAL
Director (Finance)

DINESH MISHRA
Company Secretary

New Delhi : 20th May, 2011

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

REGISTRATION NO. : 08 /08959/ 1988 STATE CODE : 08 BALANCE SHEET DATE : 31st March, 2011

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

PUBLIC ISSUE	RIGHT ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL	NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS)

TOTAL LIABILITIES :	TOTAL ASSETS:
84,330,400	84,330,400

SOURCES OF FUNDS

PAID UP CAPITAL	RESERVES AND SURPLUS	SECURED LOANS	UNSECURED LOANS	DEFERRED TAX LIABILITY
17,618,500	47,670,510	2,027,130	13,542,620	3,471,640

APPLICATION OF FUNDS

NET FIXED ASSETS	INVESTMENTS	NET CURRENT ASSETS	MISC. EXPENDITURE	ACCUMULATED LOSSES
85,570,490	948,250	(2,188,340)	NIL	NIL

IV. PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS)

TURNOVER	TOTAL EXPENDITURE	PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) AFTER TAX
389,566,730	374,548,120	17,374,920	11,766,330
EARNINGS PER SHARE	DIVIDEND @ %		
6.71	12.00%		

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(AS PER MONETARY TERMS)

ITEM CODE NO (ITC CODE)	PRODUCT DESCRIPTION
271019.30	HIGH SPEED DIESEL OIL
271019.20	FUEL OIL
271011.19	MOTOR SPIRIT

Schedules referred to above from part of the accounts

As per our report of even date attached

For S.R.R.K. Sharma Associates
Chartered Accountants
ICAI Registration No. : 003790S

CA S.R.R.K. SHARMA
Partner
Membership No. 18088

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

CA JAYADEVAN N R
Partner
Membership No. 23838

For and on behalf of the Board

A. K. HAZARIKA
Chairman

U. K. BASU
Managing Director

VISHNU AGRAWAL
Director (Finance)

DINESH MISHRA
Company Secretary

New Delhi : 20th May, 2011

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-2011

1) CODE OF CORPORATE GOVERNANCE:

ISO CERTIFICATION FOR SECRETARIAL DEPARTMENT

MRPL Secretarial Department is ISO 9001:2008 certified by M/s Bureau Veritas India(Pvt.) limited towards :

- 1) Compliance of Companies Act, 1956 and other allied matters.
- 2) Compliance of Listing Agreement and SEBI Regulations with regard to Securities.
- 3) Services to Board of Directors, Investors and other stakeholders of the Company.

MRPL is committed to good governance practices that create long-term sustainable value for its stakeholders. MRPL's 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;
- Commitment to a transparent system and values;
- A sound system of internal control with a thrust on integrity and accountability;
- Timely and adequate disclosure of all material information to all Stakeholders;
- Compliance with applicable laws, guidelines, rules and regulations;
- Equitable and fair treatment to all its stakeholders including employees, customers, vendors, shareholders, lending institutions and society at large.

2) BOARD OF DIRECTORS :

A) Composition and Category of Directors (as on 31st March, 2011)

Executive Directors : 2

Non Executive Directors : 7

1) BOARD OF DIRECTORS AS ON 31ST MARCH, 2011

Director	Executive/ Non-Executive	Category	No. of other Directorship		No. of outside Committees	
			Public	Private	Member	Chairman
Shri A.K. Hazarika	Chairman Non-Executive	Promoter Company's Director	7	-	-	-
Shri U.K. Basu	Executive	Managing Director	4	-	2	-
Shri P.P. Upadhyaya	Executive	Director (Technical)	1	-	-	-
Shri D. K Sarraf	Non-Executive	Promoter Company's Director	7	-	3	-
Shri Sudhir Vasudeva	Non-Executive	Promoter Company's Director	4	-	1	-
Shri Vivek Kumar	Non-Executive	Government Director (Director, Ministry of Petroleum & Natural Gas)	1	-	-	1
Shri K. Murali	Non-Executive	Promoter Company's Director	4	-	-	-
Shri.B Ravindranath	Non-Executive	Independent Director	3	-	2	-
Dr. A. K. Rath	Non-Executive	Independent Director	2	-	1	1

Note: At present there are two Independent Directors on the Board of MRPL. Company being a Government Company, has taken up with Administrative Ministry viz. Ministry of Petroleum and Natural Gas, Government of India for appointment of requisite number of Independent Directors to comply with the requirement of Clause 49(IA) of Listing Agreement. The matter is being followed up with the Administrative Ministry on a regular basis. ONGC, the holding company has also taken up with MoP&NG for appointment of one of its Independent Directors on the Board of MRPL, its subsidiary pursuant to the provision of DPE Guidelines.

2) PAST DIRECTORS

Director	Executive/ Non-Executive	Category	No. of other Directorship		No. of outside Committees	
			Public	Private	Member	Chairman
Shri R.S. Sharma	Non-Executive	Promoter Company's Director	8	-	-	-
Shri L.K. Gupta	Executive	Director (Finance)	4	-	-	-
Dr. A.K. Balyan	Non-Executive	Promoter Company's Director	8	-	1	-
Shri G.M. Ramamurthy	Non-Executive	Independent Director	4	-	-	-

Changes in the Board of Directors during 2010-2011

- Shri P.P. Upadhyaya has assumed the office of Director (Technical) w.e.f. 30.09.2010.
- Shri D.K. Sarraf has been appointed as Director of the Company w.e.f. 27.07.2010 by ONGC in place of Dr. A.K. Balyan
- Shri B. Ravindranath has been appointed by IDBI Bank as Nominee Director in place of Shri G.M. Ramamurthy w.e.f. 01.11.2010.

Changes in the board of directors after 31st March, 2011 :

Shri Vishnu Agrawal has assumed the office of Director (Finance) w.e.f. 04.04.2011.

B) Attendance of Directors at the Board Meeting Held during the Financial Year 2010-11 and Last AGM.

1) BOARD OF DIRECTORS AS ON 31ST MARCH, 2011

Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attended Last AGM
Shri A.K. Hazarika	11	2	Please refer note below
Shri U.K. Basu	11	11	Yes
Shri P.P. Upadhyaya	11	6	Please refer note below
Shri D.K. Sarraf	11	7	Please refer note below
Shri Sudhir Vasudeva	11	8	Yes
Shri Vivek Kumar	11	8	Yes
Shri K. Murali	11	7	Yes
Shri B. Ravindranath	11	5	Please refer note below
Dr. A. K. Rath	11	11	Yes

NOTE:

- Shri A.K. Hazarika has been appointed as Chairman w.e.f. 01.02.2011 i.e. after the date of last AGM.
- Shri P.P. Upadhyaya has assumed the office of Director (Technical) w.e.f. 30.09.2010 i.e. after the date of last AGM
- Shri D. K. Sarraf has been appointed as Director w.e.f. 27.07.2010 i.e. after the date of last AGM.
- Shri B. Ravindranath has been appointed as Director w.e.f. 01.11.2010 i.e. after the date of last AGM.

1) PAST DIRECTORS

Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attended Last AGM
Shri R.S. Sharma	11	8	Yes
Shri L.K. Gupta	11	1	No
Shri A.K. Balyan	11	2	No
Shri G.M. Ramamurthy	11	6	Yes

NOTE:

- Shri L.K. Gupta, Director (Finance) has resigned from MRPL w.e.f. 31.05.2010.
- Shri R.S. Sharma, Director resigned from the Board of the Company consequent upon superannuation from the services of Oil & Natural Gas Corporation (ONGC) as Chairman and Managing Director w.e.f. 31.01.2011.
- Dr. A. K. Balyan resigned from the Board of the Company w.e.f. 15.07.2011.
- Shri G.M. Ramamurthy, Nominee Director has been resigned consequent upon withdrawal of his nomination by IDBI Bank w.e.f. 31.10.2010.

C) Details of Board Meetings held during the financial year 2010-11.

Date of meeting	Place
12.05.2010	New Delhi
16.06.2010	New Delhi
27.07.2010	New Delhi
04.09.2010	New Delhi
27.09.2010	New Delhi
26.10.2010	New Delhi
25.11.2010	New Delhi
08.01.2011	Mangalore
22.01.2011	Mumbai
08.02.2011	New Delhi
14.03.2011	Mangalore

3) AUDIT COMMITTEE

i) Terms of Reference:

The scope of functions and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and Clause

49 of the Listing Agreement with the Stock Exchanges, and guidelines on Corporate Governance by Central Public Sector Enterprise issued by Department of Public Enterprise (DPE) 2010.

ii) Composition of Audit Committee

Members as on 31st March, 2011:

1. Shri B. Ravindranath – Chairman (Independent Director)
 2. Dr. A.K. Rath – Member, (Independent Director)
 3. Shri Sudhir Vasudeva – Member
 4. Shri K. Murali – Member
- The Company complies with the requirement of Clause 49 of the listing agreement as regards to constitution of the audit committee except member of independent directors are two instead of three.
 - Director (Finance), General Manager (Internal Audit) and Statutory Auditors are the permanent invitees in all the Audit Committee meetings.
 - Company Secretary is the Secretary to the Audit Committee.

iii) Details of the Audit Committee Meetings held during the financial year 2010-11

Date of Meeting	No. of members attended
12.05.2010	3
27.07.2010	3
03.09.2010	3
26.10.2010	2
08.02.2011	4

Attendance in Audit Committee Meetings

Director	No. of Meetings attended	Reference
Shri B. Ravindranath	1	*
Shri Sudhir Vasudeva	4	
Shri K. Murali	1	*
Dr. A. K. Rath	5	

*Shri B Ravindranath was appointed as Chairman, Audit Committee and Shri K Murali was appointed as member of Audit Committee.

4) REMUNERATION COMMITTEE:

MRPL being a Government Company, appointment and terms & conditions of remuneration of Executive Directors (Whole-time Directors) are determined by the President of India

As required by Clause 49 of the Listing Agreement and also by DPE guidelines on Corporate Governance, the Company has constituted a Remuneration Committee in April 2009. The Committee comprises following Directors as on 31/03/2010:

1. Dr. A.K. Rath – Chairman, Independent Director
2. Shri B. Ravindranath – Member
3. Shri Vivek Kumar – Member

The Company's policy provides for payment of sitting fees only to its non-

executive independent directors for attending the Committee and Board meetings.

Details of remuneration paid to the Independent Non-Executive Directors during 2010 – 11 are as follows:

Directors	Sitting Fees (₹)
Shri G. M. Ramamurthy	3,35,000
Dr. A. K. Rath	4,05,000
Shri B. Ravindranath	1,20,000

Details of remuneration of MD, D(F) and Director (Tech) during 2010-11 on paid basis including arrears: (Amount in ₹)

Particulars	MD	D(T)	D(F)	Total
Salaries and Allowances	33,57,784	12,61,445	12,74,568	58,93,797
Contribution to PF & Other Funds	4,86,468	1,78,193	79,521	7,44,182
Other Perquisites & Benefits	2,47,594	0	36,575	2,84,169
Total	40,91,846	14,39,638	13,90,664	69,22,148

- Service Contract –5 years or the date of superannuation 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

Director's Shareholding: As per the declaration received by the company as on 31st March, 2011, the following Director holds Equity shares of the company as follows:

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

5) SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

- (i) The Company has constituted Shareholders'/ Investors' Grievance Committee to look into the redressal of shareholders' and investors' complaints.

Present Composition of Shareholders'/ Investors' Grievance Committee as on 31.03.2011.

- 1) Shri B. Ravindranath – Chairman (Independent Director)
- 2) Shri U.K. Basu – Member
- 3) Shri P.P. Upadhyay – Member
- 4) Dr. A.K. Rath – Member

- (ii) The Company also has a Share Transfer Committee comprising of the following members as on 31st March, 2011 for approval of share transfers.

- 1) Shri S. Bandyopadhyay - GM (Finance)
- 2) Shri K Vijay Kumar - DGM (Contracts)
- 3) Shri Dinesh Mishra - Company Secretary

Note:

- Name and designation of the Compliance officer: Shri Dinesh Mishra, **Company Secretary.**
- No. of Shareholder's complaints received during the year 2010-2011: 388
- No. of complaints not resolved to the satisfaction of the shareholders as on 31.03.2011: NIL
- No. of pending share transfers as on 31/03/2011 : NIL

6) DETAILS OF GENERAL BODY MEETINGS

- i) Location, place and time where last 3 AGMs were held

Year	Location	Date	Time
2010	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	04/09/2010	3.30 p.m
2009	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	19/09/2009	3.30 p.m
2008	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	02/08/2008	3.30 p.m

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

One special resolution was passed in the 21st AGM for :

- Increasing the number of Directors in MRPL Board from 12 to 16, and
- Decreasing the number of Nominee Directors of ONGC from 2 to 1 for the purpose of Quorum for the Board Meeting.

One special resolution was passed in the 22nd AGM for:

Appointment of Dr. A.K. Rath as Independent Director of the company liable to retire by rotation

- 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.

7) 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 U.K Basu : Managing Director
- Shri P.P. Upadhyaya : Director (Technical)

Details of Transactions during financial year 2010-2011:

The Remuneration paid to Managing Director, Director (Technical) and Director (Finance) for the FY 2010-11.

- Salaries and Allowances ₹ 58, 93,797.
- Contribution to Provident Fund ₹ 7,44,182.
- Other perquisite and benefits ₹ 2,84,169 including Performance Related Pay as per Department of Public Enterprise guideline dated 9th Feb, 2009. (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 Para? of Schedule S. (Notes to Accounts)
Shell MRPL Aviation Fuel & Services Private Limited.	Joint Venture	
Mangalam Retail Services Limited	Joint Venture	
Mangalore SEZ Limited	Associate	

- 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 within the limits fixed under DPE Guidelines.
- 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 Auditors' report on the financial statements to the shareholders of the Company.
- There is no formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experienced professionals. However, the Company is planning to conduct suitable training for Board Members.
- There is no formal mechanism existing in performance evaluation of non-executive directors.
- Whistle Blower Policy: The Company has formulated a Whistle Blower policy which has been approved by the Board.

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

The Board at its meeting held on 30th January, 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:

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 2010-11.

U.K Basu
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.

8) MEANS OF COMMUNICATION:

- i) Quarterly results were published in news paper : Yes
- ii) Newspaper in which the results were published : Economic Times (English)
Hindu Business Line (English)
Indian Express (English)
Financial Express (English)
Business Standard (English)
Navbharat Times (Hindi)
Udayavani (Manipal), (Kannada)
- iii) Website where the results are displayed : www.mrpl.co.in
- iv) Official news releases displayed in : www.mrpl.co.in
- v) Any presentation made to the institutional investors or to the analysts. : No

9) GENERAL SHAREHOLDERS INFORMATION

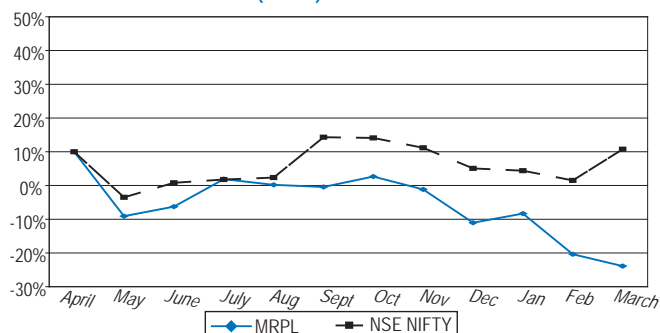
23rd Annual General Meeting

- i) Date and time : 27th August, 2011
4:00 p.m.
- a. Venue : Registered Office
Mudapadav, Kuthethoor P.O.Via Katipalla,
Mangalore -575 030
- ii) Financial Year : 2010 – 2011
- iii) Book Closure Date : 09th July, 2011 to 23rd July, 2011
- iv) Dividend Payment Date : On or after 27th August, 2011
- v) Listing on Stock Exchange : 1) Bombay Stock Exchange Ltd. (BSE)
2) The National Stock Exchange of India Ltd. (NSE)
- vi) The Listing Fees for the year 2011-12 have been paid.
- vii) Stock code
BSE : 500109
NSE : MRPL
Demat ISIN : INE103A01014
- (viii) Market Price Data

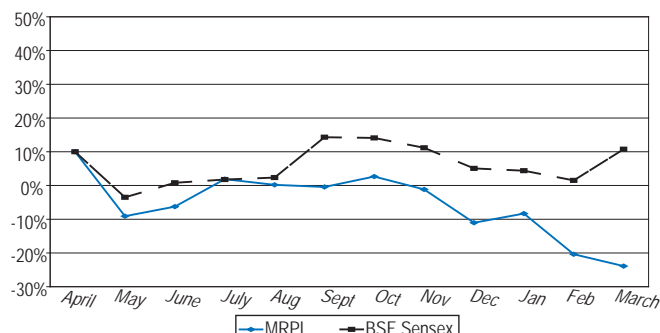
Month (2010-2011)	Bombay Stock Exchange	
	High (₹)	Low (₹)
April 2010	84.90	73.00
May 2010	78.10	64.25
June 2010	77.40	65.65
July 2010	86.35	74.50
August 2010	83.60	74.55
September 2010	81.90	75.30
October 2010	85.60	76.50
November 2010	89.80	66.25
December 2010	75.45	65.00
January 2011	78.10	66.65
February 2011	70.25	55.50
March 2011	65.15	55.00

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

NSE (NIFTY) 2010-11



BSE SENSEX 2010-11



- 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 have been appointed as Company's R&T Agent w.e.f 1/1/2010. Earlier, M/s MCS Ltd was our R&T Agent up to 31/12/09 as per the terms of contract of appointment.
- 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 also 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 30 days from the date of receipt provided they are complete in all respects.
- xii) Distribution of Shareholding as on 31st March, 2011

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	251176	262298	44889522	45510384	2.56	2.60
501-1000	1142	16416	874325	13173043	0.05	0.75
1001-2000	200	5757	293857	8715400	0.02	0.50
2001-3000	29	1542	72125	3951444	0.00	0.23
3001-4000	11	593	38308	2150497	0.00	0.12
4001-5000	18	540	84850	2555848	0.00	0.15
5001-10000	13	660	94850	4821429	0.01	0.28
10001 & above	8	459	297281318	1328091577	16.96	75.53
Total	252597	288265	343629155	1408969622	19.60	80.40

- xiii) Shareholding Pattern as on 31st March, 2011

Particulars	No. of Shares	Percentage
Oil and Natural Gas Corporation Ltd.	1255354097	71.62
Hindustan Petroleum Corporation Ltd.	297153518	16.95
Resident Individuals	121575498	6.94
Non Resident Individuals	9136854	0.53
Domestic Companies	9943528	0.57
Non Domestic Companies	19064821	1.08
GIC & Subsidiaries	640565	0.04
Banks & Financial Institutions	35763290	2.04
Mutual Funds	3951751	0.23
Central/State Govt. Institutions	2700	0.00
Trusts	12155	0.00
Total	1752598777	100.00

- xiv) Dematerialization of Shares and liquidity

As on 31st March 2011, 1408969622 equity shares representing 80.40%, is in dematerialised form.

Trading in Equity shares of the Company is permitted only in dematerialized form w.e.f. February 15, 1999 as per the notification issued by Securities and Exchange Board of India.

- xv) Outstanding GDR/ ADR/ Warrants or any convertible instruments, conversion date and impact on equity: NIL
- xvi) Plant Location : Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore-575 030. Karnataka.

- xvii) Address for Correspondence:

COMPANY'S INVESTOR RELATIONS CELL:

- Mangalore Refinery and Petrochemicals Limited (MRPL)**
LGF, Mercantile House, 15, K.G. Marg, New Delhi – 110 001.
Tele.No.:011-23463100
Fax No.: 022-23463201
Email: investor@mrplindia.com
- Mudapadav, Kuthethoor,**
P.O Via Katipalla,
Mangalore- 575030, Karnataka
Tel. No.: 0824-2270400
Fax. No.: 0824-2271404
E-mail : investor@mrplindia.com

REGISTRAR & SHARE TRANSFER AGENTS:

M/s Link Intime India Private Limited,
UNIT: MRPL
C - 13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai - 400 078.
Tele. No.: 022-25946970, 25963838
Fax No.: 022-25946969
Email: mrplirc@linkintime.co.in

COMPANY'S REGISTERED OFFICE:

Mangalore Refinery and Petrochemicals Limited (MRPL)
Mudapadav, Kuthethoor
P.O.Via Katipalla,
Mangalore-575 030.
Karnataka.
Tele.No.:0824-2270400
Fax No.: 0824-2270013
Email: mrplmlr@mrplindia.com

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 other than government nominees on the Board/audit committee of the company, which is being pursued with the Ministry of Petroleum and Natural Gas, Government of India. During the year Five Audit committee meetings are attended by two Independent Directors instead of three who were only available on the Board.

We state that no investor grievance is pending with the company as at 30th June, 2011 for a period exceeding one month against the Company as per the Certificate of the 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 S.R.R.K. SHARMA ASSOCIATES

Chartered Accountants
(ICAI Registration No. 003790S)

(G.S.Krishna Murthy)

Partner –
Membership No. 13841

Place : New Delhi
Date : 4th July, 2011

For MAHARAJ N.R.SURESH & Co.

Chartered Accountants
(ICAI Registration No. 001931S)

(N.R. Jayadevan)

Partner –
Membership No. 23838

Secretarial Audit Report

To,
The Board of Directors,
Mangalore Refinery and Petrochemicals Ltd
Regd. Office: Mudapadav, Kuthethoor,
Post Office 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 31.3.2011 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, 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 22nd Annual General Meeting held on 4th September 2010.
- (h) Minutes of proceedings of General Meeting and meetings of Board and its committees.
- (i) Constitution of Board of Directors and appointment, retirement and re-appointment of directors;
- (j) Appointment of Chairman and 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 and issue and delivery of original and duplicate certificates of shares; dematerialization/rematerialization of shares;
- (m) Declaration and payment of dividend.
- (n) The Company was not required to transfer any amount to the Investor Education and Protection Fund;
- (o) Investment of Company's funds including inter corporate loans and investments.
- (p) Appointment and remuneration of Auditors.
- (q) Appointment of Cost Auditors under Section 233B of the Act.
- (r) The Company wherever necessary has kept in abeyance rights to dividend declared at the Annual General Meeting held on 4th September, 2010 pending registration of transfer of shares in compliance with the provisions of the Act.
- (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 not made any secured borrowings during the financial year ended on 31st March, 2011.
 - (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 or Articles of Association during the financial year.
 - (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 **A.N.Kukreja & Co.**
Company Secretaries.

A.N.Kukreja
Proprietor
CP No.2318
New Delhi

Place : New Delhi
Date : 4th July, 2011

AGM NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Mangalore Refinery Petrochemicals Limited will be held at the Registered office of the Company at Mudapadav, Kuthethoor, P.O Via Katipalla, Mangalore – 575 030 on **Saturday, 27th August, 2011** at 4:00 p.m to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors, Auditors and Comptroller and Auditor General of India thereon.
2. To confirm the payment of dividend on Preference Shares for the financial year ended 31st March, 2011.
3. To declare dividend on Equity Shares for the financial year ended 31st March, 2011.
4. To appoint a Director in place of Shri Sudhir Vasudeva who retires from office by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri K. Murali who retires from office by rotation and being eligible offers himself for re-appointment.
6. 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 2011 - 12.

By Order of the Board

New Delhi, 25th June, 2011

DINESH MISHRA

Company Secretary

Registered Office

Mudapadav, Kuthethoor P.O
Via Katipalla, Mangalore – 575030

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. 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 MEETING.**
2. Corporate shareholders intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Register of members and Share Transfer Books of the Company will remain closed from 9th July, 2011 to 23rd July, 2011 (both days inclusive) for the purpose of declaration of dividend and AGM Notice.
4. Dividend on Equity Shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those shareholders, whose names appear on the Register of members of the Company after giving effect to valid share transfer in physical form lodged with the company at the close of business hours on 8th July, 2011 and to the beneficial owners as per the list furnished by NSDL and CDSL at the close business hours on 8th July, 2011.
5. Shareholders are requested to provide their Folio Number alongwith Bank Account Number, Name and Address of the Bank/Branch to M/s. Link Intime India Private Limited, Registrar & Share Transfer 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 the dividend accordingly.
6. Shareholders 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.
7. The Company has entered into Agreements with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and Dematerialisation of securities. Shareholders can avail of the depository facilities by approaching any of the Depository Participants of NSDL or CDSL.
8. The Companies (Amendment) Act, 1999 extended the nomination facility to individuals holding shares in Companies. Shareholder 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. Shareholders can download prescribed Nomination Form at "Investor Services" link of the Company website i.e. www.mrpl.co.in.

9. Shareholders are requested to register/ update their email address with the Company by sending a written request duly signed by the shareholder to the M/s. Link Intime India Private Limited, Registrar & Share Transfer Agent of the Company for receiving communication through their email address. Shareholders may also register / update their email address with their depositories.
10. The Company has listed its shares at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Upto date listing fees have been paid to both the Stock Exchanges.
11. In respect of appointment/reappointment of the Directors, a statement containing details of the concerned Directors is annexed to this notice pursuant to the provisions of Clause 49 of Listing Agreement.
12. The ministry of corporate affairs (vide circular no. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) as undertaken a green initiative in corporate governance and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this initiative by registering/updating their email address, in respect of shares held in dematerialised form with their respective depository participants and in respect of shares held in physical form, with the company's registered and share transfer agents, M/s Link Intime India Pvt. Ltd.

DETAILS OF THE DIRECTORS' SEEKING APPOINTMENT/ REAPPOINTMENT AT THE 23rd ANNUAL GENERAL MEETING

Name of Director	Shri Sudhir Vasudeva	Shri K. Murali
Date of Birth	25/02/1954	20/06/1953
Date of Appointment/ Reappointment	26/02/2009	19/01/2010
Expertise in specific functional areas	Shri Sudhir Vasudeva is also a director (offshore) in ONGC. He is a Chemical Engineer and a Management Graduate. He joined ONGC as a executive trainee in the first batch, 1976, and after topping in the batch he staidily worked his way up, with majority of his assignments in offshore oil field. Known across ONGC for his team management capabilities, Shri Vasudeva was steering the offshore joint venture segment of ONGC's operation before taking over as a director offshore.	Shri K. Murali is also a Director refinery in HPCL. He has a wide experience in refinery operation. During long career spanning more than 30 years, has handled various critical positions including as a head of both the refineries of HPCL at Mumbai and Vishakhapatnam.
Qualification	1. Chemical Engineer 2. Management Graduate	Chemical Engineer
List of outside Directorships held.	1. ONGC Ltd. 2. Pawan Hans Helicopters Limited 3. ONGC Videsh Ltd. 4. ONGC Petro-additions Ltd.	1. Hindustan Petroleum Corporation Limited 2. HPCL-Mittal Energy Limited 3. HPCL Bio Fuels Limited 4. Creda-HPCL Bio Fuels Limited
Chairman/Member of the Committees of the Board of Directors of the Company	NIL	NIL
Chairman/Member of the Committees of Director of other Companies in which he is a Director	ONGC Videsh Ltd. Member – Audit Committee	NIL
Shareholding in MRPL as on 31 st March, 2011	300 Shares	NIL

FIVE YEAR PERFORMANCE AT A GLANCE

₹ in Million

	2010-11	2009-10	2008-09	2007-08	2006-07
What We Owe					
SHARE CAPITAL	17,618.50	17,618.50	17,618.31	17,618.21	17,618.04
RESERVES	47,670.51	38,347.02	29,675.68	20,211.22	9,949.92
Net Worth	65,289.01	55,965.52	47,293.99	37,829.43	27,567.96
Borrowings	15,569.75	16,963.97	19,868.04	20,580.68	23,683.07
Deferred Tax Liability	3,471.64	6,602.22	5,685.53	5,307.79	5,989.56
TOTAL	84,330.40	79,531.71	72,847.56	63,717.90	57,240.59
What We Own					
Fixed Assets (Including Capital WIP)	130,871.85	92,954.50	78,390.04	75,053.07	74,028.40
Less : Depreciation	45,301.36	41,428.08	37,661.38	33,988.12	30,363.80
	85,570.49	51,526.42	40,728.66	41,064.95	43,664.60
Investments	948.25	16,236.62	6,428.93	6,451.36	272.80
Net Current Assets	(2,188.34)	11,768.67	25,689.97	16,201.59	13,303.19
TOTAL	84,330.40	79,531.71	72,847.56	63,717.90	57,240.59
Income					
Sales (Net Of Excise Duty)	389,566.73	318,851.74	382,437.41	325,751.28	284,646.10
Other Income	2,171.83	2,915.12	1,866.41	740.73	411.99
Exchange Fluctuation (net) : Gain	184.48	3,903.97	-	1,374.86	325.21
Increase/ (Decrease) in stocks	8,152.71	2,958.77	(5,968.56)	1,048.01	7,983.22
TOTAL	400,075.75	329,122.98	378,335.26	328,914.88	293,366.52
Expenditure					
Raw Materials	372,193.37	302,308.74	345,127.66	300,840.43	271,072.55
Operating expenses	2,270.15	1,679.74	1,280.26	1,335.52	1,098.57
Sales Tax & Excise Duty on Stocks (net)	647.77	894.23	559.01	2,242.82	3,324.22
Salaries & Other Expenses	1,845.35	927.81	1,130.30	1,248.17	552.06
Exchange Fluctuation (net) : Loss	-	-	6,104.96	-	-
Adminstration & Other Expenses	786.27	821.22	758.83	662.04	735.75
Interest	1,043.73	1,154.98	1,434.51	1,475.89	2,145.26
Depreciation	3,914.19	3,893.27	3,823.16	3,778.18	3,548.56
TOTAL	382,700.83	312,204.53	360,218.69	311,583.05	282,476.97
Profit Before Tax	17,374.92	16,918.45	18,116.57	17,331.83	10,889.55
Provision for Taxation	5,608.59	5,794.68	6,191.13	4,609.55	5,634.32
Profit After Tax	11,766.33	11,123.77	11,925.44	12,722.28	5,255.23
Dividend	2,103.13	2,103.13	2,103.49	2,103.49	1,402.33
Dividend Distribution Tax	341.18	349.30	357.49	357.49	238.33
Financial Indicators					
GRM \$ / bbl	5.96	5.51	5.38	6.92	4.79
Middle distillate yield	53.09	54.23	52.39	52.79	52.91
Capital expenditure	39,896.78	14,139.16	2,813.92	933.09	2,053.07



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

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

ATTENDANCE SLIP

23rd Annual General Meeting
27th August, 2011

Regd. Folio no. _____

No. of Shares held _____

*D.P Id	
*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 23rd Annual General Meeting of the Company held on **Saturday, 27th August, 2011 at 4.00 p.m** at Mudapadav, Kuthethoor P.O. Via Katipalla, Mangalore 575 030, Karnataka.

Members'/Proxy's Name in Block Letters

Members'/Proxy's Signature

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.



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

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

FORM OF PROXY

23rd Annual General Meeting
27th August, 2011

Regd. Folio no. _____

No. of Shares held _____

*D.P Id	
*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 Third Annual General Meeting of the Company to be held on **Saturday, 27th August, 2011 at 4.00 p.m.** and at any adjournment thereof.

Signed this _____ day of _____ 2011.

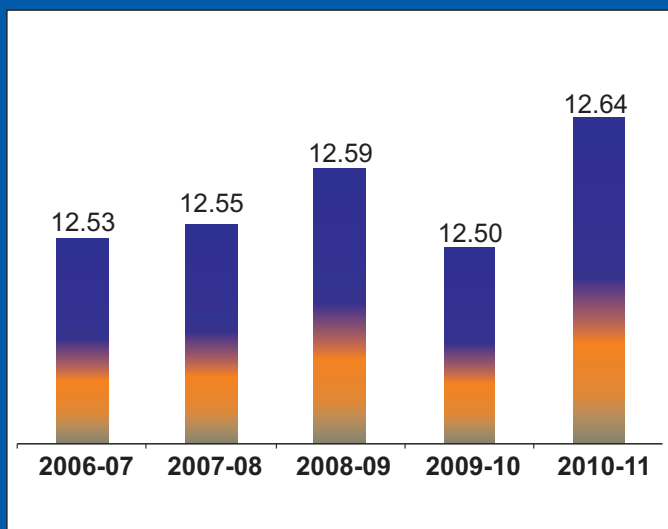
*Applicable for investors holding shares in electronic form.

Affix ₹ 1
Revenue
stamp

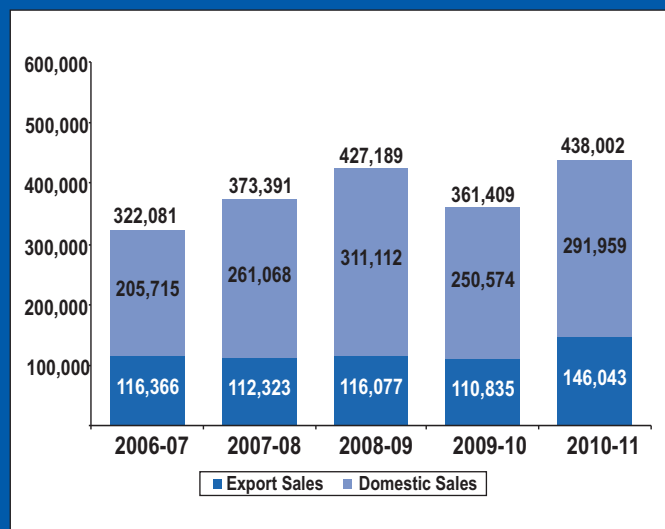
(Signature)

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.

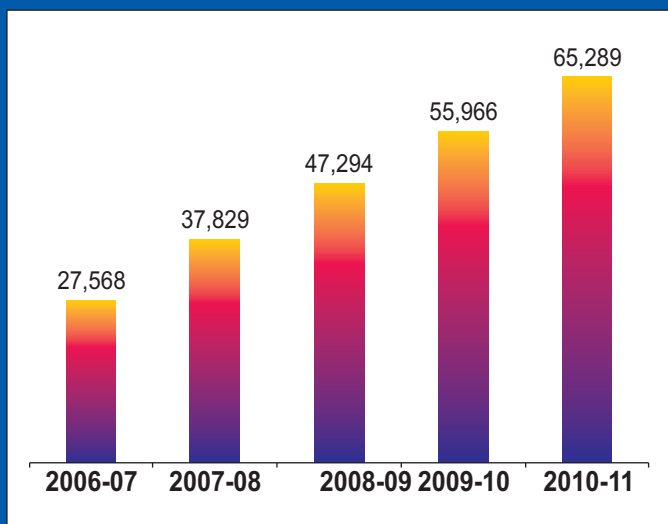
MRPL PERFORMANCE



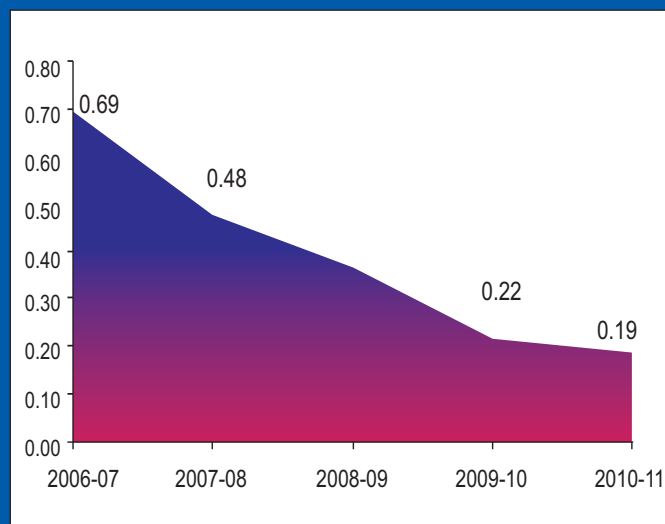
Crude Throughput (Million Tonnes)



Gross Turnover (including Excise Duty) ₹ in Million



Networth (₹ in Million)



Debt-Equity Ratio

BOOK-POST



A VIEW OF CRUDE AND VACCUM DISTILLATION UNIT - MAY 2011
(Phase III - Refinery expansion and upgradation Project)

If undelivered please return to:
M/S. LINK INTIME INDIA (P) LTD.
Unit - MRPL
C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel.: 022-25946970
Fax : 022-25946969
Email : mrplirc@linkintime.co.in