ONGC Mangalore Petrochemicals Limited

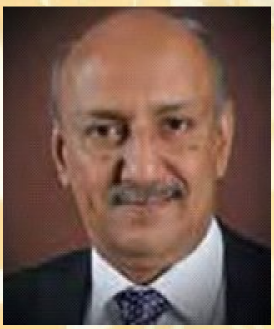
11th Annual Report
2016-17

ONGC MANGALORE PETROCHEMICALS LIMITED

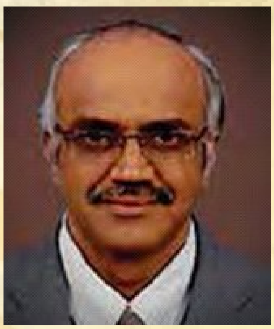
(A subsidiary of Mangalore Refinery and Petrochemicals Limited)
CIN: U40107KA2006PLC041258

BOARD OF DIRECTORS AS ON 21ST JULY 2017

Shri D K Sarraf
Chairman



Shri H Kumar
Director



Shri M Venkatesh
Director

Shri A K Sahoo
Director

Shri V P Mahawar
Director

Smt. Alka Mittal
Director

Shri Sushil K Shenoy,
Chief Financial Officer &
Chief Executive Officer I/C

ONGC Mangalore Petrochemicals Limited
CIN: U40107KA2006PLC041258
(A subsidiary of Mangalore Refinery & Petrochemiclas Limited- MRPL)

BOARD OF DIRECTORS

Shri D K Sarraf (DIN 00147870)	Chairman
Shri H Kumar (DIN 06851988)	Director
Shri M Venkatesh (DIN 07025342)	Director
Shri A K Sahoo (DIN 07355933)	Director
Shri V P Mahawar (DIN 07208090)	Director
Smt Alka Mittal (DIN 07272207)	Director

COMMITTEE OF DIRECTORS

Shri H Kumar	Director
Shri M Venkatesh	Director
Shri A K Sahoo	Director

NOMINATION AND REMUNERATION COMMITTEE

Shri H Kumar	Director
Shri M Venkatesh	Director
Shri A K Sahoo	Director

AUDIT AND ETHICS COMMITTEE

Shri A K Sahoo	Director
Shri M Venkatesh	Director
Smt Alka Mittal	Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri H Kumar	Director
Shri A K Sahoo	Director
Smt Alka Mittal	Director

KEY EXECUTIVE

Shri Sushil K Shenoy, Chief Financial Officer &
Chief Executive Officer I/c

COMPANY SECRETARY

Shri K B Shyam Kumar

STATUTORY AUDITOR

M/s Manohar Chowdhry & Associates, Mangaluru

SECRETARIAL AUDITOR

M/s P N Pai & Co., Mangaluru

BANKERS

State Bank of India

DEBENTURE TRUSTEE FOR NON-CONVERTIBLE DEBENTURES OF THE COMPANY:

M/s Axis Trustee Services Limited
Ground Floor, Axis House,Wadia International Centre,
Bombay Dyeing Mills Compound, Pandurang Budhkar Marg,
Worli, Mumbai – 400025

REGISTRAR AND TRANSFER AGENT FOR NON-CONVERTIBLE DEBENTURES OF THE COMPANY:

M/s Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000 Fax: +91 22 49186060
Email: bonds.helpdesk@linkintime.co.in

REGISTERED OFFICE AND INVESTOR RELATION CELL

Mangalore Special Economic Zone,
Permude, Mangaluru- 574 509
Phone: 0824 – 2872120, Website: http://ompl.co.in
Email ID: cs@omplindia.com

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BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 11th Annual Report of the Company and the Audited financial statements for the financial year ended 31st March, 2017, together with the Auditors' Report and comments on the Accounts by Comptroller and Auditor General of India (C&AG) thereon.

1. PERFORMANCE OF THE COMPANY

1.1 FINANCIAL RESULTS

The financial performance of your Company for the year ended 31st March, 2017 is summarised below:

Particulars	For the year Ended on 31st March, 2017 (₹ in millions)	For the year Ended on 31st March, 2016 (₹ in millions)
Revenue from operations	52,565.68	41,875.74
Revenue from Other Income	48.11	129.90
Expenses	57,546.56	50,800.60
Profit (Loss) before Taxation	(4,932.77)	(8,794.96)
Tax Expenses:		
Current Tax	-	-
Deferred Tax	(1,270.91)	(2,360.22)
Profit (Loss) for the Year	(3,661.86)	(6,488.74)
Other Comprehensive Income	(2.47)	(3.79)
Total Comprehensive Income/ (Loss)	(3,664.33)	(6,492.53)

1.2 RESULTS OF OPERATIONS

During the period under review, your Company achieved a turnover of ₹ 52,565.68 million (Mn) registering an increase of about 26% over the last year. During the year, your Company has taken measures to augment the capacity utilization by sourcing Heavy Naphtha from other oil companies to bridge deficit in supplies and to ensure continuous feedstock for plant operation.With these measures, the net loss was reduced to ₹ 3,664.33 Mn against corresponding previous year's loss of ₹ 6,492.53 Mn. Further, concerted efforts made by the Company has resulted in increase of PX production from 0.57 MMT to 0.687 MMT and the capacity utilization from 70% to 82% despite a 25-day forced shutdown due to water scarcity during May 2016. The Company is also making further efforts for increasing the capacity utilization and in this regard discussions with the international oil companies and other domestic oil & petrochemical companies to source reformates, pyrolysis gasoline to improve capacity utilization.

During the year, the interconnection of powerlines between Mangalore Refinery and Petrochemicals Limited (MRPL) and OMPL petrochemical complex has been commenced which will result in savings in power and fuel cost.

1.3 OPERATIONAL PERFORMANCE

During the year, the Company has

- produced 0.687 MMT Para-xylene, 0.184 MMT Benzene and 0.169 MMT Paraffinic raffinate.
- exported Para-xylene and Benzene worth about ₹ 28,319.76 Mn and ₹ 9,092.35 Mn, respectively.

1.4 DIVIDEND AND TRANSFER TO RESERVES

In view of the losses incurred in the financial year 2016-17, your Board of Directors has not recommended any dividend for the financial year 2016-17 and no amount has been transferred to General Reserve during the financial year 2016-17.

1.5 SHARE CAPITAL

The Authorised Share Capital of the company is ₹ 20,000 Mn. The Issued, Subscribed and Paid up Equity Share Capital of your Company as on 31st March, 2017 stood at ₹ 18,776.26 Mn. During the year under review, the Company has not issued any shares.

1.6 FINANCIAL RESOURCES

i. Issue of Debentures

In its continuing efforts to reduce funded costs, your Company, during the year, issued Secured, Redeemable, Non-Cumulative, Taxable, Non-Convertible Debentures (NCDs) through private placement with a coupon rate of 8.12% aggregating ₹ 20,000 Mn. The debentures were secured by way of extension of mortgage on the assets i.e., mortgage of immovable properties in favour of the Debenture Trustees.

Most investors subscribed to the these NCDswere major insurance companies, public sector banks, corporates and investors of repute, indicating their safety perception in your Company's fundamentals and prospects. The issue proceeds were utilized for repayment of Rupee Term Loan and general corporate purpose.

Your Company had earlier issued NCDs of ₹ 5,000 Mn with a coupon rate of 8.40% for a tenure of 3 years 40 days through private placement during 2015-16.

The interest on these debentures was serviced as and when it became due. The aggregate borrowing by way of Secured NCDs as on March 31, 2017, was ₹ 25,000 Mn (previous year ₹ 5,000 Mn).

The NCDs issued by your Company were rated 'IND AAA/RWE' by India Ratings and Research Pvt., Ltd. (Fitch Group) indicating high degree of safety regarding timely servicing of financial obligations. These NCDs were listed on the Wholesale Debt Market (WDM) segment of the Bombay Stock Exchange Limited (BSE).

ii. Issue of Commercial Paper

Your Company has started mobilising funds through commercial paper (CP) during the year and outstanding as on 31st March 2017 was ₹ 27,500 Mn. The effective cost of funds was 7.07% p.a. These CPs were rated A1+ (pronounced A One Plus) by ICRA Ltd indicating very strong degree of safety regarding timely servicing of financial obligations.

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

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

1.8 FINANCIAL ACCOUNTING

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. The Company has presented a reconciliation of shareholders' equity under Previous GAAP and IndAS as at March 31, 2016, and April 1, 2015 and reconciliation of the Profit/(Loss) after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended March 31, 2016.

1.9 DEPOSITS

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

1.10 LOANS, INVESTMENTS OR GUARANTEES

Your Company has not given any loans, made any investments or provided guarantee as required to be reported under section 186 of the Companies Act, 2013.

1.11 CREDIT PROFILE

ICRA has assigned "AA-" (pronounced Double A minus) to the long-term facilities and A1+ (pronounced A One Plus) for short term facilities of your Company.

India Ratings and Research, a Fitch Group Company has assigned a rating of "IND AAA"/ RWE to the NCDs issued, ECB Loan and long-term facilities of your company. This rating of the Debentures by India Ratings and Research indicates high degree of safety regarding timely servicing of financial obligations.

1.12 AMALGAMATION OF THE COMPANY WITH MANGALORE REFINERY AND PETROCHEMICALS LIMITED

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

The Board has also approved the share swap ratio of 100:513, i.e., for every 513 (five hundred thirteen) fully paid-up equity shares of ₹ 10 each held by a shareholder in the Company, 100 (one hundred) fully paid-up equity shares of ₹ 10 each of MRPL shall be issued upon sanction of the Scheme.

2 MARKETING & BUSINESS DEVELOPMENT

The Company prides itself to be among the top domestic producers of Para-xylene (PX) and Benzene (BZ). Our consistent product quality and persistent efforts since inception have ensured a presence for both products in all the major consuming regions.

Para-xylene(PX):

Para xylene (PX) is the primary product in the PX-PTA-PET value chain and the demand growth driver is PET in packaging sector.

Global PX capacity is 45 Mn MT with Asian region contributing 75 %. The Global demand is ~ 39 Mn MT and growing > 6 % p.a.

China is the single largest market with major share and is net importer of PX.

India's PX capacity is 6.0 Mn MT and is net exporter of PX and the trend is likely to continue till 2019 – 20.

The main feedstock for PX is Naphtha. The margin between PX and Naphtha was stable and averaged USD 415 per MT during FY 2016 – 17.

During the year, the Company gained considerably in line with improved International prices and delta vis-à-vis Naphtha, the major feedstock. There was a substantial jump in PX volume (18%) and value (26%) compared to previous financial year. The Company has entered into a long term supply contract with JBF Petrochemicals Limited, a downstream company which will commence operations in Q2 of 2017-18 resulting in improved realization.

Benzene (BZ):

The latter part of the year, witnessed supply tightness in the market with International prices breaching USD 1,000/Mt and product/feedstock delta at high levels. BZ like PX recorded increased volume (11%) and value (30%) compared to previous financial year.

3 HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

SAFETY PERFORMANCE

The major achievements in the Safety are summarized as under:

1. Your Company is committed towards imparting continuous training in fire and safety practices. Regular internal mock drill exercises were conducted considering the various emergency scenarios in plant and non-plant areas. Offsite Mock drill was also conducted in presence of district crisis group (DCG) and demonstrated the emergency preparedness of your company.
2. Your company conducted different levels of Safety committee meeting involving all disciplines to address Safety issues arising at the plant.
3. Your company has bagged Second Prize in Best Safe Boiler Operation in "State level Safety awards-OIL INDUSTRIES".
4. Your Company has achieved 521 Safe working days (without Lost Time Incident) as on 31st March 2017.
5. Internal Safety Audit was conducted in May 2016 & External Safety Audit was conducted by M/s.Smartest Consultant during May 2016.
6. Public awareness program conducted along with Deputy Director of Factories & Environment Officer, Manglore at Anjum College of Jokatte village in June 2016.
7. Your company observed Chemical Disaster prevention week from December 01, 2016 to December 05, 2016. Process Safety Management training was imparted to staff & workmen.
8. National Safety Day/week 2017 has been conducted from March 01, 2017-March 03, 2017 involving different Safety awareness programs and competitions.

ENVIRONMENT PERFORMANCE

Environment Management is our fundamental responsibility while carrying out day to day operations of the plant. Your Company monitors Environment parameters on continuous basis to ensure reduction in emissions, reduction in pollution loads in treated effluent and ensuring conservation of resources. Hydrocarbon leak detectors are installed across the plant besides Leak Detector And Rectification (LDAR) programme and air quality monitoring is carried out manually in every quarter. The liquid fuels viz., LSHS and HSD have low levels of Sulphur, 0.5 wt% and 350 ppm, respectively, contributing in maintaining benevolent environment and resource conservation.

Your Company is committed to Sustainable Development by adopting optimization techniques in Energy front, Production & Utility activity.

In line with the company's commitment to move towards low carbon footprint, several initiatives were taken such as Green Belt Development through Drip irrigation by Gravity flow mechanism and recycling of treated effluent as Cooling Tower Make up besides engagement of External stakeholders such as neighbouring villages through community awareness programs in association with Karnataka State Pollution Control Board. Your Company has installed Heaters with burners that have adaptability to switch over to Natural Gas fuel, when made available to the Company in future, which will further reduce Green House Gas emissions.

4 RELATED PARTY TRANSACTIONS

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

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

5 INTERNAL CONTROL SYSTEM

Your Company has a well-established and efficient internal control system and procedure. The Company has appointed Internal Auditors and Audit observations are periodically reviewed by the Audit & Ethics Committee of the Board and necessary directions are issued whenever required.

6 INTERNAL CONTROL OVER FINANCIAL REPORTING

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

7 ENTERPRISE RISK MANAGEMENT SYSTEM

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

The Enterprise Risk Management Reporting System manages, monitors and reports on the principal risks and uncertainties that can impact the growth and ability to achieve strategic objective of the Company. The Integrated Enterprise Risk Management System is designed to drive a common integrated view of risk and optimal risk mitigation.

8 VIGIL MECHANISM

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

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

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

Pursuant to enactment of Companies Act, 2013 and Companies (CSR Policy) Rules 2014 by Ministry of Corporate Affairs the CSR Policy has been approved by the Board of Directors in its 55th meeting held on August 01, 2016. The same was uploaded on the Company's website. The Committee has not made any provision for CSR activities during the financial year 2016-17 as there was no average net profit during the immediately preceding three financial years.

10 DIRECTORS

10.1 POLICY ON DIRECTORS' APPOINTMENT ETC.

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

10.2 PERFORMANCE EVALUATION

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

10.3 AUDIT COMMITTEE

The Company has constituted Audit Committee which consists of three non-executive directors and the majority of them were Independent Directors. The Chairman of the Audit Committee was an Independent Director. There were no instances where the recommendations of the Audit Committee were not accepted by the Board. However, the term of office of the independent directors was ceased on March 27, 2017.

10.4 BOARD MEETINGS

Seven Board Meetings were held during the year ended on 31st March 2017. Details of the Board Meetings held during the year have been furnished in the Corporate Governance Report.

10.5 MEETING OF INDEPENDENT DIRECTORS

Two meetings of independent directors were held during the financial year 2016-17.

10.6 APPOINTMENTS/CESSATION ETC

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Shri D K Sarraf, Director retires by rotation and being eligible, offers himself for re-appointment.

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

The term of office of Shri I S N Prasad, Shri G M Ramamurthy, Shri Santosh Nautiyal and Shri M M Chitale, Independent Directors ceased on 27th March 2017.

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

Shri. Sushil K Shenoy, Chief Financial Officer was appointed as Key Managerial Personnel with effect fromAugust 16, 2014 and is concurrently holding charge as CEO.

Shri. K B Shyam Kumar was appointed as Company Secretary with effect from August 13, 2014 and as Key Managerial Personnel with effect fromAugust 16, 2014.

11 CORPORATE GOVERNANCE

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

12 HUMAN RESOURCES / PERSONNEL

Your Company continued to enjoy cordial and harmonious relations with the collectives and there was no industrial disturbance during the year 2016-17.

Total employee strength as on March 31, 2017 was 457 including 300 Project Displaced Family (PDFs) Candidates. Women employees constituted over 17 percent (79 Nos) of your company's workforce. Out of the total workforce, 159 employees belong to Management cadre and 307 employees belong to Non-Management cadre.

During the year 2016-17, Your Company devoted 1,257 Mandays for Training, Development and Learning which amounted to an average of 2.74 Mandays per employee. This includes functional, developmental and special training programs covering the entire spectrum of employees. During the year, training programs were specially organized for women employees and nominated women employees for outside training programs. Your Company complies with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

13 MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

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

14 INSURANCE

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

15 SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

16 AUDITORS

Statutory Auditors:

The Comptroller and Auditor General of India (C&AG) has appointed M/s. Manohar Chowdhry & Associates, Chartered Accountants, Mangaluru, as Statutory Auditors for the financial year 2016-17 as required for the Government Companies.They have audited the Financial Statement for the Financial Year ended March 31, 2017 and submitted their report which forms part of this report.

Auditors' Report

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

Comptroller and Auditor General of India (C&AG) Report

The comments of Comptroller and Auditor General of India (C&AG) and the reply of the management thereto form part of this report are placed at **Annexure - B.**

Secretarial Audit

M/s P N Pai& Co, Practicing Company Secretaries, conducted Secretarial Audit pursuant to the provisions of Section 204 of the Companies Act, 2013, for the financial year 2016-17. M/s P N Pai & Co, Practicing Company Secretaries have submitted the Report confirming compliance with the applicable provisions of Companies Act, 2013, rules and other regulatory authorities for corporate law. The report in Form MR-3 is placed at **Annexure - C.**

As regards the observation relating to appointment of Chief Executive Officer in terms of Section 203 of the Companies Act, 2013, the Board appointed Chief Financial Officer of the Company for concurrently holding charge of CEO in view of impending merger with Mangalore Refinery and Petrochemicals Limited.

As regards the observation relating to appointment of independent directors in terms of Section 149 of the Companies Act, 2013, the Company has taken up the matter with the Ministry of Petroleum & Natural Gas for nominating three independent directors on the Board of the Company.

Cost Audit

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

17 EXTRACT OF ANNUAL RETURN

As per requirement of section 92(3) of the Companies Act, 2013, the extract of the annual return in form MGT-9 is placed at **Annexure-D.**

18 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

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

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

CONSERVATION OF ENERGY:

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

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

TECHNOLOGY ABSORPTION AND ADAPTATION:

i) Your company has made the following efforts towards technology absorption and adaptation as a licensed user:

a. Technologies for the process units i.e. NHT, Platformer, CCRG, SSU, Tatoray unit, BTF unit, Xylene unit, Parex unit and Isomar unit have been absorbed.

b. The utility units i.e., CPP, Nitrogen, IA/PA, RWTP units etc., have been commissioned along with the process complex.

c. Benefits derived as a result of the above effort, the unit complex has been meeting the international standard of p-xylene and benzene quality consistently.

d. Various measures were taken with in-house expertise to improve safety standard and operational improvements like.

i. Implementation of Behavior Based Safety Program.

ii. Installed feed filters in Naphtha circuit to protect the reactor from foreign materials.

iii. Installed electrical system for import of power from MRPL.

ii) Information regarding Imported Technology for last five years:

a) Technology imported: The Company has imported Technology, as a licensed user, for supply of know-how for Aromatic Plant from M/s UOP, USA for the process units viz; Naphtha Hydro Treater, Continuous Catalytic Reformer, Xylene Fractionation Unit, PX Recovery Unit, Xylene Isomerization Unit, Benzene Toluene Extraction Unit, Benzene Toluene Fractionation and Trans Alkylation & Disproportionation Unit.

b) Has the technology been fully absorbed? - Yes

c) If not fully absorbed- areas where this has not taken place, reason thereof, and future plans of action. - Not applicable

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

FOREIGN EXCHANGE EARNINGS AND OUTGO DURING THE YEAR:

Foreign Exchange Earned: ₹ 37,412.11 Mn (Previous Year ₹ 35,241.34 Mn)
Foreign Exchange Outgo: ₹ 1,291.67 Mn (Previous Year ₹ 1,002.32 Mn)

20 DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the loss of the Company for the year ended on that date;

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis;

(v) The Directors have laid down internal financial controls which are being followed by the company and that such internal financial controls are adequate and are operating effectively; and

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

21 ACKNOWLEDGEMENTS

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

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

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

On behalf of the Board of Directors of
ONGC Mangalore Petrochemicals Ltd.

Dated: July 21, 2017
Place: New Delhi

D K Sarraf
Chairman

Form No. AOC-2

Annexure - A

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

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

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

(a) Name(s) of the related party and nature of relationship:- NA

(b) Nature of contracts/arrangements/transactions:- NA

(c) Duration of the contracts / arrangements/transactions:- NA

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:- NA

(e) Justification for entering into such contracts or arrangements or transactions:- NA

(f) date(s) of approval by the Board :- NA

(g) Amount paid as advances, if any:- NA

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:- NA

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

(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	f) Amount paid in advance, if any:
Mangalore Refinery and Petrochemicals Limited (Holding Company)	Purchase of Product	FY 2016-17	Term Sheet ₹ 46,624.71 Mn	NA	Nil
	Sale of Product	FY 2016-17	Term Sheet ₹ 8,987.03 Mn	NA	Nil
	Services Received	FY 2016-17	Actual ₹ 36.70 Mn	NA	Nil
Mangalore Special Economic Zone Limited (Associate of Holding Company)	Advance for corridor	Perpetual	Agreement	30.01.2012	₹ 75.70 Mn
	Lease Rent	FY 2016-17	Agreement ₹ 23.40 Mn	30.01.2012	Nil
	Water, Power & Marine Outfall	FY 2016-17	Agreement ₹ 204.48 Mn	14.10.2014	

Annexure - B

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINACIAL STATEMENTS OF ONGC MANGALORE PETROCHEMICALS LIMITED, MANGALORE FOR THE YEAR ENDED 31 MARCH 2017 AND MANAGEMENT REPLY THERETO:

Comments	Management's Reply
The preparation of financial statements of ONGC Mangalore Petrochemicals Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 May 2017. I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of ONGC Mangalore Petrochemicals Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling for better understanding of the financial statements and the related audit report:	Statement of fact
A. Notes to the Financial Statements Out of a total demand of Rs.152.30 million received from Mangalore SEZ Limited towards maintenance, development and other expenditure incurred for providing infrastructure facilities and amenities for the year 2015-16 and 2016-17, the Company has paid Rs.60.92 million under protest and has made a provision of Rs.38.31 million, due to dispute regarding computation of total demand in the absence of a formal Operations and Maintenance Agreement. However, disclosures as regards the dispute and the balance demand of Rs.53.07 million has not been made in the Financial Statements. For and on behalf of the Comptroller & Auditor General of India **Sd/-** **G Sudharmini** **Principal Director of Commercial Audit & Ex-Officio Member, Audit Board, Chennai** Place: Chennai Date: 18.07.2017	MSEZL demanded an amount of Rs 152.30 million pertaining to the year 2015-16 (Rs 70.34 million) and 2016-17 (Rs 81.96 million) towards zone O&M charges pending execution of formal Agreement.The Company paid an amount of Rs 60.92 million being 40% of the amount demanded under protest. The Company has also informed MSEZL that it had erroneously calculated O&M Charges based on land leased so far instead of the total saleable area of the land within the Zone. This has been objected by all the SEZ Units and a representation has been made to Development Commissioner, (DC) MSEZ to constitute a Development Committee headed by DC to discuss and resolve various issues pertaining to Zone O&M. The Company has also written a letter to MSEZL that Zone O&M Charges calculated is not tenable. The Company has made the provision of Rs.38.31 million in the books on the basis of estimation considering the probable cash outflows. The Company is confident that there would be no probable future cash outflow on this account hence no disclosure was considered. For and on behalf of the ONGC Mangalore Petrochemicals Limited **D K Sarraf** **Chairman** Place: New Delhi Date: 21.07.2017

Annexure - C

FORM NO. MR- 3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017)

[*Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members
ONGC MANGALORE PETROCHEMICALS LIMITED
Mangalore Special Economic Zone Permude
Mangalore KA 574509

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ONGC MANGALORE PETROCHEMICALS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by ONGC MANGALORE PETROCHEMICALS LIMITED('the Company") for the financial year on 31st March 2017 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made there under;
II. The Securities Contracts (Regulation) Act, 1956 (**'**SCRA**'**) and rules made thereunder.
III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under.
V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'**SEBI Act')

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f. The Securities and Exchange Board of India (Registrars to and Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI. Following other laws applicable to the company

a. Factories Act, 1948
b. Contract Labour (Regulation & Abolition) Act, 1970
c. Industrial Employment (Standing Order) Act, 1946
d. Payment of Wages Act, 1936
e. Industrial Disputes Act, 1947
f. Employees Provident Fund And Misc. Provisions Act, 1952
g. Employees State Insurance Act, 1948
h. Maternity Benefit Act, 1961
i. Minimum Wages Act, 1948,
j. Payment of Bonus Act, 1965
k. Payment of Gratuity Act, 1972
l. Provisions of Environment (Protection) Act, 1986
m. The Water (Prevention and Control of Pollution) Act, 1974
n. The Air (Prevention and Control of Pollution Act, 1981 and rules made there under.
o. Provisions of Special Economic Zone, 2005

p. The Petroleum Act,1934
q. Explosives Act, 1884
r. Electricity Act 2003
s. Income Tax Act 1961 and Indirect Tax Law
t. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
u. The Apprentices Act 1961
v. Service tax
w. Vat Act
x. The Public Liability Insurance Act 1991

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

i) Secretarial Standards issued by The Institute of Company Secretaries of India. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines & Standards mentioned above.

ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited.

2. **We further report that**

The Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company.

3. **We further report that**:

The Board of Directors of the Company is duly constituted with Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

However, All 4 Independent directors retired on March 27th after the completion of their term. No new Independent directors were appointed before the closure of financial year 31/03/2017. Accordingly the Company did not Comply with provisions of Sec 149, Sec 177 and Sec 178 of the Companies Act 2013 as on 31st March 2017.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. The Company has obtained all necessary approvals under the various provisions of the Act; and

There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

4. The provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding is not applicable to this company.

5. **We further report that**:

Appointment of Key Managerial Personnel under Section 203 of Companies Act is applicable to the company. The Board has appointed CFO as additional in charge of CEO of the company.

6. **We further report that**:

The Company, during the year, issued Secured, Redeemable, Non-Cumulative, Taxable, Non-Convertible Debentures (NCDs) through private placement with a coupon rate of 8.12% aggregating to ₹ 2000 Cr in addition to the ₹ 500 Cr issue during 2015-16 with a coupon rate of 8.40%. These NCDs were listed on Wholesale Debt Market Segment of Bombay Stock Exchange Limited

7. **We further report that**:

Based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Mangaluru | **CS Narasimha Pai P**
Date: 06/05/2017 | **ACS No. 31740, CP No: 11629**

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2017

Annexure - D

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN:- U40107KA2006PLC041258

ii) Registration Date : 19th December 2006

iii) Name of the Company: ONGC Mangalore Petrochemicals Ltd.

iv) Category / Sub-Category of the Company : Government Company

v) Address of the Registered office and contact details : MSEZ Permude, Mangaluru-574509

vi) Whether listed company : Yes (NCDs are listed)

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s Link Intime India Private Limited
(For NCDs only) C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
Email bonds.helpdesk@linkintime.co.in
Contact Person : Mr. Vinayak Bendal

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Paraxylene	19201	69.8%
2	Benzene	19201	17.3%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/~~GLN~~	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	M/s Mangalore Refinery and Petrochemicals Limited (MRPL)	L85110KA1988GOI008959	HOLDING	51%	2(87)(ii)
2	M/s Oil and Natural Gas Corporation Limited (ONGC)	L74899DL1993GOI054155	ASSOCIATE	48.99%	2(6)

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

i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	NIL	1877621500	1877621500	99.99	NIL	1877621500	1877621500	99.99	NIL
e) Banks / FI									
f) Any Other.									
Sub-total (A)(1)	NIL	1877621500	1877621500	99.99	NIL A	1877621500	1877621500	99.99	NIL
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRI-individual									
b) Other Individual									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other.									
Sub-total (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	1877621500	1877621500	99.99	NIL	1877621500	1877621500	99.99	NIL
B. Public Shareholding									
(1) Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(2) Non Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals shareholders holding nominal share capital upto Rs. 1 lakh	NIL	4000	4000	0.0002	NIL	4000	4000	0.0002	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Sub-total (B)(2)	NIL	4000	4000	0.0002	NIL	4000	4000	0.0002	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	4000	4000	0.0002	NIL	4000	4000	0.0002	NIL
C. Shares held by Custodian for GD ₹ & ADRs									
Grand Total (A+B+C)	**NIL**	**1877625500**	**1877625500**	**100**	**NIL**	**1877625500**	**1877625500**	**100**	**NIL**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	Oil and Natural Gas Corporation Ltd	920000000	48.99	--	920000000	48.99	--	--
2	Mangalore Refinery and Petrochemicals Ltd	957621500	51	--	957621500	51	--	--

(iii) Change in Promoters' Shareholding:

Sr. No.	Particulars					Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	at the beginning of the year						
1	Oil and Natural Gas Corporation Limited	01.04.2016		920000000	48.99	920000000	48.99
2	Mangalore Refinery and Petrochemicals Ltd	01.04.2016		957621500	51	957621500	51
	Increase/decrease in shareholding during the year						
	At the end of the year 31.03.2017	—	Total	1,87,76,21,500	99.99978	1,87,76,21,500	99.99978

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

Sr No.	Particulars					Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	at the beginning of the year						
1	Shri Sameer Jain	Equity Share		500	0.0002	500	0.0002
2	Shri Bhavesh Goel	Equity Share		500		500	
3	Shri Aditya Kumar Mishra	Equity Share		500		500	
4	Shri Ankur Sharma	Equity Share		500		500	
5	Shri Apurva Goyal	Equity Share		500		500	
6	Shri Ashith B. Shetty	Equity Share		500		500	
7	Shri Sanjeev J.	Equity Share		500		500	
8	Smt. Kavita Sharma	Equity Share		500		500	
9	Shri Subhaschandra Pai. T	Equity Share		100		100	
10	Shri Yogish Nayak. S	Equity Share		100		100	
11	Shri Sushil Chandra. M	Equity Share		100		100	
12	Shri B. Prashantha Baliga	Equity Share		100		100	
13	Shri Shyam Prasad Kamath	Equity Share		100		100	
	Increase/decrease in shareholding during the year						
	NIL						
	At the end of the year 31.03.2017	-		4,500	0.0002	4,500	0.0002

(v) Shareholding of Directors and Key Managerial Personnel:

Sr No.	Particulars				Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For Directors					
1	Shri D K Sarraf	Chairman	0	0.00	0	0.00
2	Shri Hariharan Kumar	Director	0	0.00	0	0.00
3	Shri M Venkatesh	Director	0	0.00	0	0.00
4	Shri A K Sahoo	Director	0	0.00	0	0.00
5	Shri V P Mahawar	Director	0	0.00	0	0.00
6	Smt Alka Mittal	Director	0	0.00	0	0.00
7	Shri I S N Prasad (Till 27th March 2017)	Director	0	0.00	0	0.00
8	Shri Santosh Nautiyal (Till 27th March 2017)	Director	0	0.00	0	0.00
9	Shri G M Ramamurthy (Till 27th March 2017)	Director	0	0.00	0	0.00
10	Shri M M Chitale (Till 27th March 2017)	Director	0	0.00	0	0.00
	Key Managerial Personnel					
1	Shri K Sushil Shenoy	CFO	0	0.00	0	0.00
2	Shri K B Shyam Kumar	CS	0	0.00	0	0.00
	Increase/decrease in shareholding during the year					
	NIL					
	At the end of the year 31.03.2017		0	0.00	0	0.00

(vi). Indebtedness:

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

(₹ In milions)

	Secured Loans /deposits	Unsecured Loan	Deposits	Total indebtedness
Indebtedness at the beginning of the Financial year	24,833.37			24,833.37
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	360.94	-	-	360.94
iii) Interest accrued but not due	25,194.32	-	-	25,194.32
Total (i+ii+iii)		-	-	
Change in indebtedness during the Financial year				
Addition	20,000.00	-	-	20,000.00
Reduction *	3,910.73	-	-	3,910.73
Net Change	16089.27	-	-	16,089.27
Indebtedness at the end of the Financial year				
i) Principal Amount	40,922.64	-	-	40,922.64
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	355.09		-	355.09
Total (i+ii+iii)	41,277.73		-	41,277.73

* Reduction Secured Loans include an amount of ₹ 338.30 million of exchange Rate Variation.

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

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: As there is no MD, WTD and / or Manager, the information is NIL.

B. Remuneration to other directors:

Sr.no.	Particulars of Remuneration	Name of Director				
		Shri ISN Prasad	Shri G M Ramamurthy	Shri Santhosh Nautiyal	Shri M M Chitale	Total Amount
1.	Independent Directors - Fee for attending board \ committee meetings - Commission - Others, please specify	Nil	₹ 2,50,000	₹ 3,05,000	₹ 1,20,000	₹ 6,75,000
	Total (1)					
2.	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B) (1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					
		The sitting fees of Directors are not exceeding one lakh rupees per meeting , as required under Section 197(5) Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.				

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sr.no.	Particulars of Remuneration	Shri K Sushil Shenoy, CFO	Shri K B Shyam Kumar, CS	Total Amount
1	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.38,87,380	Rs.24,24,968	Rs.63,12,348
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - - As % of profit - Other,	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	Rs.38,87,380	Rs.24,24,968	Rs.63,12,348

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

Corporate Governance Report for the year 2016-17

Company's philosophy on Corporate Governance

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

Board of Directors

As on March 31, 2017, the Board of Directors has six directors, including a woman director. The Board comprises of six Promoter Directors. All the Board members are Non-Executive. The Board members possess necessary skills, adequate experience and overall expertise to guide the Company.

The composition of the Board as on 31st March 2017 was as under:

Name of the Director	Business Relationship	Category of Directorship
Shri D K Sarraf	Chairman	Non-Executive
Shri H Kumar	Director	Non-Executive
Shri M Venkatesh	Director	Non-Executive
Shri A K Sahoo	Director	Non-Executive
Shri V P Mahawar	Director	Non-Executive
Smt Alka Mittal	Director	Non-Executive

Changes in the Board of Directors during 2016-17

1. Shri I S N Prasad, Independent Director Completed term on 27th March 2017
2. Shri Santosh Nautiyal, Independent Director Completed term on 27th March 2017
3. Shri G M Ramamurthy, Independent Director Completed term on 27th March 2017
4. Shri M M Chitale, Independent Director Completed term on 27th March 2017

Board Meetings held during the year 2016-17.

During the year ended on 31st March 2017, Seven Board Meetings were held as under:-

Date of Meeting	Place of Meeting
20th April 2016	New Delhi
12th May 2016	Bengaluru
01st August 2016	New Delhi
03rd September 2016	Mangaluru

Date of Meeting	Place of Meeting
08th November 2016	New Delhi
28th February 2017	Mangaluru
24th March 2017	New Delhi

Attendance of Directors at the Board meeting held during the year 2016-17

The attendance at the Board Meetings held during the year ended on 31st March 2017 and at the last Annual General Meeting are as under:-

Name of the Director	No. of Meeting Attended (Held = 7)	Attended last AGM	No. of other directorship		No. of outside committee #	
			Public	Private	Member	Chairman
Shri D K Sarraf	5	Yes	7	-	1	-
Shri H Kumar	7	Yes	4	-	1	-
Shri M Venkatesh	7	Yes	3	-	1	-
Shri A K Sahoo	7	Yes	2	-	2	-
Shri V P Mahawar	6	Yes	1	-	-	-
Smt Alka Mittal	5	No	-	-	-	-
Shri I S N Prasad (till 27th March 2017)	1	No	9	-	9	-
Shri G M Ramamurthy (till 27th March 2017)	6	Yes	1	1	1	1
Shri Santosh Nautiyal (till 27th March 2017)	6	Yes	2	-	1	-
Shri M M Chitale (till 27th March 2017)	5	Yes	8	1	3	5

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

Resume of the directors proposed to be re-appointed

The notice of the 11th Annual General Meeting contains the brief resume of Director retiring by rotation including nature of his experience in specific functional areas, names of companies in which he holds directorship and membership/ chairmanship of Board/ Committee.

Board Committees

The Company has the following Committees of the Board:

Audit Committee

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

A Overview the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

B. Recommendation relating to remuneration of auditors of the company;

C. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

D. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;

- Matters required to be included in the Directors' Responsibility Statement in the Board's report
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with legal requirements relating to financial statements
- Qualifications in the draft audit report

E. Mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.

F. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

G. Evaluation of internal financial controls and risk management systems;

H. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

I. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

J. Holding discussion with internal auditors of any significant findings and follow up there on;

K. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

L. Holding discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

M. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

N. Reviewing the functioning of the Whistle Blower mechanism;

O. Considering and reviewing the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information,

P. Investigating into any matter in relation to the items specified above or referred to it by the Board and it shall have power to obtain professional advice from external sources and have full access to information in the records and to seek information from any employee.

Q. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

R. Granting approval or any subsequent modification of transactions of the company with related parties;

S. Monitoring the end use of the funds raised through public offers and related matters;

T. Scrutinising inter-corporate loans and investments;

U. Carrying out valuation of undertakings or assets of the company, wherever it is necessary;

The information pertaining to composition of the Audit Committee, number of meetings held and attendances there by the Members of the Audit ommittee meeting held in 2016-17 have provided herein below:

Name of Director	Designation	No. of Meeting Attended (Held = 6)
Shri G M Ramamurthy Independent Director (till 27th March 2017)	Chairman	6
Shri A K Sahool Director	Member	4
Shri Santosh Nautiyal Independent Director (till 27th March 2017)	Member	5

The Members of the Audit Committee elect Chairman of the meeting. All the Members are Non- Executive Directors.

Six meetings of the Audit Committee were held during the year 2016-17:

Date of Meeting	Place of meeting	Date of Meeting	Place of meeting
20th April 2016	New Delhi	02nd September 2016	Mangaluru
11th May 2016	Bengaluru	08th November 2016	New Delhi
28th July 2016	Mangaluru	28th February 2017	Mangaluru

Presently, the commitee consists of three members viz. Shri A K Sahoo, Shri M Venkatesh and Smt Alka Mittal.
The Internal Auditors and Statutory Auditors of the Company were invited to the meeting. The Company Secretary acts as the Secretary to the Audit Committee.

Nomination and Remuneration Committee

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

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal.
- To recommend to the Board a policy, relating to the remuneration for the directors, KMP and other employees.
- To formulate a policy which ensures that
- ➢ The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ➢ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ➢ Remuneration to directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- To carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director

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

Presently, the Committee consists of Shri H Kumar, Shri M Venkatesh & Shri A K Sahoo as its members.

The Members of the Nomination and Remuneration Committee elect Chairman of the meeting. All the Members are Non- Executive Directors. The Committee has met three times during 2016-17. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013 it is necessary to constitute a Corporate Social Responsibility Committee to oversee the CSR activities. Accordingly, Corporate Social Responsibility Committee was constituted with Shri. G M Ramamurthy, Independent Director, Shri. H Kumar and Shri. M Venkatesh, Directors as its members by the Board of Directors in its 52nd meeting held on March 15, 2016.

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

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

The CSR Policy was approved by the Board on August 01, 2016 and is uploaded on the Company's website. The Committee has met once during 2016-17. As the Company commenced its commercial operation during 2014-15 and was not having positive average profits during the immediately preceding three financial years, the Company has not spent any amount on CSR activities.

Presently, the Committee consists of three members viz., Shri H Kumar, Shri A K Sahoo and Smt Alka Mittal.

Committee of Directors

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

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

Name of Director	Designation	No. of meetings attended (Held = 7)
Shri Santosh Nautiyal (up to 27th March 2017)	Member	7
Shri H Kumar	Member	7
Shri A K Sahoo	Member	7

The Members of the Committee of Directors elect Chairman of the meeting. All the Members of the Committee of Directors are Non- Executive Directors.

Seven meetings of the Committee of Directors were held during the year 2016-17 as under:

Date of Meeting	Place of meeting	Date of Meeting	Place of meeting
21st June 2016	Mangaluru	24th November 2016	Mangaluru
28th July 2016	Mangaluru	16th December 2016	Mangaluru
30th September 2016	Bengaluru	28th February 2017	Mangaluru
13th October 2016	Bengaluru		

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

Presently, the Committee consists of three members viz., Shri H Kumar, Shri M Venkatesh and Shri A K Sahoo

Remuneration to Directors

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

Details of Sitting Fees paid during the year 2016-17 are as follows:

Directors	Sitting Fees
Shri I S N Prasad	Nil
Shri G M Ramamurthy	₹ 2,50,000
Shri Santosh Nautiyal	₹ 3,05,000
Shri M M Chitale	₹ 1,20,000

Annual General Meetings (AGM)

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

Financial Year Ended	Date of AGM	Time	Venue	Special resolutions passed
31st March 2016	03rd September 2016	14.30 hrs	Registered office at Permude, Mangaluru	Appointment of Independent Directors
31st March 2015	08th August 2015	14.30 hrs	Registered office at Permude, Mangaluru	Offer or invitation for subscription for Non-Convertible Debentures (NCDs) aggregating to ₹ 2,500 Cr on private placement.
31st March 2014	13th September 2014	12.30 hrs	Registered office at Permude, Mangaluru	No Special Resolution was passed in the meeting.

General Shareholder Information

Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U40107KA2006PLC041258.

The Annual General Meeting is scheduled to be held on: August 19, 2017

Financial Calendar:

Adoption of Half yearly results for the period ending	Tentative date of the meeting of the Board
30th September 2017 (unaudited)	November 07, 2017
31st March 2018 (audited)	May 12, 2018

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

Book Closure: None

Registrars/Transfer Agents (for shares): In-house by Secretarial Department

Registrars/Transfer Agents (for NCDs): Ms/ Link Intime India Private Limited
C 101, 247 Park, LBS Marg, Vikhroli West
Mumbai - 400 083
Tel : +91 2249186000
Fax : +91 2249186060
E-mail: bonds.helpdesk@linkintime.co.in

Listing on Stock Exchanges:

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

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

Scrip Code

8.40% Debentures: 953380
8.12% Debentures: 954148

Listing Fee

Annual listing fee for the year 2017-18, as applicable, has been paid to BSE.

Demat ISIN Number in NSDL & CDSL

8.40% Debentures: INE053T07018
8.12% Debentures: INE053T07026
Custody fee of NSDL and CDSL has been paid for the financial year 2017-18.

Details of the Debenture Trustees

Axis Trustee Service Limited
Axis house, Ground Floor, Wadia International center,
Panduranga Budhkar Marg, Worli, Mumbai – 400025
Tel No.: 022 24255215 / 022 24255216
Fax No.: 022–4325 3000
Email: debenturetrustee@axistrustee.com

Address for correspondence

Investor Correspondence
for Shares/Debentures held in Physical/demat form
Shri K B Shyam Kumar
Company Secretary
ONGC Mangalore Petrochemicals Limited
MSEZ, Permude, Mangaluru – 574 509
Phone: 0824-2872120. Fax: 0824-2872005
Email: cs@omplindia.com / shyamkumar@omplindia.com

Shareholding Pattern as on 31st March 2017:

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1	M/s Oil and Natural Gas Corporation Limited (ONGC)	92,00,00,000	48.9981
2	M/s Mangalore Refinery and Petrochemicals Limited (MRPL)	95,76,21,500	51.0017
3	Others (Individuals)	4,000	0.0002
	TOTAL	187,76,25,500	100

Means of communication

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

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

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

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

Designated Exclusive email-id: The Company has designated the following email-id exclusively for investor servicing: cs@omplindia.com

Transfer to Investor Education and Protection Fund (IEPF)

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

Code of Conduct

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

Fee to Statutory Auditors

The fee paid/ payable to the Statutory Auditors for the year was ₹ 3,00,000 (previous year ₹ 3,00,000) for Statutory Audit fees, ₹ 3,00,000 for certification services plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

Disclosures

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

Compliances

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

Plant Location

MSEZ
Permude
Mangaluru - 574509

INDEPENDENT AUDITOR'S REPORT

To the Members of ONGC Mangalore Petrochemicals Limited, Mangaluru.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of ONGC Mangalore Petrochemicals Limited ("the Company"), which comprises the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind As financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31st March 2017, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company on the transition date opening balance sheet as at 1st April, 2015 included in these standalone Ind AS Financial Statements, are based on previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose Report for the year ended 31st March, 2015 dated 3rd July, 2015 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of section 143(11) of the Act, we give the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Based on the verification of Records of the Company and based on information and explanations given to us, we give below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Act:

a. The Company has clear title deeds for leasehold land held by the company.

b. There is no case of waiver /write -off of debts/loans/interest etc. during the year.

c. There is no inventory lying with the third party and no asset is received as gift/grant(s) from Government or other authorities.

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e. Provisions relating to Disqualification of directors stated under Section 164(2) of the Act is not applicable to the company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015, being a government company;

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”; and

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

i. The Company has no pending litigations which has impact on its financial position.

ii. The Company has made provision, as required under the applicable law or accounting standards, for the foreseeable losses, if any and as required on the long-term contracts including derivative contracts. Refer Note 20 to the standalone Ind AS financial statements

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

iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 14 to the standalone Ind AS financial statements.

We refer to our Audit Report dated 17.5.2017 already issued on the above referred Balance Sheet as on 31st March 2017, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity. The said report is suitably amended to comply with the observations of Comptroller and Auditor General of India in connection with the references made in respect of the Auditors Report. There is no change in the Balance Sheet as on 31st March 2017, the Statement of Profit and Loss, Cash Flow Statement and the statement of changes in equity referred in our earlier report dated 17.5.2017.

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

CA Murali Mohan Bhat
Partner
Membership Number: 203592

Place: Mangaluru
Date: 31 May, 2017

Annexure A to the Auditors’ Report

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. a. As explained to us, physical verification of inventories has been conducted by the management at reasonable intervals.

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. In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (“the Act”); and therefore paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v. The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed there under.

vi. As the Company is a SEZ unit, they are exempt from Cost audit regulations as per Circular No 11/2012 of the Ministry of Corporate Affairs and hence a cost audit is not performed.

vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other statutory dues with the appropriate authorities during the year.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no dues of duty of customs, Income tax, sales tax, duty of excise, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

ix. In our opinion and according to the information and explanations given to us, the Company, has not raised any money by way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purposes for which those are raised.

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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 is not applicable to the Company since it is a Government Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

CA Murali Mohan Bhat
Partner
Membership Number: 203592

Place: Mangaluru
Date: 31 May 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls 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 ONGC Mangalore Petrochemicals Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 Ind AS financial statements, whether due to fraud or error.

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

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 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.

Opinion

In our opinion, 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 31 March 2017, 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.

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

CA Murali Mohan Bhat
Partner
Membership Number: 203592

Place: Mangaluru
Date: 31 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			₹ in Millions	₹ in Millions	₹ in Millions
	ASSETS				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	5	60,802.92	64,846.54	66,621.32
	(b) Capital work-in-progress	6	0.41	99.03	111.84
	(c) Intangible assets	7	6.68	44.47	80.81
	(d) Financial assets				
	(i) Investment	8	4.80	4.80	4.80
	(ii) Loans	9	30.61	30.59	29.85
	(e) Deferred tax assets (net)	32	7,873.50	6,601.45	4,293.22
	(f) Other non-current assets	11	3,280.30	3,259.69	3,947.47
	Total non-current assets		**71,999.22**	**74,886.57**	**75,089.31**
(2)	**Current assets**				
	(a) Inventories	12	3,977.85	2,202.41	4,234.17
	(b) Financial assets				
	(i) Trade receivables	13	1,977.49	1,593.95	626.17
	(ii) Cash and cash equivalents	14	129.87	12.11	1.19
	(iii) Bank balances other than (ii) above	15	-	950.00	-
	(iv) Other financial assets	10	344.42	415.26	430.02
	(c) Current tax assets (net)	16	2.43	2.57	13.01
	(d) Other current assets	11	2,574.00	2,737.06	1,673.13
	Total current assets		**9,006.06**	**7,913.36**	**6,977.69**
	Total assets		**81,005.28**	**82,799.93**	**82,067.00**
	EQUITY AND LIABILITIES				
	(1) **Equity**				
	(a) Equity share capital	17	18,776.26	18,776.26	18,776.26
	(b) Other equity	18	(11,188.03)	(7,523.70)	(1,031.17)
	Total equity		**7,588.23**	**11,252.56**	**17,745.09**
	LIABILITIES				
	(2) **Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	19	37,751.66	21,459.81	39,106.97
	(b) Provisions	21	64.86	40.34	19.45
	(c) Other non-current liabilities	23	-	-	3.24
	Total non-current liabilities		**37,816.52**	**21,500.15**	**39,129.66**
	(3) **Current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	19	28,513.41	38,023.57	15,367.10
	(ii) Trade payables	22	2,449.02	4,701.13	2,365.79
	(iii) Other financial liabilities	20	4,611.29	7,199.13	7,240.25
	(b) Other current liabilities	23	24.48	120.95	217.48
	(c) Provisions	21	2.33	2.44	1.63
	Total current liabilities		**35,600.53**	**50,047.22**	**25,192.25**
	Total liabilities		**73,417.05**	**71,547.37**	**64,321.91**
	Total equity and liabilities		**81,005.28**	**82,799.93**	**82,067.00**

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

For ONGC Mangalore Petrochemicals Limited

As per our report attached
For Manohar Chowdhry & Associates
Chartered Accountants
(Firm's Registration No.1997S)

H. Kumar
Director
DIN : 06851988

D. K. Sarraf
Chairman
DIN : 00147870

CA. Murali Mohan Bhat
Partner
Membership No. 203592

K. B. Shyam Kumar
Company Secretary

Sushil K. Shenoy
Chief Financial Officer & CEO I/c

Place: New Delhi
Date: 17.05.2017

Place: New Delhi
Date: 17.05.2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
			₹ in Millions	₹ in Millions
I	Revenue from operations	24	52,565.68	41,875.74
II	Other income	25	48.11	129.90
III	**Total Income (I+II)**		**52,613.79**	**42,005.64**
IV	**EXPENSES**			
	Cost of materials consumed	26	44,750.14	36,043.37
	Changes in inventories of finished goods and work-in-progress	27	(324.36)	1,257.97
	Employee benefits expense	28	382.84	373.03
	Finance costs	29	4,544.53	4,969.28
	Depreciation and amortization expense	30	3,062.01	3,025.70
	Other expenses	31	5,131.40	5,131.25
	Total expenses (IV)		**57,546.56**	**50,800.60**
V	**Profit/(loss) before exceptional items and tax (I-IV)**		**(4,932.77)**	**(8,794.96)**
VI	Exceptional items		-	-
VII	**Profit/(loss) before tax (V-VI)**		**(4,932.77)**	**(8,794.96)**
VIII	Tax expense:	32		
	(1) Current tax		-	-
	(2) Deferred tax		(1,270.91)	(2,306.22)
			(1,270.91)	**(2,306.22)**
IX	**Profit/(loss) for the year (VII-VIII)**		**(3,661.86)**	**(6,488.74)**
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit plans	35	(3.78)	(5.80)
	(b) Income tax relating to above		1.31	2.01
			(2.47)	**(3.79)**
XI	**Total Comprehensive Income/(loss) for the year (IX+X)**		**(3,664.33)**	**(6,492.53)**
XII	Earnings per equity share:	34		
	(1) Basic (in ₹)		(1.95)	(3.46)
	(2) Diluted (in ₹)		(1.95)	(3.46)

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

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
		₹ in Millions	₹ in Millions
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit/(loss) for the year	**(3,661.86)**	**(6,488.74)**
	Adjustments for :		
	Depreciation and amortisation expense	3,062.01	3,025.70
	Income tax expense	(1,270.91)	(2,306.22)
	Finance costs	4,544.53	4,733.09
	Interest income	(1.84)	(5.07)
	Dividend income from mutual funds	(12.65)	(5.08)
	Foreign exchange (gain) / loss, net	(27.05)	168.67
		2,632.23	**(877.65)**
	Movements in working capital :		
	(Increase)/decrease in Trade receivables	(356.49)	(900.26)
	(Increase)/decrease in Inventories	(1,775.44)	2,031.76
	(Increase)/decrease in Loans	(0.02)	(0.74)
	(Increase)/decrease in Other financial assets	70.84	14.76
	(Increase)/decrease in Other assets	(103.90)	(4,258.50)
	Increase/(decrease) in Trade payables	(2,252.11)	2,335.34
	Increase/(decrease) in Provisions	21.94	17.91
	Increase/(decrease) in Other financial liabilities	(2,587.84)	(41.12)
	Increase/(decrease) in Other liabilities	(96.47)	(99.77)
	Cash generated / (used in) operations	**(4,447.26)**	**(1,778.27)**
	Income taxes paid	1,271.05	2,308.19
	Net cash generated from / (used in) operations	**(3,176.21)**	**529.92**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Payments for property, plant and equipment	1,042.40	(567.02)
	Payments for intangible assets	(0.08)	(2.16)
	Interest received	1.84	5.07
	Dividend received from mutual funds	12.65	5.08
	Net cash generated from / (used in) investing activities	**1,056.81**	**(559.03)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from long-term borrowings	19,997.44	6,978.79
	Repayment of long-term borrowings	(3,705.59)	(24,625.95)
	Proceeds from short-term borrowings	144,872.17	92,179.50
	Repayment of short-term borrowings	(154,382.33)	(69,523.03)
	Finance costs paid	(4,544.53)	(4,969.28)
	Net cash generated from / (used in) financing activities	**2,237.16**	**40.03**
	Net increase/ (decrease) in cash and cash equivalents	**117.76**	**10.92**
	Cash and cash equivalents at the beginning of the year	12.11	1.19
	Cash and cash equivalents at the end of the year	**129.87**	**12.11**

NOTES:

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

For ONGC Mangalore Petrochemicals Limited

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Date: 17.05.2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A Equity share capital

Particulars	₹ in Millions
Balance at April 1, 2015	18,776.26
Changes in equity share capital during the year	-
Balance at March 31, 2016	18,776.26
Changes in equity share capital during the year	-
Balance at March 31, 2017	18,776.26

B Other equity

Particulars	Reserves and surplus		
	Securities premium reserve	Retained earnings	Total
	₹ in Millions	₹ in Millions	₹ in Millions
Balance at April 1, 2015 (Refer note 49-50)	**3,747.37**	**(4,778.54)**	**(1,031.17)**
Profit for the year		(6,488.74)	**(6,488.74)**
(Remeasurement of defined benefit plans, net of income tax)		(3.79)	**(3.79)**
Balance at March 31, 2016	**3,747.37**	**(11,271.07)**	**(7,523.70)**
Profit for the year		(3,661.86)	**(3,661.86)**
Remeasurement of defined benefit plans, net of income tax		(2.47)	**(2.47)**
Balance at March 31, 2017	**3,747.37**	**(14,935.40)**	**(11,188.03)**

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

For ONGC Mangalore Petrochemicals Limited

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Chief Financial Officer & CEO I/c

Place: New Delhi
Date: 17.05.2017

Place: New Delhi
Date: 17.05.2017

Notes to the Financial Statements for the year ended March 31, 2017

1. Corporate information

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

2. Application of new and revised Indian Accounting Standards

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

2.1. Standards / Amendments issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

As the Company has not issued any stock options plans, hence this amendment will have no effect on the Company's financial statements.

3. Significant accounting policies

3.1. Statement of compliance

In accordance with the notification ***dated 16th February, 2015***, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2016.

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The date of transition to Ind AS is April 1, 2015. Refer note 3.22 for details of first time adoption- mandatory exceptions and optional exemptions availed by the Company.

Previous period figures in the financial statements have been restated in compliance with Ind AS.

Upto the year ended March 31, 2016, the Company had prepared its financial statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles ("Previous GAAP") applicable in India and the applicable accounting standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

In accordance with Ind AS 101-"First Time adoption of Indian accounting Standards" (Ind AS 101), the Company has presented a reconciliation of shareholders' equity under Previous GAAP and Ind AS as at March 31, 2016, and April 1, 2015 and reconciliation of the Profit/(Loss)after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended March 31, 2016.

3.2. Basis of preparation

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

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

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

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

Going Concern

The Financial Statements are prepared on going concern basis considering the future business plans though the Company has incurred losses in the past including current year and erosion in networth. The Company has assessed the going concern assumption on following grounds:-

- Company is a Greenfield project and incurred losses due to lower capacity utilisation and stabilisation of the plant. The management has taken steps to achieve optimum capacity utilization in the future years
- Company has plans to increase its sales in the domestic markets which has higher contribution to profits as compared to export sales for which certain firm commitment contracts have been entered into.
- Company is exploring the certain financing restructuring arrangements with its holding and ultimate holding company.

Fair Value measurement

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

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

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

3.3. Non-current assets held for sale

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

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

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

3.4. Revenue Recognition

3.4.1. Revenue arising from sale of goods is recognised whenrisks and rewards (transfer of custody of goods) are passed to customers. Revenue is measured at the fair value of the consideration received or receivable and is reduced for discounts.

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

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

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

3.4.5. Revenue from sale of scrap are recognised when risks and rewards (transfer of custody of goods) are passed to customers.

3.4.6. Revenue in respect of Liquidated Damages/ from contractors/ suppliers is recognised when determined as not payable.

3.4.7. The Company has entered into certain "take or pay" arrangements with its customers which requires the Company to deliver specified quantities as per the arrangement. In the event of short lifting by the customer as per the terms of the arrangement, the Company is entitled to receive revenue in respect of the short lifted quantities. Revenue in respect of short lifted quantities under take or pay arrangements is recognised when the Company's obligation to supply short-lifted quantity ceases as per the arrangement and it is probable that the economic benefits will flow to the Company.

3.4.8. The Company is entitled to export incentive in the form of duty credit scrips under MEIS scheme notified in Foreign Trade Policy of India. Income arising from duty credit scrips is recognised at the fair value of the duty credit scrips when there is reasonable certainty that the Company will receive duty credit scrips for the export salesmade, which is generally the time when SEZ authorities issues the duty credit scrips to the Company.

3.5. Leases

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

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

3.6. Foreign currencies

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

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

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

3.7. Borrowing Costs

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

3.8. Government grants

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

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

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

3.9. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans

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

Defined benefit plans

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

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

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

Company's Gratuity plan is unfunded.

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

Short-term employee benefits

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

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

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

Long-term employee benefits

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

3.10. Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

Current and deferred tax for the year

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

3.11. Property, plant and equipment (PPE)

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

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

PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

Depreciation is provided on the cost of PPE (other than properties under construction) less their residual values over their useful lives, using Straight Line Method, over the useful life of assets as specified in Schedule II to the Companies Act, 2013, except in case of certain assets (buildings, vehicles and plant and equipment) whose useful lives are determined based on technical evaluation.

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

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

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

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

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

Estimated useful lives of the assets are as follows:

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

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

3.12. Intangible assets

3.12.1. Intangible assets acquired separately

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

3.12.2. Derecognition of intangible assets

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

3.12.3. Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Sr. No.	Particulars	Useful lives (in years)
1	Computer software	3

3.13. Impairment of tangible and intangible assets

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

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

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

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

3.14. Cash Flow Statement

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

3.15. Research and Development expenditure

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

3.16. Inventories

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

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

Duty credit scrips which are generated and are intended to be sold in ordinary course of business are classified as inventory. Inventories in respect to duty credit scrips are subsequently measured at the lower of cost or net realisable value.

3.17. Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

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

3.18. Financial instruments

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

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

3.19. Financial assets

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

(i) Cash and cash equivalents

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

(ii) Financial assets at amortised cost

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

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

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

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

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

(v) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

(vi) Derecognition of financial assets

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

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

3.20. Financial liabilities and equity instruments

3.20.1 Equity instruments

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

3.20.2 Financial liabilities

a) Financial liabilities subsequently measured at amortised cost

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

b) Derecognition of financial liabilities

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

3.21. Insurance Claims

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

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

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

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

3.22. First-time adoption – mandatory exceptions and optional exemptions

3.22.1. Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the "transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

3.22.2. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015.

3.22.3. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of amortised cost criteria based on the facts and circumstances that existed as of the transition date.

3.22.4. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3.22.5. Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 1, 2015 measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.22.6. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 for determining whether an Arrangement contains a Lease at the transition date on the basis of facts and circumstances existing at that date.

3.22.7. Long Term Foreign Currency Monetary Items

The Company has adopted the same accounting policy as per Previous GAAP for the treatment of exchange differences arising from translation of long-term foreign currency monetary items those were recognized as at March 31, 2016.

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

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

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

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

4.1. Critical judgments in applying accounting policies

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

(a) Determination of functional currency

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

4.2. Assumptions and key sources of estimation uncertainty

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

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

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

b) **Defined benefit obligation (DBO)**

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

c) **Provision for income tax**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Refer Note 32 and Note 4.2 (d).

d) **Recognition of deferred tax assets**

Note 32 describes that the Company has recognised deferred tax asset of ₹ 1,270.91 million as at March 31, 2017. The Company has incurred losses in the past including current year. The Company has convincing evidence in respect of the recognition of deferred tax asset which includes committed long-term offtake arrangement entered with customer for its main product namely Paraxylene, arrangement with the parent company for sale of other products namely Paraffinic Raffinate, Hydrogen and De Ethanizer Column Bottom Liquid, revision in pricing terms for procurement of feed stock with the parent company, arrangements for procurement of Naphtha from other oil Companies to enhance the capacity utilization, arrangement with parent company to source the reformate to augment the aromatic feed stock requirement of the aromatic complex and agreement for gas transportation with Gas Authority of India Limited to source the natural gas for fuel requirement.

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

5. Property, plant and equipment

Carrying amounts of:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Buildings	794.47	754.57	796.77
Plant and equipment	59,464.98	63,479.17	65,156.71
Furniture and fixtures	35.74	26.27	22.36
Vehicles	113.41	124.49	123.91
Office equipment	394.32	462.04	521.57
Total	**60,802.92**	**64,846.54**	**66,621.32**

Cost or deemed cost	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Balance at April 1, 2015 (Refer note 5.1)	**796.77**	**65,156.71**	**22.36**	**123.91**	**521.57**	**66,621.32**
Additions	5.74	1,437.75	8.12	12.04	19.16	1,482.81
Disposals/adjustments	(2.26)	(268.07)	-	-	(0.06)	(270.39)
Balance at March 31, 2016	**800.25**	**66,326.39**	**30.48**	**135.95**	**540.67**	**67,833.74**
Additions	183.60	187.55	14.22	1.14	12.99	399.50
Disposals/adjustments	(96.34)	(1,317.98)	-	(0.91)	(3.75)	(1,418.98)
Balance at March 31, 2017	**887.51**	**65,195.96**	**44.70**	**136.18**	**549.91**	**66,814.26**

Accumulated depreciation	Buildings	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total
Balance at April 1, 2015 (Refer note 5.1)	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation expense	45.90	2,849.44	4.21	11.46	78.63	2,989.64
Eliminated on disposal / adjustments	(0.22)	(2.22)	-	-	-	(2.44)
Balance at March 31, 2016	**45.68**	**2,847.22**	**4.21**	**11.46**	**78.63**	**2,987.20**
Depreciation expense	47.36	2,883.76	4.75	11.31	76.96	3,024.14
Eliminated on disposal / adjustments	-	-	-	-	-	-
Balance at March 31, 2017	**93.04**	**5,730.98**	**8.96**	**22.77**	**155.59**	**6,011.34**

5.1 The Company has elected to continue with the carrying value of its Property, Plant and Equipment recognised as of April 1, 2015 measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per para D7AA of Ind AS 101. Refer note 3.22.5.

The deemed cost is further reduced for the unamortised transaction costs on borrowings as at April 1, 2015, which were earlier capitalised with Property, Plant and Equipment.

5.2 Property, plant and equipment hypothecated as security:
External commercial borrowings and non-convertible debentures (NCD) are secured by first pari passu charge over immovable property, plant and equipment. Working capital loan from a bank is secured by way of hypothecation of Company's current assets both present and future. Working capital lenders are to be secured by second ranking pari passu charge over Company's immovable property, plant and equipment both present and future on receipt of No Objection Certificate from NCD holders. Refer note 19.

5.3 Foreign exchange differences capitalised

Additions/(adjustments) to plant and equipment includes ₹ (336.26) million (For the year ended March 31, 2016 ₹ 1,296.26 million) in relation to foreign exchange differences capitalised.

6. Capital work-in-progress

Cost or deemed cost	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Buildings	-	99.03	29.89
Plant and equipment	0.41	-	81.95
Total	**0.41**	**99.03**	**111.84**

6.1 The Company has elected to continue with the carrying value of its capital work-in-progress recognised as of April 1, 2015 measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per para D7AA of Ind AS 101. Refer note 3.22.5

7. Intargible Assets

Carrying amount of:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Computer Software	6.68	44.47	80.81
Total	**6.68**	**44.47**	**80.81**

Cost or deemed cost	Computer Software
Balance at April 1, 2015	**80.81**
Additions	2.16
Disposals/ adjustments	-
Balance at March 31, 2016	**82.97**
Additions	0.08
Disposals/ adjustments	-
Balance at March 31, 2017	**83.05**

Accumulated amortization	Computer Software
Balance at April 1, 2015	**-**
Amortisation expense	38.50
Eliminated on disposal / adjustment	-
Balance at March 31, 2016	**38.50**
Amortisation expense	37.87
Eliminated on disposal / adjustment	-
Balance at March 31, 2017	**76.37**

7.1 The Company has elected to continue with the carrying value of its intangible assets, recognised as of April 1, 2015 measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per para D7AA of Ind AS 101. Refer note 3.22.5.

8 Investment

8.1 Investments in equity instruments

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number in million	₹ in Millions	Number in million	₹ in Millions	Number in million	₹ in Millions
(a) Investment in Mangalore SEZ Limited (Unquoted, fully paid up) (Face value of ₹10 per share)	0.48	4.80	0.48	4.80	0.48	4.80
	0.48	4.80	0.48	4.80	0.48	4.80

Aggregate amount of unquoted investments 4.80 4.80 4.80

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

8.3 Details of Investment

Name of the Company	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Mangalore SEZ limited	Developer of Special Economic Zone	Mangalore	0.96%	0.96%	0.96%

9 Loans

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured, considered good unless otherwise stated)						
Security deposits	30.61	-	30.59	-	29.85	-
Total	**30.61**	**-**	**30.59**	**-**	**29.85**	**-**

10 Other financial assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured, considered good unless otherwise stated)						
(a) Interest accrued but not due on bank deposits	-	-	-	2.79	-	-
(b) Receivable from related parties	-	344.42	-	412.47	-	430.02
Total	**-**	**344.42**	**-**	**415.26**	**-**	**430.02**

11 Other assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
(Unsecured, considered good unless otherwise stated)						
(a) Capital advances to related party (Refer note 11.1)	975.70	-	900.00	-	800.00	-
(b) Prepayments for leasehold land	2,304.60	55.10	2,359.69	55.10	2,414.88	55.10
(c) Balance with government authorities	-	2,154.68	-	2,271.17	-	1,507.14
(d) Others	-	364.22	-	410.79	732.59	110.89
Total	**3,280.30**	**2,574.00**	**3,259.69**	**2,737.06**	**3,947.47**	**1,673.13**

11.1 Mangalore SEZ Limited ('the Developer') is constructing the Corridor pipeline and allied facilities ('the Facilities'). The Facilities are under construction and accordingly the contribution paid by the Company amounting ₹ 975 million is shown under capital advances pending completion of the Facilities and execution of the Right of Way agreement. The same would be amortised on a systematic basis on completion of the Facilities by the Developer.

12 Inventories

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Amount	Total	Amount	Total	Amount	Total
(a) Raw materials						
- on hand	1,781.99		438.48		939.50	
- in transit	-	1,781.99	-	438.48	487.20	1,426.70
(b) Work-in-progress		277.80		193.56		288.75
(c) Finished goods	1,286.08		1,045.96		2,208.74	
Less: allowance for stock loss	-	1,286.08	-	1,045.96	-	2,208.74
(d) Stores, spares and chemicals		631.98		524.41		309.98
Total		**3,977.85**		**2,202.41**		**4,234.17**

12.1 The cost of inventories (cost of sales) recognised as an expense during the year is ₹ 51,832.13 million (For the year ended March 31, 2016 ₹ 44,222.10 million).

12.2 The cost of inventories recognised as an expense includes ₹ 155.24 million ((For the year ended March 31, 2016 ₹ Nil) in respect of write down of finished goods inventory to net realisable value.

12.3 Refer note 3.16 for accounting policy followed for valuation of inventories.

13 Trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Secured (Refer Note 13.4 below)			
- Considered good	1,881.38	1,482.01	518.27
Unsecured			
- Considered good	96.11	111.94	107.90
Total	**1,977.49**	**1,593.95**	**626.17**

13.1 Generally, the Company does exports sales through short-term tender arrangments with international traders against letter of credit facility with an average credit period of 7 days. For domestic sales, the Company has entered into long term sales arrangment with holding company with an average credit period ranging from 7-21 days. Interest is not charged on trade receivables for the applicable credit period from the date of invoice. For delayed period of payments, interest is charged at the applicable SBI lending rate on the outstanding balance.

13.2 Of the trade receivables, balance as at March 31, 2017 of ₹ 1,977.49 million (As at March 31, 2016 ₹ 1593.95 million and as at April 1, 2015 ₹ 626.17 million) are due from the customers mentioned below. There are no other customers who represent more than 5% of the total balance of trade receivables other than mentioned below.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Customer 1	1,300.96	973.59	-
Customer 2	-	508.42	-
Customer 3	96.11	111.94	107.90
Customer 4		-	513.92
Customer 5	580.42	-	-
Total	**1,977.49**	**1,593.95**	**621.82**

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

13.4 Secured by letter of credit received from customers

13.5 Age of trade receivables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Within the credit period	1,977.49	1,593.95	626.17
1-30 days past due	-	-	-
31-90 days past due	-	-	-
More than 90 days past due	-	-	-
Total	**1,977.49**	**1,593.95**	**626.17**

13.6 Trade receivables stated above include due from:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Amount due from Related Party (company in which the director of the Company is a director) Unsecured, Considered good - Mangalore Refinery and Petrochemicals Limited	96.11	111.94	107.90
Total	**96.11**	**111.94**	**107.90**

14 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Cash on hand	0.03	0.01	0.04
Cheques and drafts on hand	129.69	-	-
Balances with banks - In current account	0.15	12.10	1.15
Total	**129.87**	**12.11**	**1.19**

14.1 Disclsoure on specified bank notes (SBNs)

The specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, are as given below:

Particulars	SBNs #	Other denomination notes	Total
	₹	₹	₹
Closing cash in hand as on 08.11.2016	9,000.00	862.00	9,862.00
(+) Permitted receipts	-	95,000.00	95,000.00
(-) Permitted payments	-	89,061.00	89,061.00
(-) Amount deposited in Banks	9,000.00	-	9,000.00
Closing cash in hand as on 30.12.2016	**-**	**6,801.00**	**6,801.00**

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

15 Other bank balances

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Bank deposits under lien against external commercial borrowings	-	950.00	-
Total	**-**	**950.00**	**-**

16 Tax assets and liabilities (net)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Current tax assets			
(a) Advance tax	0.48	2.53	13.18
(b) Tax deducted at source	1.95	0.21	-
Current tax liabilities			
(a) Income tax provision	-	0.17	0.17
Total	**2.43**	**2.57**	**13.01**

17 Equity share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised share capital:	₹ in Millions	₹ in Millions	₹ in Millions
2,000,000,000 equity shares of ₹ 10 each (as at March 31, 2016: 2,000,000,000 equity shares of ₹ 10 each; as at April 1, 2015: 2,000,000,000 equity shares of ₹ 10 each)	20,000.00	20,000.00	20,000.00
Issued share capital:			
2,000,000,000 equity shares of ₹ 10 each (as at March 31, 2016: 2,000,000,000 equity shares of ₹ 10 each; as at April 1, 2015: 2,000,000,000 equity shares of ₹ 10 each)	20,000.00	20,000.00	20,000.00
Subscribed and Fully paid equity shares:			
1,877,625,500 equity shares of ₹ 10 each (as at March 31, 2016: 1,877,625,500 equity shares of ₹10 each; as at April 1, 2015: 1,877,625,500 equity shares of ₹10 each)	18,776.26	18,776.26	18,776.26
Total	**18,776.26**	**18,776.26**	**18,776.26**

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

Particulars	Number of shares	Share capital
	in Millions	₹ in Millions
Balance at April 1, 2015	1,877.63	18,776.26
Changes during the year	-	-
Balance at March 31, 2016	1,877.63	18,776.26
Changes during the year	-	-
Outstanding as at March 31, 2017	1,877.63	18,776.26

17.2 Terms/rights attached to equity shares

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

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

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

Name of equity share holders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers in million	% holding	Numbers in million	% holding	Numbers in million	% holding
Mangalore Refinery and Petrochemicals Limited	957.62	51.01%	957.62	51.01%	957.62	51.01%
Oil and Natural Gas Corporation Limited	920.00	48.99%	920.00	48.99%	920.00	48.99%

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

Name of equity share holders	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Numbers in million	% holding	Numbers in million	% holding	Numbers in million	% holding
Mangalore Refinery and Petrochemicals Limited	957.62	51.01%	957.62	51.01%	957.62	51.01%
Oil and Natural Gas Corporation Limited	920.00	48.99%	920.00	48.99%	920.00	48.99%

18 Other equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Securities premium reserve	3,747.37	3,747.37	3,747.37
Retained earnings	(14,935.40)	(11,271.07)	(4,778.54)
Total	**(11,188.03)**	**(7,523.70)**	**(1,031.17)**

Particulars	As at March 31, 2017	As at March 31, 2016
	₹ in Millions	₹ in Millions
(a) Securities premium reserve		
Balance at beginning of year	3,747.37	3,747.37
Transfer during the year	-	-
Balance at end of year	**3,747.37**	**3,747.37**
(b) Retained Earnings		
Balance at beginning of year	(11,271.07)	(4,778.54)
Profit /(loss) after tax for the year	(3,661.86)	(6,488.74)
Other comprehensive income/(loss) for the year, net of income tax	(2.47)	(3.79)
Balance at end of year	**(14,935.40)**	**(11,271.07)**

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

19 Borrowings

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
Secured – at amortised cost						
(a) Non-convertible debentures [Refer Note 19.1]	24,991.90	-	4,994.46	-	-	-
(b) Term Loans:-						
From Banks :						
- External Commercial Borrowing (ECB) [Refer Note 19.2]	12,759.76	-	16,138.84	-	18,039.68	-
- Rupee loan [Refer Note 19.3]	-	-	326.51	-	18,617.72	-
(c) Working capital loan from banks [Refer Note 19.6]	-	1,269.36	-	31.85	-	3,168.01
Unsecured – at amortised cost			-	-	-	-
(d) Commercial papers [Refer Note 19.4]	-	27,244.05	-	18,747.32	-	-
(e) Rupee term loans [Refer Note 19.7]						
From Banks :						
- Long-term loans	-	-	-	-	2,000.00	-
- Short-term loans	-	-	-	19,244.40	-	10,524.72
(f) Deferred Payment liabilities [Refer Note 19.4]	-	-	-	-	449.57	-
(g) Buyers credit [Refer Note 19.5]	-	-	-	-	-	1,674.37
Total	**37,751.66**	**28,513.41**	**21,459.81**	**38,023.57**	**39,106.97**	**15,367.10**

19.1 Non-convertible debentures

The Company has issued ₹ 5,000 million non-cumulative, secured, redeemable, taxable, listed, rated Non-Convertible Debentures (NCDs) during February 2016 with a coupon rate of 8.4% p.a., and interest payable annually. The Company has also issued ₹ 20,000 million non-cumulative, secured, redeemable, taxable, listed, rated Non-Convertible Debentures (NCDs) during June 2016 with a coupon rate of 8.12% p.a., and interest payable annually.

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

Repayment schedule of non-convertible debentures is as follows:

Year of repayment (Refer note 19.9)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
2018-19	5,000.00	5,000.00	-
2019-20	20,000.00	-	-
Total	**25,000.00**	**5,000.00**	**-**

19.2 External Commercial Borrowing (ECB)

The Company has entered into an External Commercial Borrowing (ECB) arrangement for USD 331.32 million. Entire ECB facility of USD 331.32 Million has been availed in three tranches.

The ECB-Tranche I amounting to USD 250 million is repayable in 14 equal half yearly instalments commencing from April 1, 2015 and carries variable rate of interest which is LIBOR (6 months) plus spread of 3.13% . The ECB- Tranche II amounting to USD 60 million is repayable in 14 equal half yearly instalments commencing from October 31, 2015 and carries variable rate of interest which is LIBOR (6 months) plus spread of 3.15%. The ECB- Tranche III amounting to USD 21.32 million is repayable in 14 equal half yearly instalments commencing from October 31, 2016 and carries variable rate of interest which is LIBOR (6 months) plus spread of 3.15%.

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

Year of repayment (Refer note 19.9)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
2015-16	-	-	1,384.04
2016-17	-	3,035.28	2,863.26
2017-18	3,069.68	3,136.18	2,958.45
2018-19	3,069.68	3,136.18	2,958.45
2019-20	3,069.68	3,136.18	2,958.45
2020-21	3,069.68	3,136.18	2,958.45
2021-22	3,069.68	3,136.18	2,958.45
2022-23	475.48	485.78	458.25
2023-24	98.76	100.90	95.20
Total	**15,922.64**	**19,302.86**	**19,593.00**

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

19.3 Rupee term loan (RTL)

The Secured RTL with various bankers are secured by the first charge on land and all property, plant and equipment and second charge by way of hypothecation on all movable property, plant and equipment and all current assets. The said RTL was entirely repaid in December 2015. The rate of interest for RTL was SBI Base Rate plus 1.25% payable on monthly basis.

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

Year of repayment (Refer note 19.9)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
2015-16	-	-	1,087.50
2016-17	-	-	2,175.00
2017-18	-	-	2,175.00
2018-19	-	-	2,175.00
2019-20	-	-	2,175.00
2020-21	-	-	2,175.00
2021-22	-	-	2,175.00
2022-23	-	-	2,175.00
2023-24	-	-	2,175.00
2024-25	-	-	1,071.85
Total	**-**	**-**	**19,559.34**

19.4 Commercial paper

The Commercial Papers are unsecured fixed rate debt instruments with tenure varying between 30 to 180 days.

19.5 Buyers credit

Buyer's Credits availed from banks are foreign currency denominated fixed rate unsecured loans which are rolled over for every six months period.

19.6 Working capital loan

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

19.7 Unsecured Rupee term loan (short-term and long-term)

The long-term loan refers to the unsecured RTL availed from Axis Bank which was entirely repaid in September 2015 and short-term loan includes secured STL availed from various banks with average interest varying from (As at March 31, 2016 : 9.34%-9.35% p.a. As at March 31, 2015: 10.25%-10.50% p.a.)

19.8 Deferred Payment liabilities

The deferred payment liability refers to the amount payable to a licensor for aromatic complex as per the Licensor Agreement.

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

20 Other financial liabilities

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
Current maturities of long-term debt	-	3,094.24	-	3,716.71	-	2,964.65
Interest accrued but not due on borrowings	-	355.23	-	360.94	-	3.34
Deposit from supplier and contractors	-	695.69	-	209.24	-	281.23
Payable against capital goods	-	28.34	-	1,540.40	-	3,683.74
Other Liabilities - vendors and contractors	-	437.79		1,371.84	-	307.29
Total	**-**	**4,611.29**	**-**	**7,199.13**	**-**	**7,240.25**

20.1 Price Reduction Clause

Payable against capital goods includes ₹ 2.94 million (As at March 31, 2016 of ₹ 18.63 million, As at April 1, 2015 of ₹13.52 million) relating to amounts withheld from vendors pursuant to price reduction clause which will be settled on finalisation of proceedings with such vendors. When the withheld amounts are ultimately finalised, the related adjustment is made to the property, plant and equipment.

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

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ in Millions	₹ in Millions	₹ in Millions
i	the Principal amount due thereon remaining unpaid to any supplier at the eand of year.	10.67	1.37	6.81
ii	the interest due thereon remaining unpaid to any supplier at the end of year.	-	-	-
iii	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
iv	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
v	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
vi	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

21 Provisions

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits [Refer Note 21.1 below]						
- Leave encashment	37.70	2.10	24.33	2.34	12.85	1.58
- Gratuity	27.16	0.23	16.01	0.10	6.60	0.05
Total	**64.86**	**2.33**	**40.34**	**2.44**	**19.45**	**1.63**

21.1 Refer Note 35 for employee benefit disclosures.

22 Trade payables

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Trade payables	2,449.02	4,701.13	2,365.79
Total	**2,449.02**	**4,701.13**	**2,365.79**

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

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

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ in Millions	₹ in Millions	₹ in Millions
i	The Principal amount due thereon remaining unpaid to any supplier at the end of year.	-	-	-
ii	The interest due thereon remaining unpaid to any supplier at the end of year.	-	-	-
iii	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
iv	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
v	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
vi	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

Note: There are no dues relating to Micro, Small and Medium Enterprises under trade payables as at the date of reporting.

23 **Other liabilities**

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹ in Millions		₹ in Millions		₹ in Millions	
	Non-current	Current	Non-current	Current	Non-current	Current
Liability for statutory payments	-	24.48	-	117.71	-	167.81
Others	-	-	-	3.24	3.24	49.67
Total	**-**	**24.48**	**-**	**120.95**	**3.24**	**217.48**

24 **Revenue from operations**

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	₹ in Millions		₹ in Millions	
A. Sale of products				
Domestic sales	15,153.57		6,634.40	
Export sales	37,412.11	52,565.68	35,220.64	41,855.04
B. Other operating revenue				
Sale of service		-		20.70
Total		**52,565.68**		**41,875.74**

25 **Other income**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Interest on:		
Financial assets measured at amortised cost - Deposits with banks	1.51	3.10
Income tax refund	0.02	1.21
Others	0.31	0.76
Dividend income from mutual funds	12.65	5.08
Other non-operating income:		
Finance income	3.46	49.45
Exchange gain/(loss) on Foreign Currency Transactions, net	27.05	67.52
Miscellaneous receipts	3.11	2.78
Total	**48.11**	**129.90**

26 **Cost of material consumed**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Raw materials		
Naphtha stream	28,495.15	21,874.92
Aromatic stream	16,254.99	14,168.45
Total	**44,750.14**	**36,043.37**

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Closing stock		
- Finished goods	1,286.08	1,045.96
- work-in-process	277.80	193.56
Opening stock		
- Finished goods	1,045.96	2,208.74
- work-in-process	193.56	288.75
Changes in inventories of finished goods and work-in-progress	**(324.36)**	**1,257.97**

28 **Employee benefit expense**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Salaries and wages	339.72	338.17
Contribution to provident and other funds	17.87	17.67
Gratuity	7.50	3.66
Staff welfare expenses	17.75	13.53
Total	**382.84**	**373.03**

29 **Finance cost**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Interest expense	4,520.94	4,715.39
Other borrowing costs	23.59	17.70
Exchange differences regarded as an adjustment to borrowing cost	-	236.19
Total	**4,544.53**	**4,969.28**

30 **Depreciation and amortization**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Depreciation of property, plant and equipment	3,024.14	2,987.20
Amortisation of intangible assets	37.87	38.50
Total	**3,062.01**	**3,025.70**

31 **Other expenses**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Power and fuel	4,103.30	4,149.51
Stores, Spares and Chemicals consumed	197.79	100.29
Rent	78.92	79.55
Electricity charges	0.26	0.82
Repair and maintenance	233.39	154.90
Insurance charges	115.91	135.39
Rates and taxes	5.47	6.38
Payment to Auditors		
Audit Fees	0.30	0.30
Certification Fees	0.30	0.32
Auditor's out of pocket expenses	-	0.01
Legal, Professional and Consultancy charges	9.10	12.67
Directors' sitting fees	0.67	0.31
Advertisement and Publicity Expenses	4.34	2.15
Travelling Expenses	5.03	5.79
Miscellaneous expenses	376.62	482.86
Total	**5,131.40**	**5,131.25**

32 **Income taxes**

32.1 **Income tax recognised in profit or loss**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Current tax		
In respect of the current year	-	-
Deferred tax		
In respect of the current year	(1,270.91)	(2,306.22)
Total income tax expense	**(1,270.91)**	**(2,306.22)**

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Profit / (loss) before tax from continuing operations	(4,932.77)	(8,794.96)
Income tax expense calculated at 34.608% (2015-2016: 34.608%)	(1,707.13)	(3,043.76)
Effect of exemption under section 10AA of Income Tax Act, 1961	419.80	703.70
Effect of income that is exempt from taxation	(4.38)	(1.76)
Effect of expenses that are not deductible in determining taxable profit	20.80	19.61
Others	-	15.99
Total income tax expense	**(1,270.91)**	**(2,306.22)**

32.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Remeasurement of defined benefit obligation	(1.31)	(2.01)
Total income tax recognised in other comprehensive income	(1.31)	(2.01)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	(1.31)	(2.01)
Items that may be reclassified to profit or loss	-	-

32.4 Deferred Tax Asset/ (Liabilities), net

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Deferred tax assets (including MAT credit entitlement)	17,679.85	15,506.64	11,870.35
Deferred tax liabilities	(9,806.35)	(8,905.19)	(7,577.13)
Asset/ (Liability)	**7,873.50**	**6,601.45**	**4,293.22**

2015-16

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing Balance
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	7,565.86	1,330.92	-	8,896.78
Intangible Assets	11.27	(2.86)	-	8.41
Total	**7,577.13**	**1,328.06**	**-**	**8,905.19**
Tax effect of items constituting deferred tax assets				
Employee Benefits	7.29	7.51	2.01	16.81
Carry forward of unabsorbed business losses	5,145.20	1,637.04	-	6,782.24
Carry forward of unabsorbed depreciation	6,714.08	1,989.73	-	8,703.81
Unutilised MAT Credit Entitlement	3.78	-	-	3.78
Total	**11,870.35**	**3,634.28**	**2.01**	**15,506.64**
Deferred Tax Asset/(Liabilities), net	**4,293.22**	**2,306.22**	**2.01**	**6,601.45**

2016-17

Particulars	Opening balance	Recognised in profit and Loss	Recognised in other comprehensive income	Closing Balance
	₹ in Millions	₹ in Millions	₹ in Millions	` in Millions
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	8,896.78	910.07	-	9,806.85
Intangible Assets	8.41	(8.91)	-	(0.50)
Total	**8,905.19**	**901.16**	**-**	**9,806.35**
Tax effect of items constituting deferred tax assets				
Employee Benefits	16.81	8.45	1.31	26.57
Carry forward of unabsorbed business losses	6,782.24	521.40	-	7,303.64
Carry forward of unabsorbed depreciation	8,703.81	1,642.22	-	10,346.03
Unutilised MAT Credit Entitlement (net of tax provision)	3.61	-	-	3.61
Total	**15,506.47**	**2,172.07**	**1.31**	**17,679.85**
Deferred Tax Asset/(Liabilities), net	**6,601.28**	**1,270.91**	**1.31**	**7,873.50**

32.5 The Company being an SEZ unit is eligible for certain exemptions under Section 10AA of the Income tax Act, 1961. Accordingly, the deferred tax assets on unused tax losses and unused tax credits are recognised to the extent it is probable that future taxable profit will be available considering the following (i) Committed long term off-take arrangement entered with customer for its main product namely Paraxylene (ii) Arrangements with the parent company for sale of other products namely Paraffinic Raffinate, Hydrogen and De Ethanizer Column Bottom Liquid (iii) Revision in pricing terms for procurement of feed stock with the parent company (iv) Arrangements for procurement of Naptha from other oil companies to enhance the capacity utilisation (v) Arrangement with parent company to source the reformate to augment the aromatic feed stock requirement of the aromatic complex (vi) Agreement for Gas transportation with Gas Authority of India Ltd. to source the Natural Gas for fuel requirement.

33 Leases

33.1 Operating Lease arrangements

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

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

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

33.2 Payments recognised as an expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹in Millions
Minimum lease payments	78.92	79.55

33.3 Non-cancellable operating lease commitments

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

34 Earnings per share

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Profit/(loss) after tax for the year attributable to equity shareholders	(3,661.86)	(6,488.74)
Weighted average number of equity shares (Numbers in million)	1,877.63	1,877.63
Basic and Diluted earnings per equity share (₹)	(1.95)	(3.46)
Face Value per equity share (₹)	10.00	10.00

35 Defined benefit plans

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

35.1.2. Gratuity:

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

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

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

In respect of gratuity, the actuarial valuation was carried out as at March 31, 2017 by M/s. K. A. Pandit Consultants and Actuaries, Fellow firm of the Institute of Actuaries of India. The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

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

S. No.	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Discount rate	7.66%	7.95%	8.85%
2	Annual increase in salary	8.00%	8.00%	5.00%
3	Employee turnover	2.00%	2.00%	2.00%

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

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Current service cost	6.22	3.13
Net interest expense	1.28	0.54
Components of defined benefit costs recognised in profit or loss	**7.50**	**3.67**
Re-measurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from experience adjustments	3.78	5.80
Components of remeasurment recognised in other comprehensive income	**3.78**	**5.80**
Total	**11.28**	**9.47**

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

Particulars	As at March 31, 2017	As at March 31, 2016
	₹ in Millions	₹ in Millions
Opening defined benefit obligation	16.11	6.65
Current service cost	6.22	3.13
Interest cost	1.28	0.54
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from changes in financial assumptions	1.27	6.10
- Actuarial gains and losses arising from experience adjustments	2.51	(0.31)
Closing defined benefit obligation	**27.39**	**16.11**
- Current	0.23	0.10
- Non-Current	27.16	16.01

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Present value of defined benefit obligation	(27.39)	(16.11)	(6.65)
Fair value of plan assets	-	-	-
Net liability arising from defined benefit obligation	(27.39)	(16.11)	(6.65)

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

35.7 Sensitivity analysis as at March 31, 2017

Significant actuarial assumptions	Gratuity
Discount Rate	
- Impact due to increase of 50 basis points	(2.14)
- Impact due to decrease of 50 basis points	2.40
Salary increase	
- Impact due to increase of 50 basis points	1.94
- Impact due to decrease of 50 basis points	(1.96)
Employee turnover	
- Impact due to increase of 50 basis points	(0.17)
- Impact due to decrease of 50 basis points	0.18

Sensitivity analysis as on March 31, 2016

Significant actuarial assumptions	Gratuity
Discount Rate	
- Impact due to increase of 50 basis points	(1.26)
- Impact due to decrease of 50 basis points	1.41
Salary increase	
- Impact due to increase of 50 basis points	1.30
- Impact due to decrease of 50 basis points	(1.21)
Employee turnover	
- Impact due to increase of 50 basis points	(0.15)
- Impact due to decrease of 50 basis points	0.15

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

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

36 Segment reporting

The Company has “petrochemicals” as single reportable segment.

36.1 Information about major customers

Company’s significant revenues are derived from sales to export customers which is 71.17% (Year ended March 31, 2016: 84.15%) of the Company’s total revenue. The total sales to such customers amounted to ₹ 37,412.11 million for the year ended March 31, 2017 and ₹ 35,220.64 million for the year ended March 31, 2016.

Three customers (Year ended March 31, 2016: Four Customers) for the year ended March 31, 2017 contributed 10% or more to the Company’s revenue. The total sales to such customers amounted to ₹ 34,811.94 million for the year ended March 31, 2017 and ₹ 31,336.55 million for the year ended March 31, 2016.

36.2 Revenue from major products

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

Particulars	Revenue from external customers	
	Year ended March 31, 2017	Year ended March 31, 2016
	₹ in Millions	₹ in Millions
Paraxylene	36,665.35	29,386.43
Benzene	9,092.35	6,981.77
Paraffinic Raffinate	4,787.58	4,145.25
Hydrogen	1,683.22	1,341.59
De Ethanizer Column Bottom Liquid	337.18	-
Total	**52,565.68**	**41,855.04**

36.3 Information about geographical areas:

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	₹ in Millions	₹ in Millions
India	15,153.57	6,634.40
Other Countries	37,412.11	35,220.64
Total	**52,565.68**	**41,855.04**

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

Particulars	As at March 31, 2017	As at March 31, 2016
	₹ in Millions	₹ in Millions
India	64,090.31	68,249.73
Other Countries	-	-
Total	**64,090.31**	**68,249.73**

37 Related party disclosures

37.1 Name of related parties and description of relationship:

A Ultimate holding company

Oil and Natural Gas Corporation Limited (ONGC)

B Holding company

Mangalore Refinery and Petrochemicals Limited (MRPL)

C Joint Venture of Ultimate holding company

Mangalore SEZ Limited (MSEZL)

D Key Management Personnel

D.1 Non-Executive directors

Shri D K Saraff (Chairman)
Shri H Kumar, Director
Shri M Venkatesh Director (w.e.f. 01st April 2015)
Shri A K Sahoo, Director (w.e.f. 05th February 2016)
Shri Vishnu Agrawal, Director (up to 31st January 2016)
Shri V P Mahawar, Director (w.e.f. 12th August 2015)
Smt Alka Mittal, Director (w.e.f. 28th August 2015)
Shri Ashok Verma , Director (from 16th May 2015 to 01st August 2015)

D.2 Independent directors

Shri I S N Prasad, Independent Director (up to 27th March 2017)
Shri Santosh Nautiyal, Independent Director (up to 27th March 2017)
Shri G M Ramamurthy, Independent Director (up to 27th March 2017)
Shri M M Chitale, Independent Director (up to 27th March 2017)

D.3 Shri K Sushil Shenoy, Chief Financial Officer & Chief Executive Officer I/c

D.4 Shri K B Shyam Kumar, Company Secretary

37.2. **Details of transactions:**

37.2.1. Transactions with ultimate holding company, holding company and joint venture of ultimate holding company

Name of related party	Nature of transaction	For the year ended March 31, 2017	For the year ended March 31, 2016
		₹ in Millions	₹ in Millions
Mangalore Refinery and Petrochemicals Limited	Purchase of raw materials	46,624.71	39,855.43
	Sale of products	8,987.03	7,224.20
	Sale of electrical items	-	3.88
	Services received - Crane charges and others	0.03	1.01
	Services received - Facilitation charges	36.67	41.70
	Interest charges for delayed payments	57.05	70.88
Oil and Natural Gas Corporation Limited (ONGC)	Reimbursement of salary and travel related expenses	-	1.16
Mangalore SEZ Limited	Supplies and services received	204.48	125.66
	Capital advance for corridor	75.70	100.00
	Security deposit for 10MVA power	-	3.13
	Lease rent	23.40	23.40

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

Name of related party	Nature of transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Amount payable:		₹ in Millions	₹ in Millions	₹ in Millions
Mangalore Refinery and Petrochemicals Limited	Trade and other payables	1,903.24	4,693.62	1,483.65
Mangalore SEZ Limited	Trade and other payables	26.23	14.69	20.64
Oil and Natural Gas Corporation Limited	Trade and other payables	-	-	7.68
B. Amount receivable:				
Mangalore Refinery and Petrochemicals Limited	Trade and other receivables	96.11	111.94	107.90
	Receivables towards infrastructure facilities	344.37	412.42	412.83
Oil and Natural Gas Corporation Limited	Trade and other receivables	0.05	0.05	-
C. Loans and other assets:				
Mangalore SEZ Limited	Capital advance	975.70	900.00	800.00
	Security Deposit (Power)	11.71	11.71	11.71
	Security Deposit (Power)	15.40	15.40	15.40
	Security Deposit (Water)	3.13	3.13	-

37.2.3. Compensation of key management personnel

A. Chief Executive Officer (upto June 30, 2015)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Short term employee benefits	-	1.56
Long-term benefit (Compensated absences)	-	0.64
Total	**-**	**2.20**

B. Chief Financial Officer*

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Short term employee benefits	3.69	4.34
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	1.32	1.04
Contribution to provident fund	0.50	0.50
Total	**5.51**	**5.88**

* Chief Financial Officer is also holding additional charge as Chief Executive Officer I/c

C. Company secretary

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Short term employee benefits	2.32	1.96
Post-employment benefits (gratuity) & long-term benefit (Compensated absences)	0.36	0.29
Contribution to provident fund	0.27	0.25
Total	**2.95**	**2.50**

D. Independent directors

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
	₹ in Millions	₹ in Millions
Sitting Fees	0.67	0.31
Total	**0.67**	**0.31**

37.3 Disclosure in respect of Government related entities

37.3.1 Name of Government related entities and description of relationship wherein significant amount of transactions were carried out (other than ONGC and MRPL)**:**

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

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

Name of related party	Nature of transaction	Year ended March 31, 2017	Year ended March 31, 2016
		₹ in Millions	₹ in Millions
Hindustan Petroleum Corporation Limited	Purchase of raw materials, fuel and lubricants	3,857.18	1,395.87
Bridge and Roof Co. (India) Ltd.	Services	14.09	124.00
Engineers India Limited	Services	-	1.02
National Insurance Company Limited	Insurance premium	12.22	9.45
Karnataka State Pollution Control Board	Services	1.76	1.17
New Mangalore Port Trust	Port Services	49.60	27.94
Balmer Lawrie & Co. Ltd.	Services	6.14	3.32
New India Assurance Company Limited	Services	116.15	114.79

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

Name of related party	Nature of transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
		₹ in Millions	₹ in Millions	₹ in Millions
Amount payable:				
Bridge and Roof Co. (India) Ltd.	Trade and other payable	6.79	10.35	(110.13)
New Mangalore Port Trust	Trade and other payable	(0.41)	(0.44)	(0.39)
Hindustan Petroleum Corporation Limited	Trade and other payable	-	-	(4.66)

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

38. Financial instruments

38.1 Capital Management

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

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 19 and 20 offset by cash and bank balances) and total equity of the Company.

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

38.1.1. Gearing Ratio

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

The gearing ratio is worked out as follows

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at April 1, 2015
	₹in Millions	₹in Millions	₹in Millions
i) Debt	69,359.31	63,200.09	57,438.72
ii) Cash and bank balances	129.87	12.11	1.19
iii) Net Debt [(i)-(ii)]	**69,229.44**	**63,187.98**	**57,437.53**
iv) Equity share capital	18,776.26	18,776.26	18,776.26
v) Other equity	(11,188.03)	(7,523.70)	(1,031.17)
vi) Total equity [(iv)+(v)]	**7,588.23**	**11,252.56**	**17,745.09**
vii) Net Debt to equity ratio (without considering other equity)	3.69	3.37	3.06
viii) Net Debt to equity ratio (considering other equity)	9.12	5.62	3.24

38.2 Categories of financial instruments

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Financial assets			
Measured at amortised cost			
(a) Trade receivables	1,977.49	1,593.95	626.17
(b) Cash and cash equivalents	129.87	12.11	1.19
(c) Other bank balances	-	950.00	-
(d) Loans	30.61	30.59	29.85
(e) Other financial assets	344.42	415.26	430.02
Measured at fair value through profit or loss			
(a) Investment	4.80	4.80	4.80
Financial liabilities			
Measured at amortised cost			
(a) Borrowings (including current maturities of long-term debt)	69,359.31	63,200.09	57,438.72
(b) Trade payables	2,449.02	4,701.13	2,365.79
(c) Other financial liabilities (excluding current maturities of long-term debt)	1,517.05	3,482.42	4,275.60

38.3. Financial risk management objectives

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

38.4. Market Risk

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

38.5. Foreign currency risk management

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

Particulars	Liabilities			Assets		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at 31 March, 2017	As at 31 March, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
USD	17,570.58	20,109.77	25,325.65	1,851.04	1,493.89	518.36
EURO	-	1.82	82.95	-	-	-

38.5.1. Foreign currency sensitivity analysis

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

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

USD sensitivity at year end	2016-2017	2015-2016
	₹ in Millions	₹ in Millions
Assets:		
Weakening of INR by 5%	92.55	74.10
Strengthening of INR by 5%	(92.55)	(74.10)
Liabilities (Note below):		-
Weakening of INR by 5%	(82.12)	(18.37)
Strengthening of INR by 5%	82.12	18.37

38.5.2. Forward foreign exchange contracts

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

38.6 Interest rate risk management

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

Interest rate sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's loss for the year ended March 31, 2017 would increase/decrease by ₹ 85.96 million (For the year ended March 31, 2016 : increase/decrease by ₹ 106.40 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.7 Credit risk management

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

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

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

38.8 Liquidity risk management

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

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

	Weighted average effective interest rate	**Less 1 month**	**1 month -1 year**	**1 year – 3 years**	**More than 3 years**	**Total**
		₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
As at March 31, 2017						
Trade payables		2,445.28	2.20	1.54	-	**2,449.02**
Borrowings (including current maturities of long-term debt)						
- Fixed rate loans	7.96%	4,000.00	23,244.05	24,898.70	-	**52,142.75**
- Variable rate loans	4.19%	3,153.83	1,540.44	6,139.36	6,382.93	**17,216.56**
Other financial liabilities (excluding current maturities of long-term debt)		1,143.94	290.46	82.65	-	**1,517.05**
As at March 31, 2016						
Trade payables		1,423.67	3,277.46	-	-	**4,701.13**
Borrowings (including current maturities of long-term debt)						
- Fixed rate loans	8.17%	5,000.00	13,747.32	4,865.93	-	**23,613.25**
- Variable rate loans	3.98%	1,859.98	21,467.11	6,598.87	9,660.88	**39,586.84**
Other financial liabilities (excluding current maturities of long-term debt)		2,519.44	780.32	182.66	-	**3,482.42**

As at April 1, 2015						
Trade payables		2,365.79	-	-	-	**2,365.79**
Borrowings (including current maturities of long-term debt)						
- Fixed rate loans						
- Variable rate loans	7.19%	3,169.77	15,207.09	12,665.40	26,396.46	**57,438.72**
Other financial liabilities (excluding current maturities of long-term debt)		2,993.92	1,068.06	213.62	-	**4,275.60**

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

	Weighted average effective interest rate	Less 1 month	1 month -1 year	1 year – 3 years	More than 3 years	Total
		₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
As at March 31, 2017						
Trade receivables		1977.48				**1,977.48**
Loans					30.61	**30.61**
Other financial assets		293.79				**293.79**
Cash and cash equivalents		129.87				**129.87**
Other bank balances						**-**
As at March 31, 2016						
Trade receivables		1593.95				**1,593.95**
Loans					30.60	**30.60**
Other financial assets		414.83	0.43			**415.26**
Cash and cash equivalents		12.11				**12.11**
Other bank balances	7.95%	800.00	150.00			**950.00**
As at April 1, 2015						
Trade receivables		626.17				**626.17**
Loans					29.85	**29.85**
Other financial assets		430.02				**430.02**
Cash and cash equivalents		1.19				**1.19**
Other bank balances						**-**

The Company has access to financing facilities as described below, of which ₹ 6,230.93 were unused at the end of the reporting period (As at March 31, 2016 ₹ 7,500.00 ; As at April 1, 2015 ₹ 2,332.00). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at April 1, 2015
	₹ in Millions	₹ in Millions	₹ in Millions
Secured bank working capital facility, reviewed annually and payable at call :			
- amount used	1,269.07	-	3,168.00
- amount unused	6,230.93	7,500.00	2,332.00

38.9 Fair value measurement

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

39. **Contingent Liabilities and Commitments**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in Millions	₹ in Millions
A. Contingent Liabilities	-	-
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.74	74.05
Total	**2.74**	**74.05**

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

40 The Company has a system of physical verification of inventory, property, plant and equipment and capital stores in a phased manner to cover all items over a period of 3 years. Adjustment differences, if any, is carried out on completion of reconciliation.

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

42 Some balances of trade and other receivables, trade and other payables and loans are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on confirmation/reconciliation of the same, which will not have a material impact.

43 The Company does not have any pending litigations which would impact its financial position.

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

45 The Company operates in special economic zone (SEZ) in Mangalore, accordingly is eligible for certain economic benefits such as exemptions from custom duty, excise duty, service tax , value added tax, entry tax, etc. which are in the nature of government assistance. These benefits are subject to fulfillment of certain obligations by the Company.

46 The Board has accorded consent for amalgamation of the Company into and with the Holding Company Mangalore Refinery and Petrochemicals Limited (MRPL), subject to necessary approvals. The financial statements have been prepared without giving effect to the proposed scheme of amalgamation.

47 Figures in parenthesis as given in these notes to financial statements relate to previous years.

48 **Approval of financial statements**

The financial statements were approved for issue by the board of directors on May 17, 2017.

49 **First-time adoption of Ind AS**

49.1. Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

	Particulars	Notes	As at March 31, 2016 (End of last period presented under Previous GAAP)			As at April 1, 2015 (Date of transition)		
			Previous GAAP#	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP#	Effect of transition to Ind AS	As per Ind AS balance sheet
			₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions	₹ in Millions
(1)	**Non-current assets**							
	(a) Property, plant and equipment	49.1.1, 49.1.4, 49.1.5	67,409.08	(2,562.54)	64,846.54	69,243.71	(2,622.39)	66,621.32
	(b) Capital work-in-progress		99.03	-	99.03	111.84	-	111.84
	(c) Intangible assets		44.47	-	44.47	80.81	-	80.81
	(d) Financial assets			-			-	
	(i) Investment	49.1.7	4.80	-	4.80	4.80	-	4.80
	(ii) Loans		30.59	-	30.59	29.85	-	29.85
	(e) Deferred tax assets (net)	49.1.6	3.78	6,597.67	6,601.45	3.78	4,289.44	4,293.22
	(f) Other non-current assets	49.1.1	900.00	2,359.69	3,259.69	1,532.59	2,414.88	3,947.47
	Total non-current assets		**68,491.75**	**6,394.82**	**74,886.57**	**71,007.38**	**4,081.93**	**75,089.31**
(2)	**Current assets**							
	(a) Inventories		2,202.41	-	2,202.41	4,234.17	-	4,234.17
	(b) Financial assets			-			-	
	(i) Trade receivables		1,593.95	-	1,593.95	626.17	-	626.17
	(ii) Cash and cash equivalents	49.1.2	962.11	(950.00)	12.11	1.19	-	1.19
	(iii) Bank balances other than (ii) above	49.1.2	-	950.00	950.00	-	-	-
	(iv) Other financial assets		415.26	-	415.26	430.02	-	430.02
	(c) Current tax assets (net)		2.57	-	2.57	13.01	-	13.01
	(d) Other current assets	49.1.1, 49.1.3	2,934.65	(197.59)	2,737.06	1,618.03	55.10	1,673.13
	Total current assets		**8,110.95**	**(197.59)**	**7,913.36**	**6,922.59**	**55.10**	**6,977.69**
	Total assets		**76,602.70**	**6,197.23**	**82,799.93**	**77,929.97**	**4,137.03**	**82,067.00**

	EQUITY AND LIABILITIES							
(1)	**Equity**							
	a) Equity share capital		18,776.26	-	18,776.26	18,776.26	-	18,776.26
	b) Other equity	49.1.6	(14,074.13)	6,550.43	(7,523.70)	(5,320.61)	4,289.44	(1,031.17)
	Total equity		**4,702.13**	**6,550.43**	**11,252.56**	**13,455.65**	**4,289.44**	**17,745.09**
	LIABILITIES							
(2)	**Non-current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	49.1.4, 49.1.5	21,594.10	(134.29)	21,459.81	39,798.54	(691.57)	39,106.97
	(ii) Other financial liabilities		-	-	-	-	-	-
	(b) Provisions		40.34	-	40.34	19.45	-	19.45
	(c) Other non-current liabilities	49.1.5	-	-	-	-	3.24	3.24
	Total non- current liabilities		**21,634.44**	**(134.29)**	**21,500.15**	**39,817.99**	**(688.33)**	**39,129.66**
(3)	**Current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	49.1.3	38,276.25	(252.68)	38,023.57	15,367.10	-	15,367.10
	(ii) Trade payables		4,701.13	-	4,701.13	2,365.79	-	2,365.79
	(iii) Other financial liabilities	49.1.4, 49.1.5	7,172.10	27.03	7,199.13	6,754.00	486.25	7,240.25
	(b) Other current liabilities	49.1.4, 49.1.5	114.21	6.74	120.95	167.81	49.67	217.48
	(c) Provisions		2.44	-	2.44	1.63	-	1.63
	Total current liabilities		**50,266.13**	**(218.91)**	**50,047.22**	**24,656.33**	**535.92**	**25,192.25**
	Total liabilities		**71,900.57**	**(353.20)**	**71,547.37**	**64,474.32**	**(152.41)**	**64,321.91**
	Total equity and liabilities		**76,602.70**	**6,197.23**	**82,799.93**	**77,929.97**	**4,137.03**	**82,067.00**

Previous GAAP figures have been reclassified to conform with Ind AS presentation requirements for the purpose of this note.

Explanatory notes to Balance sheet reconciliation:

49.1.1 **Reclassification of leasehold land :** Under Previous GAAP, upfront premium paid for leasehold land was recognised as “property, plant and equipment”. Under Ind AS, leasehold land where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Consequently, on the transition date, an amount of ₹ 2,469.98 million has been reclassified from “property, plant and equipment” and shown as “Prepayments under other assets” under Ind AS. Similarly, an amount of ₹ 2,414.78 million has been shown as prepayments as at March 31, 2016. This reclassification has no impact on equity as on the transition date.

49.1.2 **Reclassification Cash and Cash Equivalents and Other Bank Balances:** Under Previous GAAP, bank deposits under lien against external commercial borrowing were shown as “cash and cash equivalents”. Under Ind AS the same is reclassified to “other bank balances”. Accordingly, an amount of ₹ 950 million has been reclassified from cash and cash equivalents to “other bank balanes” as at March 31, 2016. The reclassification has no impact on equity as at March 31, 2016.

49.1.3 **Commercial papers measured at amortised cost:** Under Previous GAAP, discount on commercial paper was shown as other current assets. Under Ind AS, borrowings are recognised net of transactions costs on initial recognition and subsequently measured at amortised cost. Accordingly an amount ₹ 252.68 million has been adjusted from “other current assets” and reduced from the amount of commercial papers (Borrowings). This reclassification has no impact on equity as at March 31, 2016.

49.1.4 **Borrowings measured at amortised cost** : Under Previous GAAP, transaction costs related to ECB loans and rupee term loans were capitalised with the cost of property, plant and equipment (being costs eligible for capitalisation) and transaction cost related to non convertible debentures was charged to profit and loss. Under Ind AS, borrowings are recognised net of transactions costs on initial recognition and subsequently measured at amortised cost. As at transition date, transaction costs related to ECB loan and rupee term loan amounting to ₹ 152.41 million has been adjusted from property, plant and equipment (PPE) resulting in reduction in total (PPE) and depreciation and corresponding reduction in ECB Loan. Subsequent to the transition date, the transaction cost is amortised over the loan period using effective interest rate method. Amortistion of transaction costs for the year ended March 31, 2016 has been recognized as finance costs in the Statement of Profit and Loss resulting in increase in finance cost by ₹ 53.73 million. As at March 31, 2016, the transaction costs related to non-convertible debentures has been adjusted from statement of profit and loss amounting to ₹ 5.84 million resulting in increse in total equity and corresponding reduction in non convertible debenture. subsequently is amortised over the non convertible debentures period using effective interest rate. Amortisation of transaction cost for the year ended March 31, 2016 has been recognised as finance cost in the statement of profit and loss resulting in increase in finance cost by ₹ 0.30 million. The transaction costs amounting ₹ 3.5 million has been accounted as provision for the year ended March 31, 2016 which was paid subsequently in June 2016.

49.1.5 **Re-measurement of financial liabilities**: Under Ind AS, deferred payment liability have been fair valued and subsequently accounted at amortised cost after segregating the liability into non-current portion under borrwings and current portion under other financial liabilities. The fair valuation impact of deferred payment laibility at transition date amounts to ₹ 52.91 million which has been presented as “other liability”. This re-measurment has no impact on transition date. Subsequent to transition date, deferred payment liability have been accounted at amortised cost resulting in recognition of finance expenses. ₹ 52.91 million is amortised on straight line basis over the period of loan. Subsequent to the transition date such valuation difference on financial liability has been recognised in PPE to the extent of ₹ 1.84 million and in statement of profit and loss resulting in increase in finance income of ₹ 49.45 million and interest expense of ₹ 51.50 million.

49.1.6 Recognition of Deferred Tax Assets: Under the Previous GAAP, the Company recognised deferred tax asssets only to the extent of deferred tax liabilities for the Financial year 2014-15 and 2015-16. As per the requirement of Ind AS 12, the Company has now recognised the deferred tax assets/ liabilities for the Financial year 2014-15 and 2015-16. Accordingly, the net effect of deffered tax assets / liabilities as on transition date April 1, 2015 amounting to ₹ 4,289.44 million has been adjusted in the retained earnings resulting in increase in total equity and corresponding increase in deferred tax assets/ liabilities (net). Further the recognition of incremental net deferred tax asset/liabiliites for the Financial year 2015-16 amounting to ₹ 2,308.23 million has resulted in increase in total equity and corresponding increase in deferred tax asset/liabilities (net) for the year.

49.1.7 Classification of investment in Mangalore SEZ Limited: Under the previous GAAP, the Company has classified investment in Mangalore SEZ Limited as “Investment in associate”. Under Ind AS, this is classified as “Investment”.

50 Reconciliation of total equity

50.1 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Notes	As at March 31, 2016 (End of last period presented under Previous GAAP)	As at April 1, 2015 (Date of transition)
		₹ in Millions	₹ in Millions
Total equity (shareholders’ funds) under Previous GAAP		**4,702.13**	**13,455.65**
Adjustments:			
Recognition of deferred tax	49.1.6	6,597.67	4,289.44
Unwinding of Deferred finance expense	49.1.5	49.45	-
Effect of adjustment relating to deferred payment liability	49.1.5	(51.50)	-
Unwinding of finance charges on ECB	49.1.4	(34.96)	-
Unwinding of finance charges on Rupee term loan	49.1.4	(18.77)	-
Transaction cost incurred on Non cumulative debentures	49.1.4	5.54	-
Adjustment relating to depreciation on Property, Plant and Equipment on account of ECB and Rupee Term loan transaction cost	49.1.4	6.49	-
Others	49.1.4	(3.49)	-
Total equity under Ind AS		**11,252.56**	**17,745.09**

50.2 Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2016

	Particulars	Notes	As per Previous GAAP #	Ind AS adjustments	As per Ind AS
			₹ in Millions	₹in Millions	₹ in Millions
I	Revenue from operations		41,875.74	-	41,875.74
	Other income	50.2.1	80.45	49.45	129.90
III	**Total Income (I+II)**		**41,956.19**	**49.45**	**42,005.64**
IV	**Expenses**				
	Cost of materials consumed		36,043.37	-	36,043.37
	Changes in inventories of finished goods and work-in progress		1,257.97	-	1,257.97
	Employee benefit expense	50.2.2	378.83	(5.80)	373.03
	Finance costs	50.2.1, 50.2.4	4,869.59	99.69	4,969.28
	Depreciation and amortization expense	50.2.3, 50.2.4	3,087.38	(61.68)	3,025.70
	Other expenses	50.2.3, 50.2.4	5,072.57	58.68	5,131.25
	Total expenses (IV)		**50,709.71**	**90.89**	**50,800.60**
V	Profit/(loss) before exceptional item and tax **(III -IV)**		**(8,753.52)**	**(41.44)**	**(8,794.96)**
VI	Exceptional items		-	-	-
VII	**Profit/ (loss) before tax (IV-V)**		**(8,753.52)**	**(41.44)**	**(8,794.96)**
VIII	**Tax expense:**				
	(1) Current tax		-	-	-
	(2) Deferred tax	50.2.5	-	(2,306.22)	(2,306.22)
			-	**(2,306.22)**	**(2,306.22)**
IX	**Profit/(loss) for the year (VII-VIII)**		**(8,753.52)**	**2,264.78**	**(6,488.74)**
X	**Other comprehensive income**				
	Items that will not be reclassified to profit or loss				
	(a) Remeasurement of defined benefit plans	50.2.2	-	(5.80)	(5.80)
	(b) Income tax relating to above	50.2.2	-	2.01	2.01
	Total comprehensive income/(loss) for the year (IX+X)		**(8,753.52)**	**2,260.99**	**(6,492.53)**

50.2.1 **Re-measurement of financial liabilities**: Under Ind AS, deferred payment liability have been fair valued and subsequently accounted at amortised cost. The fair valuation impact of deferred payment laibility at transition date amounts to ₹ 52.91 million . Deferred finance expense recognised as short term borrowing. This re-measurment has no impact on transition date. Subsequent to transition date, deferred payment liability have been accounted at amortised cost resulting in recognition finance expense. Deferred finance expense are amortised on straight line basis over the period of loan. Subsequent to the transition date such valuation difference on financial liability has been recognised in statement of profit & loss resulting in increase in finance income of ₹ 49.45 million and interest expense of ₹ 51.50 million.

50.2.2 **Employee benefit expenses** : Under Previous GAAP, actuarial gains and losses on post-retirement defined benefit plans were recognised in Statement of Profit and Loss. Under Ind AS, the same is recognised in the "Other comprehensive income".

50.2.3 **Reclassification of leasehold land :** Under Previous GAAP, upfront premium paid for leasehold land was recognised as "property, plant and equipment". Under Ind AS, leasehold land where the ownership of the land will not be transferred to Company at the end of lease period are classified as operating leases. Consequently, on the transition date, an amount of ₹ 2,469.98 million has been reclassified from "property, plant and equipment" and shown as "Prepayments under other assets" under Ind AS. Similarly, an amount of ₹ 2,414.79 million has been shown as prepayments as at March 31, 2016. This reclassification has resulted in decrease in depreciation expense by ₹ 55.10 million with corresponding increase in other expenditure.

50.2.4 **Borrowings measured at amortised cost** : U nder Previous GAAP, transaction costs related to ECB loans and rupee term loans were capitalised with the cost of property, plant and equipment (being costs eligible for capitalisation) and transaction cost related to non convertible debentures was charged to profit and loss. Under Ind AS, borrowings are recognised net of transactions costs on initial recognition and subsequently measured at amortised cost. As at transition date, transaction costs related to ECB loan and rupee term loan amounting to ₹ 152.41 million has been adjusted from property, plant and equipment (PPE) resulting in reduction in total (PPE) and depreciation and corresponding reduction in ECB Loan. Subsequent to the transition date, the transaction cost is amortised over the loan period using effective interest rate method. Amortistion of transaction costs for the year ended March 31, 2016 has been recognized as finance costs in the Statement of Profit and Loss resulting in increase in finance cost by ₹ 53.73 million. As at March 31, 2016, the transaction costs related to non-convertible debentures has been adjusted from statement of profit and loss amounting to ₹ 5.84 million resulting in increse in total equity and corresponding reduction in non convertible debenture. subsequently is amortised over the non convertible debentures period using effective interest rate. Amortisation of transaction cost for the year ended March 31, 2016 has been recognised as finance cost in the statement of profit and loss resulting in increase in finance cost by ₹ 0.30 million. The transaction costs amounting ₹ 3.5 million has been accounted as provision for the year ended March 31, 2016 which was paid subsequently in June 2016.

50.2.5 **Recognition of Deferred Tax Assets**: Under the Previous GAAP, the Company recognised deferred tax asssets only to the extent of deferred tax liabilities for the Financial year 2014-15 and 2015-16. As per the requirement of Ind AS 12, the Company has now recognised the deferred tax assets/ liabilities for the Financial year 2014-15 and 2015-16. Accordingly, the net effect of deffered tax assets / liabilities as on transition date April 1, 2015 amounting to ₹ 4,289.44 million has been adjusted in the retained earnings resulting in increase in total equity and corresponding increase in deferred tax assets/ liabilities (net). Further the recognition of incremental net deferred tax asset/liabiliites for the Financial year 2015-16 amounting to ₹ 2,308.23 million has resulted in increase in total equity and corresponding increase in deferred tax asset/liabilities (net) for the year.

50.3 Reconciliation of total comprehensive income for the year ended March 31, 2016

Particulars	**Notes**	**Year ended 31st March 2016 (Latest period presented under Previous GAAP)** ₹ in Millions
Profit as per Previous GAAP		**(8,753.52)**
Adjustments:		
Recognition of deferred tax asset	50.2.5	2,306.22
Unwinding of finance charges on ECB	50.2.4	(34.96)
Unwinding of Deferred finance expense	50.2.4	49.45
Effect of adjustment relating to deferred payment liability	50.2.4	(51.50)
Unwinding of finance charges on Rupee term loan	50.2.4	(18.77)
Transaction cost incurred on Non cumulative debentures	50.2.4	5.54
Adjustment relating to depreciation on Property, Plant and Equipment on account of ECB and Rupee Term loan transaction cost	50.2.4	6.49
Remeasurement of defined benefit obligation recognised in other comprehensive income	50.2.2	5.80
Others	50.2.4	(3.49)
Total effect of transition to Ind AS		**2,264.78**
Net Profit for the year as per Ind AS		**(6,488.76)**
Remeasurement of defined benefit obligation recognised in other comprehensive income	50.2.2	(3.79)
Total comprehensive income under Ind AS		**(6,492.53)**

50.4 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

Particulars	Notes	Year ended 31st March 2016 (Latest period presented under Previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
		₹ in Millions	₹ in Millions	₹ in Millions
Net cash flows from operating activities		3,619.73	(3,089.82)	529.92
Net cash flows from investing activities		(4,491.11)	3,932.08	(559.03)
Net cash flows from financing activities		882.30	(842.27)	40.03
Net increase (decrease) in cash and cash equivalents		**10.92**	-	**10.92**
Cash and cash equivalents at the beginning of the period		**1.19**	-	**1.19**
Cash and cash equivalents at the end of the period		**12.11**	-	**12.11**

NOTICE

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ONGC MANGALORE PETROCHEMICALS LIMITED (THE COMPANY) WILL BE HELD ON SATURDAY THE 19TH DAY OF AUGUST, 2017 AT 14.00 HRS., AT REGISTERED OFFICE, MANGALORE SPECIAL ECONOMIC ZONE, PERMUDE, MANGALURU - 574 509 TO TRANSACT THE FOLLOWING BUSINESSES:

Ordinary Businesses:

Agenda No. 1 - To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon and comments of the Comptroller and Auditor General of India in terms of Section 143(6) of the Companies Act, 2013 and in this regard, pass the following resolution as an Ordinary Resolution:

"Resolved that the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon alongwith the comments of the Comptroller and Auditor General of India in terms of Section 143 (6) of the Companies Act, 2013 laid before this meeting, be and are hereby considered and adopted".

Agenda No.2 - To appoint a Director in place of Shri D K Sarraf (DIN:00147870) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri D K Sarraf, (DIN:00147870), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation".

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

To authorise Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company for the financial year 2017-18, in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2017-18."

By Order of the Board of Directors of
ONGC Mangalore Petrochemicals Ltd.

Place: New Delhi
Dated: July 21, 2017

K B Shyam Kumar
Company Secretary

Registered Office:
Mangalore Special Economic Zone,
Permude,
Mangalore- 574 509
CIN: U40107KA2006PLC041258
Website: www.ompl.co.in

NOTES:

1. **A member entitled to attend and vote at the annual general meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.**

2. Corporate member intending to send its authorised representative to attend the Meeting is requested to send to the Company an authority letter authorising their representative to attend and vote on its behalf at the Meeting together with a certified copy of the Board Resolution passed by it.

3. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

4. Members are requested to inform the Company, immediately of change in their particulars, including their residential status.

5. Nomination facility: Pursuant to Section 72 of the Companies Act, 2013 (corresponding section 109A of the Companies Act, 1956) individual/ joint members are entitled to register nomination in respect of the shares held by them in Form No.SH-13 and send it to the Company.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

8. In terms of the Articles of Association of the Company, read with Section 152 of the Companies Act, 2013, Shri. D K Sarraf, Director, retire by rotation at the ensuing Meeting and being eligible, offer himself for re-appointment. Brief profile of the Director seeking re-appointment is given here-in-below:

   Shri D K Sarraf, 59, is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC), India's most valuable Maharatna public sector enterprise and one of the premier E&P companies in the world. ONGC is one of the most valuable companies of India and one of the Fortune's Most Admired companies in the world.

   Shri D K Sarraf is also the Chairman of ONGC Videsh Ltd, operating across 17 countries, Chairman of Mangalore Refinery & Petrochemicals Ltd (MRPL) and four other ONGC Group companies [OPaL- ONGC Petro-additions Ltd, MSEZ- Mangalore SEZ Ltd, OMPL – ONGC Mangalore Petrochemicals Limited and OTPC- ONGC Tripura Power Company Ltd].

   Shri D K Sarraf graduated in Commerce from Shri Ram College of Commerce of Delhi University and did his post-graduation from the same University. He is an associate member of the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India.

   He has experience of over three and half decades in the oil and gas industry. He started his career in Oil India Ltd., and joined ONGC in 1991 and handled various key assignments at corporate office. He was elevated to the post of Director (Finance) in ONGC Videsh in 2005 where he served till 2007. During this period, ONGC Videsh made significant acquisitions in Syria, Brazil, Colombia, Venezuela, Cuba, Egypt and Myanmar. In December 2007, he joined back ONGC as Director (Finance). In 2011, Shri D K Sarraf joined ONGC Videsh assuming the charge of Managing Director. As MD he transformed ONGC Videsh into an aggressive growth engine for ONGC Group by clinching many high value deals within a short span of time. In March, 2014, he joined back ONGC as its Chairman & Managing Director. As CMD, ONGC he has been focussing primarily on augmentation of production of Oil and Gas from domestic assets.

   He does not hold any shares of the Company.
   He is a member of audit committee of Petronet LNG Limited.
   He is holding drectorships in other public companies :

   a) Chairman & Managing Director, Oil and Natural Gas Corporation Limited (ONGC)
   b) Chairman, ONGC Videsh Limited (OVL)
   c) Chairman, Mangalore Refinery and Petrochemicals Limited (MRPL)
   d) Chairman, ONGC Petro additions Limited (OPaL)
   e) Chairman, ONGC Tripura Power Company Limited (OTPC)
   f) Chairman, Mangalore SEZ Limited (MSEZ)
   g) Director, Petronet LNG Limited (PLL)

By Order of the Board of Directors of
ONGC Mangalore Petrochemicals Ltd.

Place: New Delhi
Dated: July 21, 2017

K B Shyam Kumar
Company Secretary

ONGC Mangalore Petrochemicals Limited
CIN: U40107KA2006PLC041258
Reg. office: Mangalore Special Economic Zone, Permude, Mangalore- 574 509
web site : www.ompl.co.in

Proxy form

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

I/We, being the member (s) of …………. shares of the above named company, hereby appoint
1……………………… of …………………………having e-mail Id ....or failing him
2. ………………………of …………………………having e-mail Id ....or failing him
3. ………………………of …………………………having e-mail Id ....or failing him

And whose signature(s) are appended below as my/our proxy to at tend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of thecompany, to be held on Saturday, 19th August 2017 at 14.00 hrs., at the Registered Office, Mangalore Special Economic Zone, Permude, Mangalore – 574 509 and at any adjournment thereof inrespect of such resolutions as are indicated below:

SI No.	RESOLUTIONS	Vote (Please mention no. of shares)		
	ORDINARY BUSINESS	**For**	**Against**	**Abstain**
1	To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon and comments of the Comptroller and Auditor-General of India in terms of Section 143(6) of the Companies Act, 2013			
2	To appoint a Director in place of Shri D K Sarraf (DIN:00147870) who retires by rotation and being eligible offers himself for re-appointment as a Director			
3	To Authorise Board to fix remuneration of the Statutory Auditor for the financial year 2017-18.			

Signed this…........… day of……….............. 2017

Signature of shareholder

Affix revenue stamp of ₹ 1

Signature of first Proxy holder   Signature of second Proxy holder   Signature of third Proxy holder

Note: This form of proxy in order to be effective should be duly completed and depositedat the Registered Office of the Company, notless than 48 hours before the commencement of the Meeting.

ONGC Mangalore Petrochemicals Limited
CIN: U40107KA2006PLC041258
Reg. office: Mangalore Special Economic Zone, Permude, Mangalore- 574 509
web site : www.ompl.co.in

Attendance Slip

Please fill in this attendance slip and hand it over at the entrance of the meeting venue.
Folio No…………………
No. of share(s) held …………………..

I certify that I am a member/proxy for the member of the Company.
I hereby record my presence at the 11th Annual general Meeting of the ONGC Mangalore Petrochemicals Limited held on Saturday, 19th August 2017 at 14.00 hrs.,at the Registered Office, Mangalore Special Economic Zone, Permude, Mangalore – 574 509.

Members/proxy's name in Block Letters

Signature of Member/Proxy

Inauguration of Administrative Building

Award of
Second prize in Best Safe Power Boiler from Karnataka State Safety Institute, Department of Boilers, Industrial Safety & Health, Bengaluru on the eve of 46th National Safety Day Celebration

Electrical Substation inside Aromatic Complex

Giving back to Nature – Greenbelt Development

Environment Day Celebration

MRPL – OMPL
Power interconnection transformer

ONGC MANGALORE PETROCHEMICALS LIMITED

(A subsidiary of Mangalore Refinery and Petrochemicals Limited)

CIN: U40107KA2006PLC041258

REGISTERED OFFICE

Mangalore Special Economic Zone,

Permude, Mangalore- 574 509

Web site : www.ompl.co.in