



मंगलूर रिफाइनरी एण्ड पेट्रोकेमिकल्स लिमिटेड MANGALORE REFINERY AND PETROCHEMICALS LIMITED

अनुसूची 'अ' के अंतर्गत भारत सरकार का उद्यम • SCHEDULE 'A' GOVT. OF INDIA ENTERPRISES
(ऑयल एण्ड नेचुरल गैस कॉर्पोरेशन लिमिटेड की सहायक कंपनी) • (A Subsidiary of Oil and Natural Gas Corporation Limited)
सी.आई.एन. : L23209KA1988GOI008959 • CIN : L23209KA1988GOI008959
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आईएसओ 9001, 14001 एवं 50001 प्रमाणित कंपनी • AN ISO 9001, 14001 and 50001 Certified Company

13/05/2019

The Assistant General Manager, Listing Compliance
BSE Limited
Scrip Code: 500109

The Compliance & Listing Department
National Stock Exchange of India Limited
Symbol: MRPL, Series: EQ

Dear Sir,

Subject: Auditors' Report on the Financial Statements (Standalone and Consolidated) for the financial year ended 31/03/2019.

We enclose herewith copy of Auditors' Report on the Financial Statements, Standalone and Consolidated, for the financial year ended 31/03/2019 for your information and records.

Thanking You,

Yours faithfully,

For MANGALORE REFINERY & PETROCHEMICALS LIMITED

Dinesh Mishra
Company Secretary

Encl.: A/a

**M/S. SREEDHAR, SURESH &
RAJAGOPALAN LLP**
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INDEPENDENT AUDITOR'S REPORT

To the Members of MANGALORE REFINERY AND PETROCHEMICALS LIMITED Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of MANGALORE REFINERY AND PETROCHEMICALS LIMITED (“the Company”), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and the relevant rules issued thereunder, of the state of affairs (financial position) of the Company as at 31st March 2019, the profit (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Key Audit Matters

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

KEY AUDIT MATTER	Contingent liabilities
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Uncertainty of the outcome & the disputed amount involved
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets</i>, a contingent liability is a possible obligation arising from past events, the outcome of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events (Ind AS 37).</p> <p>There are several claims and litigations against the company which in the judgement of the management would not eventually lead to a liability. Hence no provision is made in the accounts for the year under audit. Should there be an adverse outcome, the Company may be liable to pay the disputed amount which may carry interest and/or penalty as decided by the adjudicating authority/statutory authority/court of law.</p>	<p>As per the standard, once recognized as a contingent liability, an entity should continually assess the probability of the outflow of the future economic benefits relating to that contingent liability. If the probability of the outflow of the future economic benefits changes to more likely than not, then the contingent liability may develop into an actual liability and would need to be recognized as a provision.</p> <p>We have reviewed the list of claims and litigations against the company and considered the present status and probability of the outflow of the future economic benefits from the available records and taken written representations.</p> <p>Based on the information provided to us, that the contingent liabilities as mentioned in Note 45 of the Standalone Financial Statements fairly reflect the current position and no provision is called for at this stage.</p>

KEY AUDIT MATTER	Impairment of Assets
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Assumptions based on technical feasibility, economic feasibility and estimated future cash flows
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 36- Impairment of Assets</i>, for investments in subsidiaries, joint ventures or associates, impairment has to be done when the carrying amount of such investment in the separate financial statement is higher than the carrying amount in the consolidated financial statements of the investee's net assets, including associated goodwill.</p> <p>ONGC Mangalore Petrochemicals Limited being the subsidiary of Mangalore Refinery and Petrochemicals Limited, has incurred continuous losses which has led to erosion of net worth of the company. It has started making profits only in the last quarter of the current financial year. The management of ONGC Mangalore Petrochemicals Limited has estimated that it will make profits in the upcoming years based on various assumptions and projections which are subject to uncertainties.</p>	<p>We have reviewed assumptions taken for projecting the future cash flows and the basis of criteria for the underlying preparation of these projections.</p> <p>Based on the representations provided to us by the management and the Statutory auditor of the subsidiary company, no impairment is required for the investments made in the subsidiary as at the end of the financial year. (Refer note no. 10 of the Standalone Financial statements).</p>



KEY AUDIT MATTER	Actuarial Gains/ Losses
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Assumptions taken for valuation of actuarial gain/losses
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 19- Employee Benefits</i>, Actuarial gains or losses refers to an increase or decrease to a company's estimate of their projected defined benefit obligation as a result of the periodic revaluation of assumptions.</p> <p>This involves a high degree of subjectivity and complexity. The Company uses a range of actuarial methodologies and methods to estimate these provisions. It requires significant judgement relating to certain factors and assumptions which include, but are not limited to, interest rates, inflation trends, rate of increase in salary, regulatory decisions, rate of employee turnover, historical claims information, mortality rate during and after employment and the growth of exposure.</p>	<p>We have reviewed the projections and assumptions made by the company for providing for the actuarial valuation. We have also tested the completeness and accuracy of the underlying data that was provided to the actuaries against a source documentation.</p> <p>Based on the data provided to us and the review made by us, the actuarial estimate of the provision required for employee benefit appear reasonable. (Refer note no. 40 of the Standalone Financial statements).</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

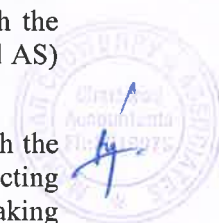
In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards (Ind AS) specified under section 133 of the Companies Act, 2013.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making



judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

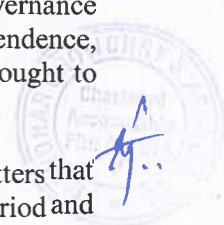
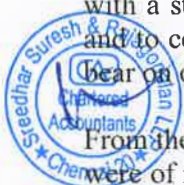
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or



regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure – A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

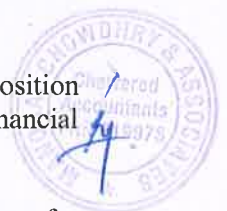
2. Based on the verification of Records of the Company and based on information and explanations given to us, we give here below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act:

- a. The company processes all the accounting transactions through IT system. As there were no accounting transactions processed outside the IT system for the year ended 31st March 2019 closure, no financial implications arise to impact the integrity of accounts.
- b. There is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan.
- c. Government grants in the form of interest free loans received from the State Government have been properly accounted and utilized as per terms and conditions.

3. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept by so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements;
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. Disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure - B**;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 45 to the standalone financial statements;
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and



- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **SREEDHAR, SURESH & RAJAGOPALAN LLP**

Chartered Accountants

Firm Registration Number: 003957S/S200145



CA S.SUBRAMANIAM

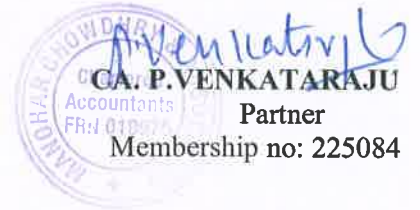
Partner

Membership no: 025433

For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 001997S



CA. P.VENKATARAJU

Partner

Membership no: 225084

Place: New Delhi

Date: 13th May, 2019

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

- (i) In respect of the Company's fixed assets:
- 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 nature of its assets. As per the reports submitted by the Company, no material discrepancies have been noticed on such verification.
 - c. According to the information and explanation given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company except some leasehold land costing ₹ 982.37Million which is in the possession of the company towards which formal lease deeds are yet to be executed. Refer Note No. 5&6 to the standalone financial statements.
- (ii) We are informed that the inventory of stores and spares are physically verified during the year by the management on a continuous basis as per programme of perpetual inventory. Inventories of other items have been physically verified at the year end. The frequency of the verification, in our opinion, is reasonable having regard to the size of the company and nature of its business. As per the reports submitted by the Company, no material discrepancies have been noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185. The Company has not given any loan or made any investment covered under Section 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Subsection (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Goods and Services Tax, Sales Tax, Duty of Excise and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Duty of Excise and other statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.



b. According to information and explanations given to us and as per our verification of records of the Company, the disputed tax which are not deposited with the appropriate authorities as at 31st March, 2019 are given below.

NAME OF THE STATUTE	NATURE OF THE DUES	TOTAL DEMAND (MILLIONS)	TOTAL AMT PAID UNDER PROTEST/ ADJUSTED (MILLIONS)	AMOUNT NOT DEPOSITED (MILLIONS)	PERIOD TO WHICH THE AMOUNT RELATES (FINANCIAL YEAR)	FORUM WHERE THE DISPUTE IS PENDING
The Karnataka Sales tax Act, 1957/ Central Sales Act, 1956	Value Added Tax – Interest	4.80	2.48	2.32	2011-12	Karnataka High Court
	Value Added Tax – Penalty	1.69	Nil	1.69	2011-12	Karnataka High Court
Income Tax Act, 1961	Income Tax / Interest / Penalty	296.31	296.31	Nil	AY 1993-03	Bombay High Court
		10.93	10.93	Nil	AY 2003-04	Income Tax Appellate Tribunal – Mumbai
The Customs Act, 1962	Custom Duty / Interest / Penalty	71.86	378.71	494.54	1997-2000	Supreme Court of India
		801.39			1997-2000	CESTAT – Bangalore
		2125.25	2125.25	Nil	2015-2017	Commissioner of Customs- Mangalore
Central Excise Act, 1944	Central Excise Duty / Service Tax / Interest / Penalty	4,457.60	181.60	4276.0	2002-03 to 2016-17	CESTAT – Bangalore
		2.07	2.07	Nil	2002-03 to 2015-16	Joint Secretary, MOF
		5.82	0.50	5.32	2010-11	Commissioner of Central Excise- Mangalore
		16.29	Nil	16.29	1996-97 to 2003-2004	Supreme Court of India

(viii) According to the information and explanation given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowing to any bank or Government during the year. The Company did not have any outstanding dues to financial institutions or debenture holders during the year.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans borrowed were applied for the purpose for which they were raised.

(x) According to the information and explanations given to us and the books of account examined by us no instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) As per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015, provisions of section 197 as regards managerial remuneration are not applicable to the Company since it is a Government Company.



(xii)As the Company is not a Nidhi Company and the Nidhi Rules,2014 are not applicable to it; the provisions of Clause 3(xii) of the Order are not applicable to the Company.

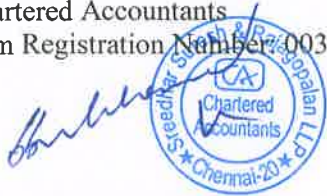
(xiii)The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under the applicable accounting standards.

(xiv)According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

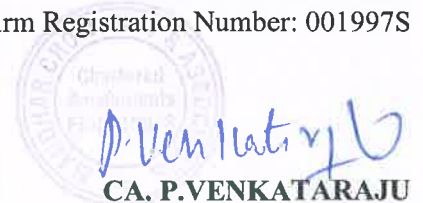
(xv)According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year.

(xvi)According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **SREEDHAR, SURESH & RAJAGOPALAN LLP** For **MANOHAR CHOWDHRY & ASSOCIATES**
Chartered Accountants Chartered Accountants
Firm Registration Number: 003957S/S200145 Firm Registration Number: 001997S



CA.S.SUBRAMANIAM
Partner
Membership no: 025433



CA. P.VENKATARAJU
Partner
Membership no: 225084

Place: New Delhi
Date: 13th May, 2019

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

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MANGALORE REFINERY AND PETROCHEMICALS LIMITED ("the Company") as of 31st March, 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

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

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Other Matters

As a part of the system audit initiative undertaken by the company, configuration testing on all SAP modules was conducted during the year. No material errors or fraud were observed by us on a testing of representative sample transactions on the potential high-risk control gaps identified by system auditors. The management has also confirmed that the deficiencies in the configurations have since been recalibrated to close all the control gaps.

Opinion

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

We have considered the deficiencies in control gaps identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of the Company, and these deficiencies in control gaps do not affect our opinion on the financial statements of the Company.

For **SREEDHAR, SURESH & RAJAGOPALAN LLP** For **MANOHAR CHOWDHRY & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 003957S/S200145

Chartered Accountants

Firm Registration Number: 001997S


CA. S. SUBRAMANIAM

Partner

Membership no: 025433




CA. P. VENKATARAJU

Partner

Membership no: 225084



Place: New Delhi

Date: 13th May, 2019

**M/S. SREEDHAR, SURESH &
RAJAGOPALAN LLP**
CHARTERED ACCOUNTANTS
3-B, GREEN HAVEN, 26, THIRD MAIN
ROAD
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**M/S. MANOHAR CHOWDHRY &
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INDEPENDENT AUDITOR'S REPORT

To the Members of MANGALORE REFINERY AND PETROCHEMICALS LTD

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **MANGALORE REFINERY AND PETROCHEMICALS LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiary **ONGC MANGALORE PETROCHEMICALS LIMITED** (Holding Company and its subsidiaries together referred to as "the Group"), and its jointly controlled entity, **SHELL MRPL AVIATION FUELS AND SERVICES LIMITED**, which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group and its jointly controlled entity as at March 31, 2019, of consolidated profit (financial performance including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its jointly controlled entity in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Key Audit Matters

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

KEY AUDIT MATTER	Contingent liabilities
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Uncertainty of the outcome & the disputed amount involved
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets</i>, a contingent liability is a possible obligation arising from past events, the outcome of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events (Ind AS 37).</p> <p>There are several claims and litigations against the Group which in the judgement of the management would not eventually lead to a liability. Hence no provision is made in the accounts for the year under audit. Should there be an adverse outcome, the Group may be liable to pay the disputed amount which may carry interest and/or penalty as decided by the adjudicating authority/statutory authority/court of law.</p>	<p>As per the standard, once recognized as a contingent liability, an entity should continually assess the probability of the outflow of the future economic benefits relating to that contingent liability. If the probability of the outflow of the future economic benefits changes to more likely than not, then the contingent liability may develop into an actual liability and would need to be recognized as a provision.</p> <p>We have reviewed the list of claims and litigations against the Group and considered the present status and probability of the outflow of the future economic benefits from the available records and taken written representations.</p> <p>Based on the information provided to us, that the contingent liabilities as mentioned in Note 45 of the Consolidated Financial Statements fairly reflect the current position and no provision is called for at this stage.</p>

KEY AUDIT MATTER	Deferred Tax Asset
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Uncertainty in estimating in the future profits and the accuracy of the provision
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 12- Income Taxes</i>, The amounts of income taxes recoverable in future periods in respect of deductible temporary differences and the carry forward of unused tax losses and credits. The reversal of deferred tax assets depends upon the management estimates and future realisable profits which have a degree of uncertainty.</p>	<p>On review of the Deferred Tax Asset the following factors were considered:</p> <ol style="list-style-type: none"> Existence of sufficient taxable temporary difference. Convincing other evidence that sufficient taxable profits will be available in the future. <p>Based on the future projections and representations provided to us, the Group's judgement on recoverability of Deferred Tax Asset as mentioned in Note 24 of the Consolidated Financial Statements is fair and reasonable.</p>



KEY AUDIT MATTER	Impairment of Assets
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Assumptions based on technical feasibility, economic feasibility and estimated future cash flows
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 36- Impairment of Assets</i>, for investments in subsidiaries, joint ventures or associates, impairment has to be done when the carrying amount of such investment in the separate financial statement is higher than the carrying amount in the consolidated financial statements of the investee's net assets, including associated goodwill.</p> <p>ONGC Mangalore Petrochemicals Limited being the subsidiary of Mangalore Refinery and Petrochemicals Limited, has incurred continuous losses which has led to erosion of net worth of the company. It has started making profits only in the last quarter of the current financial year. The management of ONGC Mangalore Petrochemicals Limited has estimated that it will make profits in the upcoming years based on various assumptions and projections which are subject to uncertainties.</p>	<p>We have reviewed assumptions taken for projecting the future cash flows and the basis of criteria for the underlying preparation of these projections.</p> <p>Based on the representations provided to us by the management and the Statutory auditor of the subsidiary company, no impairment is required for the investments made in the subsidiary as at the end of the financial year. (Refer note no. 10 of the Consolidated Financial statements).</p>

KEY AUDIT MATTER	Actuarial Gains/ Losses
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Assumptions taken for valuation of actuarial gain/losses
PRESENT STATUS	AUDIT APPROACH
<p>As per <i>Ind AS 19- Employee Benefits</i>, Actuarial gains or losses refers to an increase or decrease to a company's estimate of their projected defined benefit obligation as a result of the periodic revaluation of assumptions.</p> <p>This involves a high degree of subjectivity and complexity. The Company uses a range of actuarial methodologies and methods to estimate these provisions. It requires significant judgement relating to certain factors and assumptions which include, but are not limited to, interest rates, inflation trends, rate of increase in salary, regulatory decisions, rate of employee turnover, historical claims information, mortality rate during and after employment and the growth of exposure.</p>	<p>We have reviewed the projections and assumptions made by the Holding Company for providing for the actuarial valuation. We tested the completeness and accuracy of the underlying data that was provided to the actuaries against a source documentation.</p> <p>Based on the above review and on the representations provided to us by the management and the Statutory auditor of the subsidiary company, the actuarial estimate of the provision required for employee benefit for the Group appear reasonable. (Refer note no. 40 of the Consolidated Financial statements).</p>



KEY AUDIT MATTER	Going Concern Assumption of the Subsidiary Company
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Management estimate and assumptions on future cash flows
PRESENT STATUS	AUDIT APPROACH
<p>The availability of sufficient funding and the testing of whether the Subsidiary Company will be able to continue meeting its obligations under the financing covenants are important for the going concern assumption and, as such, are significant aspects of our audit.</p> <p>This test or assessment is largely based on the expectations of and the estimates made by the management of the subsidiary company. The expectations and estimates can be influenced by subjective elements such as estimated future cash flows, forecasted results and margins from operations. Estimates are based on assumptions, including expectations regarding future developments in the economy and the market.</p>	<p>The Statutory Auditor of the Subsidiary Company has evaluated the assumptions and forecasts made by the management of the Subsidiary Company in the budget and the cash flow projections provided to them.</p> <p>The Statutory Auditor of the Subsidiary Company has specifically devoted attention to the assumptions made with respect to the future capital alignment plans, value added, the results and the cash flows in order to assess the company's ability to continue meeting its payment obligations and its obligations under the financing covenants in the year ahead.</p> <p>We relied on the work of the statutory auditor of the subsidiary company.</p>

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

The respective Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

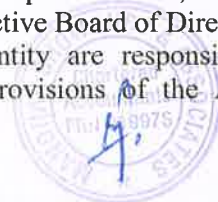
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to the respective Company's Board of Directors. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for



safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for assessing the ability of the Group and of its jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are also responsible for overseeing the financial reporting process of the Group and of its jointly controlled entity.

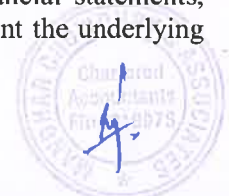
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entity to cease to continue as a going concern.

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



• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

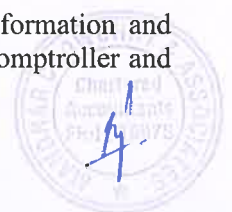
Other Matters

The audit of the subsidiary company was conducted by one of the joint auditors M/s. Manohar Chowdhry & Associates. The consolidated financial statements / financial information reflect total assets of ₹ 77,612.43 Million as at 31st March, 2019, total revenue of ₹ 83,624.34 Million and net cash flows amounting to ₹ 20.66 Million for the year ended on that date from the subsidiary. The consolidated financial statements also include the Group's share of net profit of ₹ 7.73 Million for the year ended 31st March 2019, as considered in the consolidated financial statements, in respect of jointly controlled entity, whose financial statements/financial information have not been audited by us. The financial statements of the subsidiary which has been audited by one joint auditor and the financial information of jointly controlled entity which was audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and the jointly controlled entity, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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



- (a) The company processes all the accounting transactions through IT system. As there were no accounting transactions processed outside the IT system for the year ended 31st March 2019 closure, no financial implications arise to impact the integrity of accounts.
- (b) There is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan.
- (c) Government grants in the form of interest free loans received from the State Government have been properly accounted and utilized as per terms and conditions. Government grants in the form of export incentives received by the subsidiary company in the form of MEIS scrips have been properly accounted as per the terms and conditions.

For the Subsidiary Company no adverse comments have been made in respect of the above and for the jointly controlled entity no directions have been issued as per the respective audit reports.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) As far as the Holding Company and Subsidiary Company are concerned, disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015.

On the basis of the written representations received from the directors of the jointly controlled entity as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the jointly controlled entity incorporated in India, none of the directors of the jointly controlled entity incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **Annexure A**. With regard to Subsidiary and the jointly controlled entity, the reports of the other auditors are taken into account.



(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity – Refer Note 45 to the consolidated financial statements.
- ii. The Group and its jointly controlled entity did not have any material foreseeable losses on long term contracts including derivative contracts; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and its jointly controlled entity incorporated in India.

For **SREEDHAR, SURESH & RAJAGOPALAN
LLP**

Chartered Accountants

Firm Registration Number: 003957S/S200145




C.A.S. SUBRAMANIAM

Partner

Membership No: 025433

For **MANOHAR CHOWDHRY &
ASSOCIATES**

Chartered Accountants

Firm Registration Number: 001997S




CA. P.VENKATARAJU

Partner

Membership No: 225084

Place: New Delhi

Date: 13th May, 2019

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

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **MANGALORE REFINERY AND PETROCHEMICALS LIMITED** ("the Holding Company") and its subsidiary **ONGC MANGALORE PETROCHEMICALS LIMITED** and its jointly controlled entity **SHELL MRPL AVIATION FUELS AND SERVICES LIMITED** which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Holding Company and its subsidiary and its jointly controlled entity, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary company and its jointly controlled entity, which are companies incorporated in India.



Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Other Matters

As a part of the system audit initiative undertaken by the Holding company, configuration testing on all SAP modules was conducted during the year. No material errors or fraud were observed by us on a testing of representative sample transactions on the potential high-risk control gaps identified by system auditors. The management has also confirmed that the deficiencies in the configurations have since been recalibrated to close all the control gaps.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its jointly controlled entity, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and those internal financial controls were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



We have considered the deficiencies in control gaps identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 consolidated financial statements of the Company, and these deficiencies in control gaps of the Holding Company do not affect our opinion on the financial statements of the Group.

For **SREEDHAR, SURESH & RAJAGOPALAN
LLP**

Chartered Accountants

Firm Registration Number: 003957S/S200145



CA S.SUBRAMANIAM

Partner

Membership no: 025433

For **MANOHAR CHOWDHRY &
ASSOCIATES**

Chartered Accountants

Firm Registration Number: 001997S



CA. P.VENKATARAJU

Partner

Membership no: 225084

Place: New Delhi

Date: 13th May, 2019


DECLARATION OF UNMODIFIED OPINION

1.	Name of the Company	Mangalore Refinery and Petrochemicals Limited
2.	Financial Statement for the period ended	Standalone Financial Statement as at March 31,2019
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable

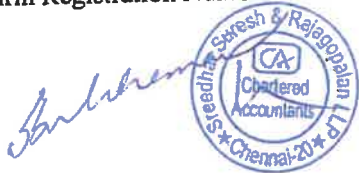
For Mangalore Refinery and Petrochemicals Ltd.


Managing Director


Chief Financial Officer



Chairman Audit Committee
Mangalore Refinery and Petrochemicals Ltd.

For **SREEDHAR, SURESH & RAJAGOPALAN LLP**
Chartered Accountants
Firm Registration Number: 003957S/S200145



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Partner
Membership no: 025433

For **MANOHAR CHOWDHRY & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 001997S


CA. P.VENKATARAJU
Partner
Membership no: 225084

Place: New Delhi
Date: 13th May, 2019

DECLARATION OF UNMODIFIED OPINION

1.	Name of the Company	Mangalore Refinery and Petrochemicals Limited
2.	Financial Statement for the period ended	Consolidated Financial Statement as at March 31,2019
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable

For Mangalore Refinery and Petrochemicals Ltd.


Managing Director



Chairman Audit Committee
Mangalore Refinery and Petrochemicals Ltd.


Chief Financial Officer

For **SREEDHAR, SURESH & RAJAGOPALAN LLP**
Chartered Accountants
Firm Registration Number: 003957S/S200145



CA S.SUBRAMANIAM
Partner
Membership no: 025433

For **MANOHAR CHOWDHRY & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 001997S



CA. P.VENKATARAJU
Partner
Membership no: 225084

Place: New Delhi
Date: 13th May, 2019