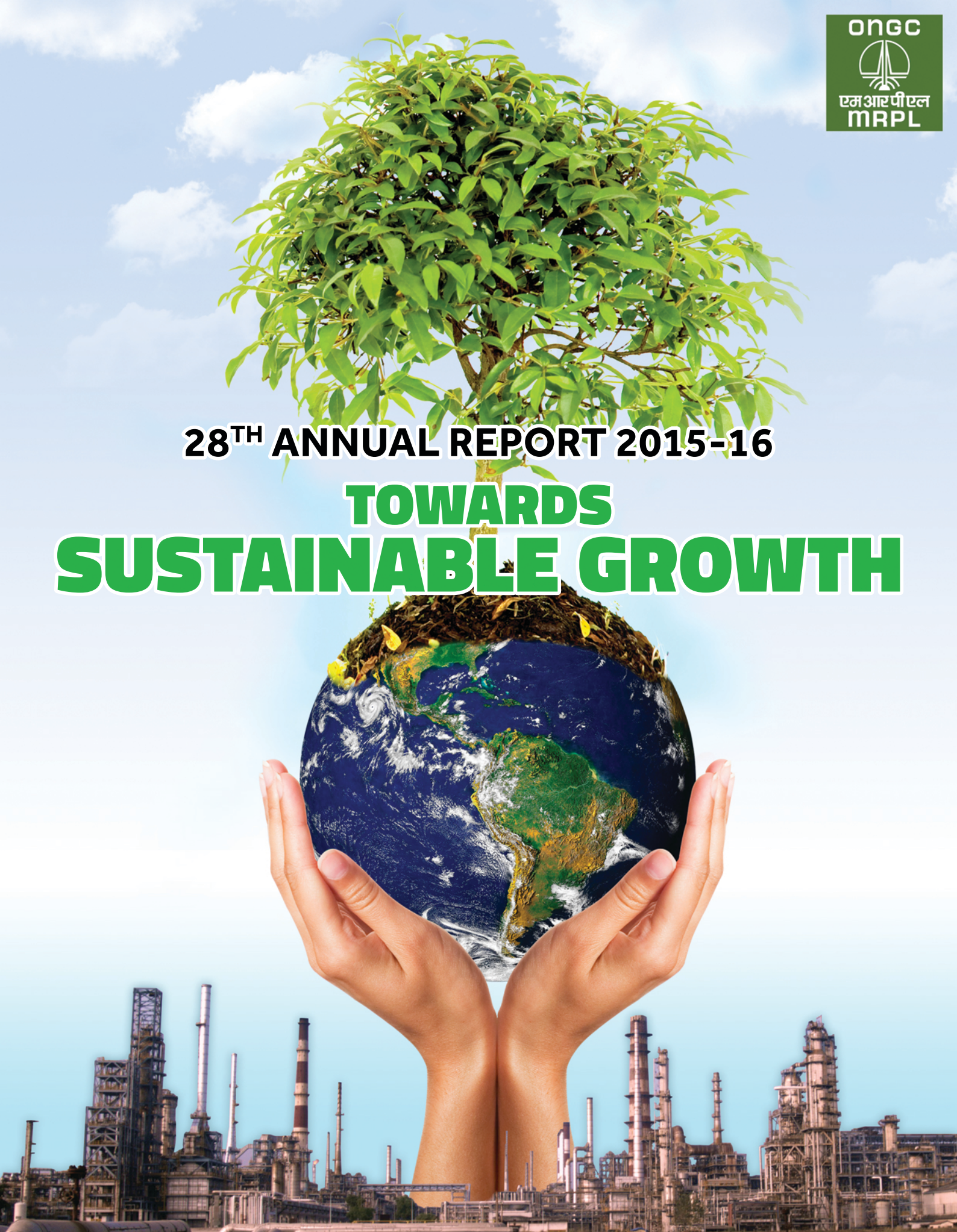


28TH ANNUAL REPORT 2015-16

**TOWARDS
SUSTAINABLE GROWTH**



MANGALORE REFINERY AND PETROCHEMICALS LIMITED

(A Govt. of India Enterprise and a subsidiary of ONGC Ltd.)

www.mrpl.co.in



Mangalore Refinery And Petrochemicals Limited

(A Government of India Enterprise and Subsidiary of ONGC)

CIN : L85110KA1988GOI008959

Website : www.mrpl.co.in E-mail: investor@mrpl.co.in

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REGISTERED OFFICE AND INVESTOR RELATION CELL

Mudapadav, Post Kuthethoor, Via Katipalla
Mangaluru- 575030, Karnataka
Tel. No.: 0824-2270400 Fax No.: 0824-2273300

INVESTOR RELATION CELL:

DELHI :

LGF, Mercantile House
15, K.G. Marg, New Delhi – 110001
Tel : 011-23463100 Fax : 011-23463201

MUMBAI :

Maker Towers, ' E ' Wing, 15th Floor,
Cuffe Parade, Mumbai - 400005
Tel : 022-22173000 Fax : 022-22173233

BENGALURU:

Plot A-1, Opp KSSIDC A.O. Building, Industrial Estate
Rajajinagar, Bengaluru – 560010 (Karnataka)
Tel : 080-22642200 Fax : 080-23505501

REGISTRARS & SHARE TRANSFER AGENT

M/s. LINK INTIME INDIA PVT.LTD
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai- 400 078
Tel.: 022-25963838 / 25946970 Fax No.: 022-25946969
E-mail: mrplirc@linkintime.co.in

BOARD OF DIRECTORS



Shri D. K. Saraff
Chairman



Shri H. Kumar
Managing Director



Shri M Venkatesh
Director (Refinery)



Shri A. K. Sahoo
Director (Finance)



Shri. B.K. Namdeo
Director (HPCL Nominee)



Smt. Perin Devi
Govt. Director



Shri Diwakar Nath Misra
Govt. Director



Chairman's Message to Stakeholders



Dear Stakeholder,

It gives me immense pleasure to share my views with our valued stakeholders and present the 28th Annual Report for the year 2015-16.

As you are aware, that the global oil and gas industry is in the midst of one of the severest downturns in last few decades. Industry revenues have fallen with eroding returns from falling commodity prices driven by a global oversupply of oil and natural gas and the impact of higher industry debt levels. The rapid collapse in crude and commodity prices in 2014-15 continued to reverberate in 2015-16 also, affecting the energy economy. Amongst the major economies, India continues to be a bright spot with its economy growing at a healthy rate of 7.6% in 2015-16 supported by push in the reforms process, good performance of goods and services sector and macro-economic stability.

Despite the volatility in the global market, we remained committed in managing business risk and protecting stakeholder's interest. Our consistent focus has been on improving operational efficiencies in refining and marketing activities and adopting innovative measures and initiatives to consolidate our position in the refining and petrochemical business.

I am delighted to share that your Company has achieved a positive financial and operational performance. During

the year 2015-16, MRPL processed 15.53 MMT of crude oil corresponding to 103.5% of capacity utilization, which was possible by ensuring that all our phase-III units operated in full capacities.

MRPL has achieved a turnover of ₹50,864 crore and earned a net profit of ₹1148.16 crore during 2015-16 after setting off losses of the first three quarters of the financial year.

Amidst increased completion in the market, we are riding on the strength of continuously expanding our market spread in the direct sales segment of petroleum products in the states of Karnataka, Kerala and few other states also. MRPL has been successful in gaining significant market share and enhancing direct customer base for products such as Bitumen, Fuel Oil, Sulphur, Diesel, Petcoke and mixed Xylene in its refinery zone.

Your company has inherent core values ingrained in its fabric of being an ethical and reliable partner. With the positive outlook for the Indian economy and increasing demand in the transportation sector, we have drawn up ambitious plans for consolidating our retail business. We are optimistic of setting up sizable number of retail outlets in near future.

In the petrochemical business, with a view to extract maximum value from every molecule, the Poly-propylene plant of MRPL was commissioned in June 2015 and dedicated to the nation by Honorable Minister for Petroleum & Natural Gas, Shri Dharmendra Pradhan. The company has been successful in establishing itself as a dominant player in the polypropylene market in the south zone by achieving excellent sales performance of its polypropylene supplies.

India is witnessing strong economic growth led by consumption and in line with the expansion of the economy, domestic demand for energy is also expected to increase. MRPL has aligned itself with such growth trends and has planned various projects for creating infrastructure which will facilitate logistics value additions and profitability improvements. The details of various projects are placed in the Board's Report. I am happy to share with you that Government of Karnataka

Mangalore Refinery and Petrochemicals Limited

has allocated 1050 acres of land adjoining to the existing refinery for upcoming projects of your Company.

MRPL has been supplying its entire quantity of Diesel and Petrol in the Bharat-IV grade to the domestic market. Improvement in the quality of fuel helps us in improving the environment and reducing pollution. Your Company in line with the directives of the Government has drawn up the required plans for implementing upgradation projects to produce BS VI grade of fuels by 2020.

MRPL had acquired majority stake in ONGC Mangalore Petrochemicals Limited (OMPL) and the process for complete merger of OMPL with MRPL is in progress. The subsidiary of your Company, OMPL, during the financial year has achieved the turnover of ₹4188.87 crore. The merger of OMPL with your Company will be a world class Integrated Refinery and Petrochemical complex.

Your Company has established itself as a valuable and responsible corporate citizen and remains committed for the inclusive growth of society and community through its various Corporate Social Responsibility / Sustainable Development initiatives. We have been committed in supporting projects for eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environmental sustainability, disaster relief and rural development projects.

Under Swach Bharath Abhiyan programme of Government of India, MRPL has taken up construction of 54 toilets in 31 Government and Government Aided Schools in the State of Karnataka at a cost of ₹1.85 crores. MRPL has associated with Ramakrishna Mutt, Mangalore in their 40 week long "Swachh Mangaluru" Abhiyan project with a financial assistance of ₹14 lacs. MRPL has also undertaken a number of cleaning activities in and around the refinery along with Employees, Dependents and MRPL DPS students.

Safety receives the highest attention from all levels of Management and continues to be a top priority for your company. MRPL has remained committed in providing a safe workplace to its employees and contractor, for safety of communities living in the vicinity of the refinery and safeguarding the environment.

Due emphasis is being given for green and low carbon growth, vigorously implementing energy-saving, emission reduction, clean energy development projects. The Company plans to generate solar energy as a part of its alternate energy drive which will also help in meeting its renewable energy commitments.

We are consolidating our position in potential hydrocarbon value chain optimization avenues for sustainable development. We are focused on value creation from low value hydrocarbons, such as pet-coke, refinery offgas and internal fuel oil. Efforts are on the anvil to exploit such potentials.

Your Company believes that human resources are most valuable resources for achieving and accomplishing the expectations of the stakeholders. MRPL is fortunate to have a dedicated team who are passionate about their work and the company ensures that it continues to nurture them by providing them a good working environment, with equal emphasis on employee welfare and employee relation initiatives. An Advanced Strategic Leadership Program (ASLP), named "Project Uttisht" in collaboration with IIM Udaipur was undertaken to train 100 middle and senior level executives of the Company during the year.

Going forward, I am convinced that MRPL with the support of its stakeholders will be able to address the challenges, forging ahead with greater strength to create sustained value for our shareholders, society and our Nation.

I would like to place on record my sincere appreciation to the Board of Directors, Ministry of Petroleum & Natural Gas, Government of India, State Government of Karnataka for their continued guidance. I would also like to express my gratitude to all our employees and all the stakeholders for their continued support, patronage, trust and confidence.

(D.K.Sarraf)
Chairman

Place: New Delhi

Date: 03/08/2016



View of the Refinery



Shri H. Kumar, Managing Director (MRPL) receiving "NIRYAT SHREE" award from Hon'ble President of India.



World environment day - Creation of green belt - Plantation of saplings by team MRPL.



Tree Plantation Ceremony in the presence of local panchayat leaders.



Lady Goschen Hospital, Mangalore – 5 story block from MRPL “AROGYA SAMRAKSHAN”, CSR initiative, work in progress.



Team MRPL - receiving 1st price (TOLIC) for outstanding performance in the area of Hindi implementation.



Construction of Toilet at Schools, “SWACCHA VIDYALAYA ABHIYAAN”, CSR initiative MRPL.

BOARD'S REPORT

Dear Members,

I, on behalf of the Board of Directors of your Company, am pleased to share with you and report the highlights, affairs and developments, your Company has made during the financial year ended March 31, 2016 and present the 28th Annual Report on the business and operations of Mangalore Refinery and Petrochemicals Limited (MRPL) and its audited financial statements together with the Auditors' Report and comments on the Accounts by the Comptroller and Auditor General (C&AG) of India. You will be delighted to know that your Company commissioned all the Units under Phase – III refinery expansion project during the year and registered the highest ever throughput of 15.53 MMT.

Financial Performance

The standalone / consolidated financial highlights for the year ended 31/03/2016 are summarized below:

(₹ In Crores)

	Standalone		Consolidated	
	Year ended 31 st March, 2016	Year ended 31 st March, 2015	Year ended 31 st March, 2016	Year ended 31 st March, 2015
Turnover (Gross)	50864	62412	50983	62341
Earnings before Interest, Depreciation and Amortization (EBIDTA)	2464	(1250)	2386	(1325)
Profit/(Loss) Before Tax	1174	(2156)	306	(2295)
Profit/ (Loss) after Tax, Minority Interest and share of profit/ (Loss) of associates.	1148	(1712)	710	(1803)

Your company achieved turnover of ₹ 50864 crore during the financial year 2015-16 against ₹ 62412 crore during the financial year 2014-15. The decrease in sales is mainly on account of decline in product prices linked with declining crude price as also on account of more domestic off take. The Company earned a profit of after tax (PAT) of ₹ 1148 crore during the financial year 2015-16 against a loss of ₹ (1712) crore incurred during the financial year 2014-15. The Gross Refining Margin (GRM) for financial year 2015-16 was 5.20\$/bbl as against (0.64) \$/bbl during the financial year 2014-15. Your Company has retained its highest corporate rating "[CCR AAA]" affirmed by CRISIL and IRAA by ICRA during the FY 2015-16.

OPERATIONAL PERFORMANCE

The financial year 2015-16 has been a very successful year for your Company. During the year, the Company's refinery processed 15.53 MMT of crude achieving an average utilization rate of 103.5% as against 14.63 MMT during the financial year 2014-15. During the year, the Company achieved highest ever production and dispatch of LPG, Diesel, Coke and Throughput in MBPL pipeline.

The Company has achieved direct sales of 1470 TMT against 820 TMT during 2014-15 and retail sales of 4.8 TMT against 2.53 TMT during 2014-15.

MARKETING AND BUSINESS DEVELOPMENT

Your Company has successfully penetrated the Polypropylene market in a short span of 9 months with a sales volume of 139 TMT and sales value of ₹ 1039 Crores. The company is in the process of expanding its markets reach in order to sell 440 TMT of Polypropylene per year. In addition, your Company is also setting up its own infrastructure for storage of Polypropylene. To leverage the highly profitable Polypropylene and to position MRPL as a niche market player, comprehensive pricing of various grades of Polypropylene has been put in place along with customer enrolment activity. Del Credere Agents cum Consignment Stockist has been appointed to partner us in addressing major demand clusters in the South and West of India.

Your Company has also succeeded in marketing the entire production of Petcoke on consistent basis. Company evacuated additional quantity of Sulphur in domestic as well as export market. The Company has achieved major breakthrough for bulk evacuation of Pet-coke and Sulphur by forging alliances with large Industrial houses which, in turn has helped the Delayed Coker Unit to run at 100 percent capacity utilization from 50 percent earlier. This has significantly increased specialty sales and improved Refinery margins.

Your company continues to expand its market spread in the direct sales segment of petroleum products in the state of Karnataka and its adjoining states and has maintained significant market share and direct customer relations for products such as Bitumen, Fuel Oil, Sulphur, Diesel, Naphtha, Petcoke and Mixed Xylene in its refinery zone.

Your company has also maintained timely supplies to State Trading Corporation, Mauritius which has a long term supply contract with MRPL. The company supplied 1067 TMT of petroleum products to STC Mauritius at a sales value of ₹ 2774 Crores during FY 2015-16 against supply of 1084 TMT and sales value of ₹ 4394 Crores in FY 2014-15.

After deregulation of HSD pricing, your company has commenced the retail expansion plan by releasing the advertisement for appointment of dealers for retail outlets in the state of Karnataka & Kerala. The company is expecting to commission a sizeable number of retail outlets during FY 2016-17.

RECOGNITIONS

During the year, the Company has been conferred with following awards and recognitions :

- 'Niryat Shree' Gold Trophy in the Residual sector for Non MSME category by Federation of Import Export Organization (FIEO). MD, MRPL received the award from Hon'ble President of India on 4th May, 2016 in a glittering ceremony held at Vigyan Bhawan, New Delhi.

- "Export Excellence Award, 2015" in Best Exporter Award (Medium/large category) from the Federation of Karnataka Chamber of Commerce and Industry.
- Certificate of recognition of 'Highest Ever Central Excise Duty payment and Incremental growth'
- First prize for outstanding performance in the area of Hindi Implementation for the year 2015-16 for fifth consecutive year by TOLIC, Mangalore.

PROJECTS

After successful commissioning of the Phase-III major units such as Delayed Coker Unit, Petrochemical grade Fluidised Catalytic Cracking Unit (PFCCU), Diesel Hydro treating Unit and the latest Polypropylene Unit, MRPL's product base has expanded to include Pet coke, Ultra Low sulfur Diesel and Polypropylene. MRPL is establishing value partners to expand market base and partner sustainable growth. MRPL has already initiated actions for upgrading the MS & HSD qualities to meet BSVI specifications which will come into force from April 2020. Further incremental optimizations such as flare gas recovery, energy optimizations activities have also been pursued.

A. COMPLETED PROJECTS

Phase - III Refinery Project

All the units of the Phase III Refinery capacity expansion and up gradation project and the last unit PFCCU which was commissioned in August, 2014 are running at full capacities today. This has resulted in complete conversion of HSD and Petrol to Euro 4 grades, increased the distillate yield with production of high value products viz Propylene, Gasoline from low value black oils. The total expenditure incurred by your Company on Phase -III Refinery project is around ₹ 13265 Crore as on 31/03/2016.

Polypropylene Project (PP)

Polypropylene unit of Capacity 440 KTPA, (Licensor Technology from M/s Lummus Novolen Technology GmbH, Germany) integrated with Phase -III Refinery Project was commissioned successfully on 17/06/2015. Commercial production has started and was dedicated to the Nation by Shri Dharmendra Pradhan, Hon'ble Petroleum and Natural Gas Minister. The total expenditure incurred by your Company on Polypropylene project is around ₹ 1611 Crore as on 31/03/2016. The various grades of Polypropylene produced by the unit were received well in the market and was able to capture substantial market share in south zone in a short period.

B) ONGOING PROJECTS

Following new projects are being taken up for better logistics, value addition and profitability improvement :

- (a) Railway Siding – A state of the art Railway siding for smooth evacuation of Petcoke and Polypropylene.
- (b) Revamp of CCR2 – The existing CCR-2 unit is being revamped to produce greater quantity of Reformate, yielding greater quantity of MS.
- (c) Relocation of loading facilities & additional tankages – This project will provide greater flexibility to your company and allow for greater marketing outreach.

- (d) Flare Gas Recovery System – This project recovers gases that are lost from the flare and utilize it as fuel, thereby saving cost. This also helps to reduce the Carbon footprint of your company by reducing greenhouse gas emissions.
- (e) Additional Petcoke Silos for marketing – This facility allows your company to attain greater flexibility in marketing of Pet-Coke and to mitigate environmental impact of concentrated loading.

HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

Your Company is committed to ensure environmental friendly operations to achieve highest standards of environmental excellence. MRPL continues to leverage environment and sustainable development as an ingredient of its business policies and strategic plans. The major actions taken in 2015-16 on this front includes the following:

- Audit of New Mangalore Port jetties for oil spill management by Oil Industry Safety Directorate (OISD).
- SOx & NOx Stack Online Analyzer data of Phase – III units connected to CPCB server in the month of June, 2015.
- Periodic Manual Stack Monitoring is being carried out by MoEF/KSPCB approved external agency.
- Ambient Air Quality Monitoring is carried out by MoEF/ KSPCB approved external agency in and around the refinery at 9 locations as per revised National Ambient Air Quality Monitoring Standards.
- Environment Awareness Programs are being organized periodically in the neighboring villages in association with Karnataka State Pollution Control Board.
- Continuous Online Monitoring Analyzers are being installed to monitor Treated Effluents for various parameters in line with the directions of Central Pollution Control Board (CPCB).
- Treated effluents are monitored on a daily basis at both Refinery end & at discharge end. A Fortnightly Marine Environment Impact Assessment study was carried out by M/s. Central Marine Fisheries Research Institute, Mangalore from 7 monitoring locations in the vicinity of Treated effluent disposal point at sea & 3 Stations in the seashore. So far, no adverse effect on the marine environment, was found.
- Ten Nos. of Ground Water monitoring stations in and around Refinery have been set up and regular monitoring of ground water quality is being carried out along with Karnataka State Pollution Control Board (KSPCB).
- Low sulphur Fuel oil being used in the Refinery furnaces and boilers. Usage of ultra low sulphur fuel gas generated in the refinery process units is also being maximized.
- Sulphur Recovery Units (SRUs) are operated at efficiency greater than 99%.
- Annual Submarine pipeline inspection has also been carried out by M/s. National Institute of Oceanography (NIO).
- The refinery is certified with ISO 14001: 2004 for Environment Management Systems by TUV Rheinland.

- 1531 Number of days worked without Reportable Lost Time Injuries as on 31/03/2016.
- Nil Reportable Lost Time Injuries (RLTI) during the year.
- 16.81 Million Man Hours worked as on 31/03/2016, .

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT

Corporate Social Responsibility (CSR)

Your Company's social welfare and community development initiatives focus on the key areas of education, health care and overall development of basic infrastructure in and around its operational areas. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

Your company has spent ₹ 4.11 Crores (previous year ₹ 4.81 crore) for various CSR activities during the year 2015-16. Pursuant to Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 the Annual Report on CSR activities is annexed herewith as **Annexure 'A'**.

Sustainability Development and Performance

Sustainability efforts of your Company last year centered on drawing action plans towards minimizing carbon footprint through managing complex projects and operations, addressing risk and opportunity, and engaging externally. The Company also made progress on defining supplier expectations for business conduct and on addressing related risks in our supply chain. The Company continues to work to reduce greenhouse gas emissions in our operations and to integrate climate change-related activities and goals into our business planning. The Plan further provides guidance regarding integrating sustainable development with our business operations. Your Company has laid down priority areas as well as short and long term actions to be undertaken for meeting the objectives of the plan. Key identified areas includes:

- Hydrocarbon value chain optimization
- Energy consumption optimization
- Water and Waste Management
- Customer development and growth partnership.

Specific enablers have also been identified to facilitate the implementation of action plans developed for above four areas.

Your Company is consolidating its position in potential hydrocarbon value chain optimization avenues for sustainable development. The pivotal emphasis is on recovering value from low value hydrocarbons such as pet-coke, refinery offgas and internal fuel oil. Efforts are on the anvil to exploit such potentials to enhance share holders value.

Your Company is also considering other sustainable options to utilize the pet coke for firing in utility boilers to produce steam for power generation along with capture of the associated pollutant - sulfur molecule. This is expected to not only help in production of cheaper power, but also ensure timely evacuation of this product from the refinery complex. Another advantage envisaged is the reduction in internal fuel oil consumption which is currently being fired in the boilers, for up-gradation

into various lighter molecules like Polypropylene, diesel etc. via the delayed coking route. In-house feasibility study of the project with support from potential technology suppliers is being taken-up.

Your Company is also looking into the option of recovering valuable ethylene from low value PFCC off gas and supplying into downstream petrochemical complexes. Also, the recovered ethylene can be used as a co-monomer along with propylene to produce hetero-polymers of polypropylene for enhancing market value. The in-house viability study along with the potential increase in profitability estimations are being carried out with inputs from downstream petrochemical complexes and ethylene recovery technology suppliers.

The Phase-3 Refinery Complex captive power plant facilities and some of the process heaters are designed to burn Natural Gas as fuel. The Phase-3 Hydrogen generation unit is also designed to consume Natural Gas as an alternate feedstock. The infrastructure to bring natural gas to Mangalore is being assessed by various gas suppliers. Subject to economics, utilization of natural gas will not only reduce SOx emissions but also open up the avenue of converting the low value internal fuel oil into high value hydrocarbons.

PERFORMANCE OF SUBSIDIARY/ JOINT VENTURES

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule (5) of the Companies (Accounts) Rules, 2014, the salient features of financial statement of Subsidiary and Joint Ventures in Form AOC-1 is attached as **Annexure 'B'** which forms part of this report.

ANNUAL REPORT OF SUBSIDIARY AND CONSOLIDATED FINANCIAL STATEMENT

The Audited Consolidated financial statements for the year ended 31st March, 2016 of the Company and its subsidiaries form part of the Annual Report in accordance with Section 129 of the Companies Act, 2013 and the Accounting Standard (AS)-21 on "Consolidated Financial Statements" read with AS-23 on "Accounting for Investments in Associates" and AS-27 on "Financial Reporting of Interests in Joint Ventures". In accordance with section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of the subsidiary Company are available on the Company's website. These documents will also be available for inspection during business hours at the registered office of the Company at Mangalore.

SUBSIDIARY COMPANY

ONGC Mangalore Petrochemicals Limited (OMPL) is the only subsidiary company. Your company continues to hold 51% of equity shares in OMPL and 49% is held by ONGC.

OMPL has set up an Aromatic Complex with an annual capacity 914 KTPA of Para-xylene and 283 KPTA of Benzene in Mangalore Special Economic Zone. During the year, 0.56 MMT of Para-xylene and 0.17 MMT of Benzene were exported and the revenue for FY 2015-16 was ₹ 4,188.87 Crores. The Company incurred loss of ₹ 875.35 Crores mainly due to Interest, Depreciation and lower capacity utilization. A scheme of amalgamation of OMPL with

your Company has been filed with the Ministry of Corporate Affairs, which is under process.

Your Company has adopted a Policy on determining Material Subsidiary, which is available at company's website.

JOINT VENTURES

The company has two Joint Ventures viz. Shell MRPL Aviation Fuels and Services Limited (SMAFSL) with Shell B.V. Netherlands where in your company holds 50% of share capital and Mangalam Retail Services Limited (MRSL) with Gulf Oil, a Hinduja Group Company wherein your Company holds 49.98% of share capital. The accounts of JV companies have been consolidated with MRPL's Accounts.

Shell MRPL Aviation Fuels and Services Limited (SMAFSL)

Shell MRPL Aviation Fuels and Services Limited (SMAFSL) supplies aviation turbine fuel (ATF) to both domestic and international airlines at several Indian airports. The revenue for FY 2015-16 is ₹ 324 Crores (Previous Year ₹ 636 Crores) with Pre-tax profit of ₹ 4.72 Crores (Previous Year ₹ 10.69 Crores) and post-tax profit of ₹ 3.82 Crores (Previous Year ₹ 7.74 Crores). The company commenced its operation at Chennai during 2015-16. The Company is currently present in 10 airports and entered into a facilitation model with HPCL for the three airports of Mumbai, Kolkata and Delhi. The Company paid a dividend of ₹ 0.75 Crores to MRPL during the FY 2015-16. M/s ICRA has reaffirmed "A1+" to the non fund working capital limits of ₹ 50 million which indicates highest credit quality.

Mangalam Retail Services Limited (MRSL)

Mangalam Retail Services Limited (MRSL) the Joint Venture (JV) Company with Gulf Oil an Hinduja Group Company for promoting retail plan of MRPL. MRPL holds 49.98 % of shares in this Company. In absence of any viable business plan, the continuance of the JV is being examined. The JV has not commenced any business activities. Hence, there is no business transaction during the FY 2015-16. The Accounts of the JV was audited for the purpose of consolidation.

INDIAN ACCOUNTING STANDARDS (IND AS) – IFRS CONVERGED STANDARDS

The financial statements have been prepared in accordance with the generally accepted Accounting Principles (GAAP) and in accordance with all applicable Accounting Standards. Your Company, its subsidiary and joint venture Companies have adopted Ind AS with effect from 1st April, 2016 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 notified by the Ministry of Corporate Affairs vide notification dated 16th February, 2015.

TRANSFER TO RESERVES

No amount has been transferred to General Reserves for the financial year 2015-16.

DIVIDEND

In view of inadequacy of profits in the last three financial years, the Board did not recommend any dividend for the FY 2015-16.

DEPOSITS

Your company has not accepted any deposits during the year pursuant to Section 74 of the Companies Act, 2013 and Rules thereunder. Your Company is to refund certain customer advances which were unclaimed and various steps to refund them are being taken.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There have been no investments made, loans / guarantees given or securities provided during the financial year 2015-16 under the provisions of Section 185 / 186 of the Companies Act, 2013. The details of investments made in earlier years covered under the provisions of Section 186 of the Act are given in notes to financial statements provided in this Annual Report.

SHARE CAPITAL

The company has not issued any shares during the FY 2015-16. The Issued, Subscribed and Paid up Equity Share Capital of your Company as on 31/03/2016 was ₹ 1753 Crores.

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

There has been no change in the nature of business during the year. No material changes or commitments have occurred after close of the year till the date of this report which affects the financial position of the Company.

HUMAN RESOURCES

Your company values its human resources the most. To keep their morale high, your company extends several welfare benefits to the employees and their families by way of compensative medical care, education, housing and social security. During the financial year 2015-16, 30 HR policies in line with Indian Oil Corporation Ltd (IOCL) were revised and notified. Promotions for management and non management staff were released on time and S1 grade was introduced along with other pending issues as per long term settlement (LTS).

Your Company continues to enjoy cordial and harmonious relations and not a single man-hour was lost on account of any industrial disturbance during the year 2015-16.

During the year, your Company has recruited 116 employees comprising of 6 women employees and 13 Schedules Caste (SC) / Schedule Tribe (ST) employees. Total employee strength as on 31/03/2016 was 1812 including 130 women employees, 210 SC/ST employees and 26 persons with disabilities (PWD). 816 employees belong to Management cadre whereas 996 employees belong to Non-Management cadre. During the year 2015-16, your Company devoted 3669 Mandays for Training, Development and Learning which amounted to an average of 2.16 Mandays per employee which includes functional, developmental and special training programs covering the entire spectrum of employees.

The Company maintains an Employee Club known as MRPL Employees Club (MEC). The Club offers a wide range of pastime activities for the employees and their dependents. An Internal

Mangalore Refinery and Petrochemicals Limited

Departmental Cricket Tournament was also organised by MRPL Employees Club (MEC).

Presidential Directives and other guidelines issued by Department of Public Enterprises, Ministry of Petroleum & Natural Gas, Ministry of Social Justice and empowerment from time to time with regard to reservation in services for Scheduled Castes, Scheduled Tribes, other backward castes and Persons with disabilities. An adequate monitoring mechanism has been put in place for sustained and effective compliance. Liaison officers were appointed to ensure implementation of the Government Directives. Rosters are maintained as per the directives and are regularly inspected by the Liaison officer of the company as well as the Liaison officer of MoP&NG to ensure proper compliance of the Directives. Special Reservation Cell on SC/ST is constituted for redressal of grievances of Scheduled Castes and OBC employees.

MRPL also complies with provisions under "The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 relating to providing employment opportunities for Persons with Disabilities (PWDs). As on 31/03/2016, there were 26 permanent employees with disabilities on the roll of MRPL.

WOMEN EMPOWERMENT

Women employees constituted over 6 per cent of the Company's workforce. During the year, programs on women empowerment and development, including programs on gender sensitization were organized. Your company has an Internal Complaints Committee (ICC) required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There have been no cases reported to the Committee, for the FY 2015-16.

OFFICIAL LANGUAGE

Competitions were also held in Hindi language for employees and their family members during National Safety Day, Environment Day, Security awareness week and Vigilance awareness week. In order to propagate Hindi among the employees, Hindi Workshops are being organized on a regular basis at Mangalore, Mumbai, Delhi & Bangalore Offices. In order to promote Hindi in the Company, Hindi fortnight was celebrated and many Hindi competitions such as Hindi Padho, Samajho exam Tick karo, Hindi Dictation, Handwriting, Admin. Glossary, News reading etc were conducted for the employees, their children and family members in the month of September 2015. A special quiz competition was also conducted for GMs & GGMs during Hindi month celebrations. OL inspections of internal departments and subordinate offices were carried out. Special awards were given to the twelve topper students of DPS School, Mangalore who scored the highest marks in Class-X Hindi examination.

Your Company won the first prize in Town Official Language Implementation Committee (TOLIC) under the category of PSU Central Government offices for outstanding performance in the area of Hindi implementation for the year 2015-16.

In order to propagate Hindi in the Refinery, a Hindi In House Journal namely "MRPL PRATIBIMB" is being published. As per OL Rule, OLIC meeting was conducted in all the four quarters under

the chairmanship of MD. Meetings were organized specially for Official Language liaison Officers during the year. Constant efforts for promotion of Hindi over the years have resulted in significant increase in usage of Hindi in the Refinery.

RIGHT TO INFORMATION ACT, 2005

Your Company's RTI manual is available on company's website which discloses all required information. During the year, 172 applications were received, out of which 163 were disposed off before 31/03/2016 and balance 9 applications are being disposed off.

SECURITY MEASURES

Security of MRPL Refinery is designed to comply with Oil Sector Infrastructure Protection Plan (OSIPP) and the Security Audit recommendations given by MHA from time to time.

Physical Protection of the Refinery is handled by Central Industrial Security Force (CISF). Proposal to augment the CISF strength to extend protection to Refinery - Phase-3 area is under consideration of the MHA.

Security has always been on priority of the Company and to ensure preparedness, periodic mock drills on work-place security preparedness are conducted. Security Awareness Weeks are organised periodically to promote awareness on security issues among all stake holders. An integrated CCTV cum Electronic Intrusion Detection system is under implementation to further strengthen electronic surveillance of the Refinery.

VIGILANCE FUNCTION

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

In compliance with CVC instruction, your company has implemented a complaint handling policy in which all complaints received from various sources can get recorded and can be examined by vigilance. Further, in line with CVC instructions, your Company has achieved high compliance level with regard to e-procurement, e-tender and e-payment.

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

Whistle Blower Policy for Directors & Employees

The Whistle Blower Policy is formulated to provide a vigil mechanism for Directors and Employees to raise genuine concerns about unethical behaviour, actual or suspected fraud. The Policy provides necessary safeguards for protection of Directors and Employees who avail the vigil mechanism from reprisals or victimization, for whistle blowing in good faith and to provide opportunity to Directors and Employees for direct

access to the Chairperson of the Audit Committee in exceptional cases. The policy is available on the Company's website. During the year, no complaints were received under Whistle Blower Policy.

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

Information required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo are furnished in **Annexure 'C'** which forms part of this Report.

MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

MRPL, being a Government Company, is exempted from the provisions of Section 197 (12) of the Companies Act, 2013 and relevant Rules in view of the Notification dated 05/06/2015 issued by Ministry of Corporate Affairs (MCA).

The functional directors of the Company are appointed by the administrative Ministry i.e. MoP&NG within the terms & conditions as per DPE guidelines.

EXTRACT OF ANNUAL RETURN

Information required to be disclosed pursuant to Section 134(3)(a) of the Companies Act, 2013 with respect to the details forming part of the extract of the Annual Return in form MGT-9 are furnished in **Annexure 'D'** which forms part of this Report.

UNIFORM LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI) on 02/09/2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations, 2015) with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said Regulations were effective December 1, 2015. The Company entered into Uniform Listing Agreement with BSE Limited and National Stock Exchange of India Limited during December, 2015.

RELATED PARTY TRANSACTIONS & PARTICULARS OF CONTRACTS / ARRANGEMENTS WITH RELATED PARTY

All transactions entered with related parties during the financial year 2015-16 were on arm's length basis and in ordinary course of business. Further, there were no material related party transactions during the year with the Promoters, Directors or Key Managerial Personnel. The Company has adopted a Related Party policy and procedure, which is available at company's website.

The particulars of every contract or arrangements entered into by the Company with Related Parties referred in Section 188(1) of the Companies Act, 2013, in the prescribed Form No. AOC - 2 attached as **Annexure 'E'**. MCA vide Notification dated 05/06/2015, has exempted the applicability of Section 188 (1) of the Companies Act, 2013 for a transaction entered into between two Government Companies.

DIRECTORS & DIRECTORS' RESPONSIBILITY STATEMENT

Policy on Directors' Appointment

MRPL being a Government Company, the provisions of Section 134(3) (e) of the Companies Act, 2013 shall not apply in view of the MCA notification dated 05/06/2015.

Changes in the Board of Directors and Key Managerial Personnel during the financial year 2015-16.

Shri M. Venkatesh assumed the office of Director (Refinery) on 1st April, 2015 and elected as a Director in the 27th Annual General Meeting held on 08/08/2015. Shri Nalin Kumar Srivastava, Deputy Secretary, MoP&NG was appointed as Additional Director with effect from 5th March, 2015 and elected as a Director in the 27th Annual General Meeting held on 08/08/2015. Shri Nalin Kumar Srivastava, ceased to be a Director w.e.f 3rd March 2016 consequent upon withdrawal of his nomination by MoP&NG. Smt. Perin Devi, Director of MoP&NG was appointed as additional Director with effect from 14th May, 2015 and elected as a Director in the 27th Annual General Meeting held on 08/08/2015. Shri A. K. Sahoo, assumed the office of Director (Finance) with effect from 1st February, 2016. He vacates his office as Additional Director in this AGM and being eligible offers himself for appointment as Director (Finance) in the 28th Annual General Meeting. Shri Diwakar Nath Misra, Director (GP) of MoP&NG was appointed as Additional Director with effect from 9th March, 2016, vacates his office as Additional Director in this AGM and being eligible offers himself for appointment as Director in the 28th Annual General Meeting. Shri Vishnu Agrawal, ceased to be a Director consequent upon his superannuation from the services of MRPL on 31st January, 2016. The Board places on record its appreciation for the valuable services rendered by the outgoing Directors during their respective tenure.

Independent Directors on the Board of Directors of the Company are yet to be nominated by the Ministry of Petroleum and Natural Gas (MoP&NG). The matter is regularly followed with the Ministry.

FORMAL ANNUAL EVALUATION

MRPL being a Government Company, the provisions of Section 134(3) (p) of the Companies Act, 2013 shall not apply in view of the MCA notification dated 05/06/2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134 of the Companies Act, 2013, the Board of Directors of your Company has made the following statement for FY 2015-16:

- In the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- 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;

- d) The Directors have prepared the Annual Accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

NUMBER OF BOARD MEETINGS

The Board of Directors of your Company had seven (7) Meetings during the FY 2015-16. The maximum interval between any two meetings did not exceed 120 days as prescribed in the Companies Act, 2013. Details of the Board Meetings held, have been furnished in the Corporate Governance Report which forms part of this Report.

AUDIT COMMITTEE

The Audit Committee has been constituted as per the terms of reference, prescribed under Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, Regulation 18 of SEBI Listing Regulation, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprise issued by Department of Public Enterprise, Government of India. There have been no instances where the recommendations of the Audit Committee were not accepted by the Board of Directors. The details of Audit Committee are disclosed in the Corporate Governance Report which forms part of this Report. MRPL being a Central Public Sector Enterprise (CPSE), Directors on the Board of the company are appointed by the Administrative Ministry i.e. Ministry of Petroleum and Natural Gas (MoP&NG), Government of India.

Due to non-availability of Independent Directors, the Audit Committee is not constituted as per the provisions of the Companies Act, 2013 & SEBI Listing Regulation, 2015.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations, 2015 and DPE guidelines on Corporate Governance for CPSE, your Company has constituted a Nomination and Remuneration Committee. The details on the Nomination and Remuneration Committee are disclosed in Corporate Governance Report which forms part of this report.

MRPL is a 'Schedule A' category-1 Miniratna Central Public Sector Enterprise (CPSE). The appointment, terms, conditions and remuneration of Managing Director and Functional Directors (Whole-time Directors) are fixed by the Department of Public Enterprises (DPE), Govt. of India. MRPL being a Central Public Sector Enterprise (CPSE), Directors on the Board of the company are appointed by the Administrative Ministry i.e. Ministry of Petroleum and Natural Gas (MoP&NG), Government of India.

Due to non-availability of Independent Directors, the Nomination and Remuneration Committee is not constituted as per the provisions of the Companies Act, 2013 & SEBI Listing Regulation, 2015.

RISK MANAGEMENT POLICY

Your Company has a well-defined policy framework for Enterprise Risk Management formulated by Deloitte. Risk Managers are continuously monitoring the Risks pertaining to their area. Risk Management Committee was reconstituted consisting of majority of Directors pursuant to Regulation 21 of SEBI Listing Regulation, 2015 which monitors and evaluates the risk overview document once in quarter and recommends the same to the Audit Committee for evaluation. The Risk Management Committee's overview document is duly reviewed by the Audit Committee and placed before the Board on quarterly basis.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

There are no significant and material orders passed by the Regulators / Courts / Tribunals that would impact the going concern status of the Company and its future operations.

CORPORATE GOVERNANCE

The Companies Act, 2013 and SEBI Listing Regulations, 2015 have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the Companies Act, 2013 and SEBI Listing Regulations, 2015 and has complied with all the mandatory provisions of the Companies Act, 2013 and Rules made thereunder and SEBI Listing Regulation, 2015 relating to the Corporate Governance requirements and mandatory guidelines on Corporate Governance for CPSEs issued by DPE, Government of India, except for the presence of requisite number of Independent Directors on the Board and Board Committees. The Corporate Governance Report for the FY 2015-16 forms part of this Report.

Pursuant to Schedule V of the SEBI Listing Regulations, 2015, the Auditors' certificate on compliance of conditions of Corporate Governance also forms part of the Annual report. The Auditors have made observations on the appointment of Independent Directors on the Board of the Company. The Company is pursuing with the Ministry of Petroleum & Natural Gas (MOP&NG) for the appointment of requisite number of Independent Directors.

Pursuant to requirements of the Companies Act, 2013 and SEBI Listing Regulations, 2015, following policies/codes have been formulated and uploaded on the Company's website at www.mrpl.co.in :

- a) Code of Conduct for Board Members and Senior Management Personnel,
- b) Whistle Blower Policy,
- c) Related Party Transactions – Policy and Procedures,
- d) CSR & SD Policy,
- e) Material Subsidiary Policy,
- f) The Code of Internal Procedures and Conduct for prohibition of Insider Trading in Dealing with the securities of MRPL,

- g) Policy on Materiality for disclosure of events to the Stock Exchanges,
- h) Policy on preservation of Documents,
- i) Training Policy for Board of Directors.

BUSINESS RESPONSIBILITY REPORT

SEBI Listing Regulations, 2015 mandated inclusion of Business Responsibility Report (BRR) as part of the Annual Report for top 500 listed entities based on market capitalization. In compliance with the Regulation, BRR forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Regulation 34 of the SEBI Listing Regulations, 2015 the Management's Discussion and Analysis Report (MDA) for the FY 2015-16 forms part of this Report.

INTERNAL FINANCIAL CONTROL

Your Company has a well established Internal Financial Control System to ensure an adequate and effective internal control environment that provides assurance on efficiency of conducting 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 accounting records and the timely preparation of reliable Financial information. The Company has appointed an external firm of Chartered Accountants, M/s K.Verghese & Co., as Internal Auditors for the FY 2015-16 and 2016-17, which is assisted by the Company's Internal Audit Department. The reports of the Internal Auditors are reviewed by the Audit Committee and the corrective actions on their advice/suggestions, wherever required, are taken. The internal financial control is based on quarterly and annual gap analysis on which the CEO/CFO certifies the Audit Committee as well Board for approving financial statements.

AUDITORS

Joint Statutory Auditors

M/s Shreedhar, Suresh & Rajagopalan, Chennai and M/s A Raghavendra Rao and Associates, Mangalore were the Joint Statutory Auditors of the Company for the FY 2015-16. They have audited the Financial Statements for the Financial Year ended 2015-16 and submitted their report which forms part of this report. There is no qualification in the Auditors Report on the Financial Statements of the company. Notes to the Accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

Secretarial Auditors

Your Company has engaged M/s Ullas Kumar Melinamogaru & Associates, Practicing Company Secretaries, Mangalore for conducting Annual Secretarial Audit for the year 2015-16 pursuant to Section 204 of the Companies Act, 2013. M/s Ullas Kumar Melinamogaru & Associates Practicing Company Secretaries, Mangalore have issued Secretarial Audit Report for the year 2015-16 which forms part of this report as **Annexure "F"**. The Auditors have made observations on the appointment of Independent Directors on the Board of the

Company and overtime working hours as per the provisions of the Factories Act, 1948. The Company is pursuing with the Ministry of Petroleum & Natural Gas (MoP&NG), Govt. of India, for the appointment of requisite number of Independent Directors. As regards the observations on working hours, the same has been taken up with the Department of Public Enterprises by the Industry Group.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost accounts maintained by the company for the FY 2015 -16 are being audited by Cost Auditors M/s. Bandyopadhyaya Bhaumik & Co., Kolkata. M/s. Bandyopadhyaya Bhaumik & Co., Kolkata have been re-appointed as Cost Auditor for FY 2016-17.

COMMENTS OF C&AG ON THE JOINT STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED AND STANDALONE FINANCIAL STATEMENTS FOR THE FY 2015-16

The Comments of Comptroller & Auditor General of India (C&AG) forms part of this report and are attached as **"Annexure-G"**. You would be pleased to know that your company has received NIL comments from C&AG for the year 2015-16.

ACKNOWLEDGEMENT

Your Directors wish to thank the shareholders for the continued confidence reposed on their Company. Your Directors sincerely thank the Government of India (GoI), Ministry of Petroleum and Natural Gas (MoP&NG), Ministry of Finance (MoF), Ministry of Corporate Affairs (MCA), Department of Public Enterprises (DPE), Ministry of Environment and Forest (MoEF), Ministry of External Affairs (MEA), Ministry of Shipping (MoS), Ministry of Home Affairs (MHA), other Ministries and Departments of the Central Government and the Government of Karnataka, for their valuable support, guidance and continued co-operation.

Your Directors gratefully acknowledge support and direction provided by the parent company, Oil and Natural Gas Corporation Limited (ONGC) and the support of Hindustan Petroleum Corporation Limited (HPCL), as Promoters of the company. Your Directors acknowledge the continuing co-operation and support received from New Mangalore Port Trust, Financial Institutions, Banks and all other stakeholder. Your Directors recognize the patronage extended by the valued customers for the products of the Company and promise to provide them the best satisfaction. Your Directors wish to place on record their sincere appreciation of the sustained and dedicated efforts put in by all the employees collectively and concertedly as a Team known as "Team MRPL".

For and on behalf of the Board

Sd/-
(Dinesh Kumar Sarraf)
Chairman
(DIN:00147870)

Place: New Delhi
Date: 03/08/2016

Mangalore Refinery and Petrochemicals Limited

ANNEXURE 'A'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2015-16

[Pursuant to Section 134 (3)(o) of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules 2014]

1. A brief outline of the company's CSR & SD policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs.

Mangalore Refinery & Petrochemicals Limited (MRPL) is a Schedule "A" Mini Ratna PSU, a subsidiary of ONGC is delivering outstanding performance in Indian hydrocarbon downstream sector, year after year. Right from the inception, MRPL has been undertaking CSR activities under the name "Samrakshan".

CSR Policy of MRPL has been drafted in line with Section 135 & Schedule VII of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by Ministry of Corporate Affairs and guidelines on Corporate Social Responsibility & Sustainability, issued by Department of Public Enterprises. The Policy is available on the Company's website at www.mrpl.co.in.

Overview of the projects & programs undertaken by the Company during 2015-16 is enclosed with this report.

2. The composition of CSR & SD Committee

MEMBERS OF CSR COMMITTEE

Smt. Perin Devi, Director	Chairperson
Shri. B.K.Namdeo, Director	Member
Shri. H.Kumar, Managing Director	Member

Shri. M.Venkatesh, Director (Refinery)	Member
Shri. A.K.Sahoo, Director (Finance)	Member

3. Financial Details:

Particulars	₹ in Crores
Average Net Profit of the Company for the last three financial years	Nil
Amount to be spent on account of CSR expenditure carried forward from FY 2014-15	4.04
Total Amount to be spent for the financial year	4.04
Amount Spent	4.11
Amount Unspent	Nil

4. Manner in which the amount spent during the financial year

As per Annexure.

5. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.

CSR activities of the Company are in line with the CSR & SD Policy of the Company and confirm with the provisions of the Companies Act, 2013 and DPE Guidelines.

Sd/-

Shri H Kumar
(Managing Director)
DIN: 06851988

Sd/-

Smt. Perin Devi
(Chairman CSR & SD Committee)
DIN: 07145051

APPENDED

1	2	3	4	5	6	7	8
Sl.No	CSR project / activity identified	Sector in which the project is covered	Projects / Programs 1. Local area / others 2. Specify the state district where the program was undertaken	Amount Outlay (budget) project / program wise (₹ In lakhs)	Amount spent on the project / preprogram subheads : 1. Direct expenditure on project 2. Overheads (₹ In lakhs)	Cumulative expenditure upto the reporting period (₹ in lakhs) - As on 31/03/2016	Amount spent : Direct / through implementing agency (₹ In lakhs)
1	Employment enhancing vocational skills : Conducting training programs to poor & unemployed youth & women	Promoting education	1. Local area 2. D.K District, Karnataka State	11.29	Same as (5). Direct expenditure, no overheads	11.29	Direct
2.a.1	Construction of 3rd & 4th Floor of Bharatiya Vidya Bhavan, Bangalore	Promoting education	1. Local area 2. D.K District, Karnataka State	4.45	-do-	4.45	Direct

1	2	3	4	5	6	7	8
Sl.No	CSR project / activity identified	Sector in which the project is covered	Projects / Programs 1. Local area / others 2. Specify the state district where the program was undertaken	Amount Outlay (budget) project / program wise (₹ In lakhs)	Amount spent on the project / preprogram subheads : 1. Direct expenditure on project 2. Overheads (₹ In lakhs)	Cumulative expenditure upto the reporting period (₹ in lakhs) - As on 31/03/2016	Amount spent : Direct / through implementing agency (₹ In lakhs)
2.a.2	Construction of class rooms for University Govt College, Mangalore	-do-	-do-	14.99	-do-	14.99	Direct
2.a.3	Office Bldg & Community Bldg for Bala Grama Panchayath	Community development	-do-	0.50	-do-	0.50	Direct
2.b.1	Mid Day Meals at a School in Padubidri	Promoting education	-do-	2.84	-do-	2.84	Direct
2.b.2	Artificial Limb Camp	Promoting health care	Beneficiaries are from Karnataka & Kerala State	2.64	-do-	2.64	Direct
2.b.3	School Uniform & Books to Kalavar School	Promoting education	-do-	0.54	-do-	0.54	Direct
2.b.4	Running a free PHC at Chellairu Rehab Colony of MRPL	Promoting health care	-do-	0.00	-do-	4.17	Direct
2.b.5	Painting DG Shed, Kitchen repair at Samudaya Bhavan, MRPL Rehab Colony	Community development	-do-	10.00	-do-	10.00	Direct
3	Funding of construction of one wing of Govt Ladygoshen Hospital Mangalore	Promoting health care	-do-	189.18	-do-	191.93	Direct
4.1	Construction of toilets in Govt schools as per Swacch Vidyalaya Abhiyan, as per directive of MoP & NG	Promoting sanitation	1. Local area 2. other neighbouring districts	153.62	-do-	153.62	Direct
4.2	Financial assistance for Swachh Mangaluru Abhiyaan by Ramakrishna Mission	Promoting sanitation	1. D.K, Udupi & Chikmagaluru District, Karnataka State D.K. District	14.00	-do-	14.00	Direct
	Total			404.05		410.97	

Difference of Rs. 6.92 lacs between the Amount outlay and expenditure is due to the revision in project outlay.

FORM AOC-1

ANNEXURE 'B'

Statement containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures as on 31.03.2016

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Subsidiary (₹ in million)

Sl. No.	Name of the subsidiary (Indian Company)	Reporting period for the subsidiary	As at 31.03.2016					For the year 2015-16 (from 1st April 2015 to 31st March 2016)						
			Reporting currency and Exchange rate	Share capital	Reserves & surplus	Total assets	Total Liabilities	Details of Investment *	Turn-over	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed Dividend	% of share-holding
1	ONGC Mangalore Petrochemicals Limited	01.04.15 to 31.03.16	INR	18,776.26	(14,074.13)	76,602.70	71,900.57	4.80	41,875.74	(8,753.52)	-	(8,753.52)	-	51.00%

* 480,000 Equity Shares of ₹ 10 each of Mangalore SEZ Ltd.

- Names of subsidiary which are yet to commence operations: Nil
- Names of subsidiary which have been liquidated during the year 2015-16: Nil
- The company has acquired 51.0017% Equity Shares of ONGC Mangalore Petrochemicals Ltd (OMPL) during the previous year 2014-15 and consequentially OMPL has become subsidiary company effective 28th February 2015.

Part "B": Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (₹ in million)

Sl. No.	Name of the Joint Venture (Indian Company)	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end		Description of how there is significant influence	Reason why Associate & JV not consolidated	Networth attributable to Share-holding per latest audited Balance Sheet	Profit / (Loss) for the year attributable to Share-holding	Considered in Consolidation	Not Considered in Consolidation
			No.	Extend of Holding %						
1	Shell MRPL Aviation Fuels & Services Limited	31.03.2016	1,50,00,000	50.00%	Share holding 50%	NA	366.96	19.11	yes	NA
2	Mangalam Retail Services Limited	31.03.2016	49,960	49.98%	Share holding 49.98%	NA	0.59	0.02	yes	NA

1. Names of joint ventures which are yet to commence operations

Mangalam Retail Services Limited Joint Venture

2. Names of joint ventures which have been liquidated or sold during the year 2015-16: Nil

As per our report of even date attached

For A.RAGHAVENDRA RAO & ASSOCIATES

Chartered Accountants

Firm Registration No. : 0033245

Sd/- CA.GOPALAKRISHNA BHAT T.M

Partner

Membership No. 019798

For SREEDHAR, SURESH & RAJAGOPALAN

Chartered Accountants

Firm Registration No. : 0039575

Sd/- CA.K SREEDHAR

Partner

Membership No. 024314

For and on behalf of the Board

Sd/-

H KUMAR

Managing Director

DIN:06851988

Sd/-

A K SAHOO

Director (Finance)

DIN:07355933

Sd/-

DINESH MISHRA

Company Secretary

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy

The company continued its emphasis on energy conservation through Process Optimization, Continuous monitoring and Implementation of several Energy Conservation modifications.

Major Energy Conservation measures taken during the year:

- Compressed Air and Nitrogen Leak Survey and rectification,
- Reduction of Slop Generation in DCU by routing Blow down overhead to HCGO Tank,
- Recovery of Flash Steam from Phase-3 SRU,
- Condensate Recovery from Fuel Oil Tanks ,
- Recovery of MP Steam in CHT Unit,
- Impeller Trimming of CPP-3 MP BFW Pump.

The measures as taken above resulted in Energy consumption reduction by approximately 3046 SRFT/Year, equivalent to a net saving of approximately ₹ 5.31 Crores/year, with an investment of approximately ₹ 0.09 Crores. Fuel & Loss in the Refinery for the year 2015-16 was 10.06% on Net Crude whereas it was 10.09% in 2014-15. The Refinery achieved the Highest Crude processed with Energy Intensity index of 111 for the year 2015-16.

(ii) Steps taken by the company for utilizing alternative source of energy

As per the requirement of Ministry of Power, Government of India and the Karnataka State Electricity Regulatory Commission on power generation through renewable sources, the Company has initiated steps for setting up of grid interactive PV solar power plant for a cumulative capacity of 10 MWp inside the refinery premises at an estimated cost of ₹ 74 Crore.

(iii) The capital investment on energy conservation equipment

₹ 0.09 Crores

B. TECHNOLOGY ABSORPTION

i) Efforts in brief, made towards technology absorption

- During the FY 2015-16, the Company has successfully commissioned the Polypropylene (PP) unit with an installed capacity of 440 TMT per year. The technology supplier was M/s Novolene. This is a gas based polymerization reactor enabling production of on grade polypropylene on a consistent basis. The aspects of stabilising and steady operations of a Gas phase

Polymerization reactor has been successfully captured by MRPL including the necessary skills in producing multiple grades of Polypropylene pellets. Now efforts are on to develop unique additives and catalyst and produce tailor made products to meet the customer expectations / requirements.

- The Company has successfully stabilised the Spent caustic treatment plant, "Wet Air Oxidation (WAO) Plant" in association with M/s EIL. The WAO plant has been designed and constructed by M/s EIL and the Company has made some changes in the treatment process with respect to process routing as well as developing NANO catalyst to enable significant destruction of phenols, thereby achieving technology absorption.

ii) Benefits derived like product improvement, cost reduction, product development, import substitution, etc.

Refinery throughput sustained at 15.691 MMTPA while meeting Clean Fuel specifications, which required higher complexity operations.

iii) In case of imported technology (imported during last 3 years reckoned from the beginning of the financial year) -

- The details of technology imported GOHDS unit capacity revamp, HCU-1 & HCU-2 revamp to once-through mode, HCU-3 and DHDT Commissioning in 2013, PFCC, CHT & DCU Commissioning in 2014 and PPU Commissioning in 2015.
- Year of import
2013-14, 2014-2015, 2015-16
- Whether the technology been fully absorbed?
Yes.
- If not fully absorbed, areas where absorption has not taken place and the reasons thereof.
Not applicable.

iv) Expenditure incurred on Research and Development

Revenue: ₹ 0.55 Crores

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Crores)

	FY 2015- 16	FY 2014- 15
Foreign Exchange Earnings – (FOB value of exports)	8,746	19,508
Foreign Exchange Outgo	31,201	49,131

Mangalore Refinery and Petrochemicals Limited

ANNEXURE "D"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2016

[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 : L85110KA1988GOI008959
- ii) Registration Date : 07/03/1988
- iii) Name of the Company : Mangalore Refinery and Petrochemicals Limited
- iv) Category / Sub-Category of the Company : Schedule "A" Mini Ratna Category-1 PSU
- v) Address of the Registered office and contact details : Mudapadav, P.O., Kuthethoor, Via- Katipalla, Mangalore-575 030
Tel.: 0824-2270400
- vi) Whether listed company : Yes
- viii) Name, Address and Contact details of Registrar and Transfer Agent, if any : M/s. Link Intime India Pvt. Ltd,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai- 400 078
Tel.: 022-25963838 / 25946970
Fax No.: 022-25946969
E-mail: mrplirc@linkintime.co.in
Website: www.linkintime.co.in

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. *National Product Classification for Manufacturing Sector (NPCMS)	% to total turnover of the company
1.	Refinery	192 – Manufacturing of Refined Petroleum Products	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE / JOINT VENTURE COMPANIES :

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of equity shares held	Applicable Section of the Companies Act, 2013
1	Oil and Natural Gas Corporation Limited	L74899DL1993GOI054155	Holding	71.63	2(46)
2	ONGC Mangalore Petrochemicals Limited (OMPL)	U40107KA2006PLC041258	Subsidiary	51.00	2(87)
3	Shell MRPL Aviation Fuels and Services Limited (SMAFSL)	U51909KA2008PLC045558	Jt. Venture/ Associates	50.00	2(6)
4	Mangalam Retail Services Limited (MRSL)	U51909TN2006PLC059710	Jt. Venture/ Associates	49.98	2(6)
5	Mangalore SEZ Limited	U45209KA2006PLC038590	Associate	NIL	2(6)
6	Petronet MHB Limited	U85110KA1998PLC024020	Associate	NIL	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) as on 31/03/2016:

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	0	0	0	0.000	0	0	0	0.000	0.000
b) Central Govt. or State Govt.	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corporates	1552507615	0	1552507615	88.583	1552507615	0	1552507615	88.583	0.000
d) Bank/Fl	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other	0	0	0	0.000	0	0	0	0.000	0.000
SUB TOTAL:(A) (1)	1552507615	0	1552507615	88.583	1552507615	0	1552507615	88.583	0.000
(2) Foreign									
a) NRI- Individuals	0	0	0	0.000	0	0	0	0.000	0.000
b) Other Individuals	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corp.	0	0	0	0.000	0	0	0	0.000	0.000
d) Banks/Fl	0	0	0	0.000	0	0	0	0.000	0.000
e) Any other...	0	0	0	0.000	0	0	0	0.000	0.000
SUB TOTAL (A) (2)	0	0	0	0.000	0	0	0	0.000	0.000
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	1552507615	0	1552507615	88.583	1552507615	0	1552507615	88.583	0.000
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	21025356	145358	21170714	1.208	24931625	143458	25075083	1.431	0.223
b) Banks/Fl	40209896	46950	40256846	2.297	33173432	49650	33223082	1.896	-0.401
c) Central govt.	0	0	0	0.000	0	0	0	0.000	0.000
d) State Govt.	2700	0	2700	0.000	2700	0	2700	0.000	0.000
e) Venture Capital Fund	0	0	0	0.000	0	0	0	0.000	0.000
f) Insurance Companies	448453	0	448453	0.026	239505	0	239505	0.014	-0.012
g) FIIS	12866845	100	12866945	0.734	13413504	100	13413604	0.765	0.031
h) Foreign Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
i) Unit Trust of India	0	0	0	0.000	0	0	0	0.000	0.000
SUB TOTAL (B)(1):	74553250	192408	74745658	4.265	71760766	193208	71953974	4.106	-0.159
(2) Non Institutions									
a) Bodies corporates									
i) Indian	14162898	129452	14292350	0.816	15217806	128452	15346258	0.876	0.060
ii) Overseas	0	0	0	0.000	0	0	0	0.000	0.000
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	62036010	35504705	97540715	5.565	60830964	34646280	95477244	5.448	-0.118
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	5635130	80000	5715130	0.326	7794977	80000	7874977	0.449	0.123

Mangalore Refinery and Petrochemicals Limited

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	
c) Others (specify)									
Non Resident Indians (Repat)	1799457	5283450	7082907	0.404	1825800	5157450	6983250	0.398	-0.006
Non Resident Indians (Non Repat)	652560	200	652760	0.037	683951	200	684151	0.039	0.002
Foreign Nationals	1900	0	1900	0.000	1900	0	1900	0.000	0.000
Foreign Portfolio Investor (Corporate)	30717	0	30717	0.002				0.000	-0.002
Hindu Undivided Family	0	100	100	0.000	1749183	100	1749283	0.100	0.100
Directors / Relatives	8500	0	8500	0.001	500	0	500	0.000	0.000
Trust	19300	1125	20425	0.001	18500	1125	19625	0.001	0.000
SUB TOTAL (B)(2):	84346472	40999032	125345504	7.152	88123581	40013607	128137188	7.311	0.159
Total Public Shareholding (B)= (B)(1)+(B)(2)	158899722	41191440	200091162	11.417	159884347	40206815	200091162	11.417	0.000
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	1711407337	41191440	1752598777	100.00	1712391962	40206815	1752598777	100.00	0.000

ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during 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	
1	OIL AND NATURAL GAS CORPORATION LIMITED	1255354097	71.628	NIL	1255354097	71.628	0.00	0.00
2	HINDUSTAN PETROLEUM CORPORATION LIMITED	297153518	16.955	NIL	297153518	16.955	0.00	0.00
		1552507615	88.583		1552507615	88.583	0.00	

(iii) Change in Promoters' Shareholding

Sl. No		Shareholding at the beginning of the year		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	1552507615	88.583	1552507615	88.583
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NA	NIL	NA
	At the End of the year	1552507615	88.583	1552507615	88.583

No change in promoter holding during 2015-16

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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Life Insurance Corporation Of India					
	At the beginning of the year	39718187	2.266	39718187	2.266	
	17/04/2015 (Market Sell)	-519811	-0.030	39198376	2.237	
	24/04/2015 (Market Sell)	-1381074	-0.079	37817302	2.158	
	01/05/2015 (Market Sell)	-466777	-0.027	37350525	2.131	
	08/05/2015 (Market Sell)	-733966	-0.042	36616559	2.089	
	15/05/2015 (Market Sell)	-44040	-0.003	36572519	2.087	
	29/05/2015 (Market Sell)	-5000	-0.000	36567519	2.087	
	19/06/2015 (Market Sell)	-225500	-0.013	36342019	2.074	
	26/06/2015 (Market Sell)	-271257	-0.015	36070762	2.058	
	03/07/2015 (Market Sell)	-287863	-0.016	35782899	2.042	
	10/07/2015 (Market Sell)	-529663	-0.030	35253236	2.012	
	17/07/2015 (Market Sell)	-700000	-0.040	34553236	1.972	
	24/07/2015 (Market Sell)	-761880	-0.043	33791356	1.928	
	07/08/2015 (Market Sell)	-817508	-0.047	32973848	1.881	
14/08/2015 (Market Sell)	-356500	-0.020	32617348	1.861		
	At the end of the year			32617348	1.861	
2	Birla Sun Life Trustee Company Private Limited AC Birla Sun Life Balanced 95 Fund					
	At the beginning of the year	932017	0.053	932017	0.053	
	19/06/2015 (Market Purchase)	270000	0.015	1202017	0.069	
	26/06/2015 (Market Purchase)	400000	0.023	1602017	0.091	
	30/06/2015 (Market Purchase)	35000	0.002	1637017	0.093	
	10/07/2015 (Market Sell)	-420000	-0.024	1217017	0.069	
	17/07/2015 (Market Sell)	-365565	-0.021	851452	0.049	
	24/07/2015 (Market Purchase)	91000	0.005	942452	0.054	
	31/07/2015 (Market Sell)	-241000	-0.014	701452	0.04	
	14/08/2015 (Market Sell)	-360452	-0.021	341000	0.019	
	06/11/2015 (Market Purchase)	1312237	0.075	1653237	0.094	
	13/11/2015 (Market Purchase)	334600	0.019	1987837	0.113	
	20/11/2015 (Market Purchase)	651000	0.037	2638837	0.151	
	27/11/2015 (Market Purchase)	50000	0.003	2688837	0.153	
	04/12/2015 (Market Purchase)	2810000	0.160	5498837	0.314	
	11/12/2015 (Market Purchase)	776965	0.044	6275802	0.358	
	18/12/2015 (Market Purchase)	49535	0.003	6325337	0.361	
	25/12/2015 (Market Purchase)	427000	0.024	6752337	0.385	
	31/12/2015 (Market Purchase)	140000	0.008	6892337	0.393	
	08/01/2016 (Market Purchase)	244600	0.014	7136937	0.407	
	12/02/2016 (Market Purchase)	230000	0.013	7366937	0.420	
	19/02/2016 (Market Purchase)	23000	0.001	7389937	0.422	
	04/03/2016 (Market Purchase)	150000	0.009	7539937	0.430	
	25/03/2016 (Market Purchase)	300000	0.017	7839937	0.447	
	31/03/2016 (Market Purchase)	210117	0.012	8050054	0.459	
		At the end of the year			8050054	0.459
	3	Reliance Capital Trustee Co. Ltd-A/C Reliance Capital Builder Fund 2 Sr B				
		At the beginning of the year	5726887	0.327	5726887	0.327
		10/04/2015 (Market Purchase)	739585	0.042	6466472	0.369
		17/04/2015 (Market Purchase)	228000	0.013	6694472	0.382
		24/04/2015 (Market Purchase)	1217078	0.069	7911550	0.451

Mangalore Refinery and Petrochemicals Limited

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	08/05/2015 (Market Purchase)	74324	0.004	7985874	0.456
	29/05/2015 (Market Sell)	-2606094	-0.149	5379780	0.307
	At the end of the year			5379780	0.307
4	Vanguard Emerging Markets Stock Index Fund, Aseries Of Vanguard International Equity Inde X Fund				
	At the beginning of the year	3711949	0.212	3711949	0.212
	25/12/2015 (Market Sell)	-17622	-0.001	3694327	0.211
	15/01/2016 (Market Sell)	-48902	-0.003	3645425	0.208
	22/01/2016 (Market Sell)	-23424	-0.001	3622001	0.207
	12/02/2016 (Market Sell)	-39200	-0.002	3582801	0.204
	11/03/2016 (Market Purchase)	25000	0.001	3607801	0.206
	At the end of the year			3607801	0.206
5	HDFC Standard Life Insurance Company Limited				
	At the beginning of the year	6842847	0.390	6842847	0.390
	17/04/2015 (Market Sell)	-30960	-0.002	6811887	0.389
	24/04/2015 (Market Sell)	-267837	-0.015	6544050	0.373
	01/05/2015 (Market Sell)	-41841	-0.002	6502209	0.371
	08/05/2015 (Market Purchase)	70	0.000	6502279	0.371
	15/05/2015 (Market Purchase)	113083	0.006	6615362	0.378
	22/05/2015 (Market Sell)	-1000000	-0.057	5615362	0.320
	29/05/2015 (Market Sell)	-990322	-0.057	4625040	0.264
	12/06/2015 (Market Sell)	-10567	-0.001	4614473	0.263
	19/06/2015 (Market Sell)	-191805	-0.011	4422668	0.252
	30/06/2015 (Market Sell)	-90000	-0.005	4332668	0.247
	03/07/2015 (Market Sell)	-307603	-0.018	4025065	0.230
	31/07/2015 (Market Purchase)	4499	0.000	4029564	0.230
	07/08/2015 (Market Sell)	-29000	-0.002	4000564	0.228
	14/08/2015 (Market Sell)	-211457	-0.012	3789107	0.216
	21/08/2015 (Market Purchase)	10762	0.001	3799869	0.217
	28/08/2015 (Market Purchase)	7291	0.000	3807160	0.217
	18/09/2015 (Market Sell)	-455	-0.000	3806705	0.217
	13/11/2015 (Market Purchase)	12400	0.001	3819105	0.218
	11/12/2015 (Market Purchase)	9950	0.001	3829055	0.219
	26/02/2016 (Market Sell)	-253845	-0.014	3575210	0.204
	At the end of the year			3575210	0.204
6	IDFC Equity Opportunity – Series 1				
	At the beginning of the year	1800000	0.103	1800000	0.103
	24/04/2015 (Market Purchase)	1000000	0.057	2800000	0.160
	29/05/2015 (Market Purchase)	2635900	0.150	5435900	0.310
	05/06/2015 (Market Purchase)	864100	0.049	6300000	0.360
	19/06/2015 (Market Purchase)	146881	0.008	6446881	0.368
	31/07/2015 (Market Sell)	-400000	-0.023	6046881	0.345
	07/08/2015 (Market Sell)	-600000	-0.034	5446881	0.311
	14/08/2015 (Market Sell)	-973500	-0.056	4473381	0.255
	31/12/2015 (Market Purchase)	48762	0.003	4522143	0.258

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	01/01/2016 (Market Purchase)	151850	0.009	4673993	0.267
	08/01/2016 (Market Purchase)	319388	0.018	4993381	0.285
	15/01/2016 (Market Purchase)	45000	0.003	5038381	0.288
	22/01/2016 (Market Purchase)	90382	0.005	5128763	0.293
	25/03/2016 (Market Sell)	-1000000	-0.057	4128763	0.236
	31/03/2016 (Market Sell)	-600000	-0.034	3528763	0.201
	At the end of the year			3528763	0.2013
7	UTI-Mid Cap Fund				
	At the beginning of the year	4132628	0.236	4132628	0.236
	10/04/2015 (Market Sell)	-42909	-0.002	4089719	0.233
	01/05/2015 (Market Sell)	-119875	-0.007	3969844	0.227
	08/05/2015 (Market Sell)	-280308	-0.016	3689536	0.211
	26/06/2015 (Market Purchase)	294013	0.017	3983549	0.227
	30/06/2015 (Market Purchase)	90000	0.005	4073549	0.232
	17/07/2015 (Market Sell)	-90000	-0.005	3983549	0.227
	24/07/2015 (Market Sell)	-90000	-0.005	3893549	0.222
	07/08/2015 (Market Sell)	-90000	-0.005	3803549	0.217
	14/08/2015 (Market Sell)	-292252	-0.017	3511297	0.200
	21/08/2015 (Market Sell)	-90000	-0.005	3421297	0.195
	11/09/2015 (Market Sell)	-200000	-0.011	3221297	0.184
	18/09/2015 (Market Sell)	-200000	-0.011	3021297	0.172
	25/09/2015 (Market Sell)	-200000	-0.011	2821297	0.161
	30/09/2015 (Market Sell)	-100000	-0.006	2721297	0.155
	09/10/2015 (Market Sell)	-390000	-0.022	2331297	0.133
	11/12/2015 (Market Sell)	-200000	-0.011	2131297	0.122
	11/03/2016 (Market Sell)	-80000	-0.005	2051297	0.117
	At the end of the year			2051297	0.117
8	Vanguard Total International Stock Index Fund				
	At the beginning of the year	1356433	0.077	1356433	0.077
	17/04/2015 (Market Purchase)	135673	0.008	1492106	0.085
	24/07/2015 (Market Purchase)	401551	0.023	1893657	0.108
	31/03/2016 (Market Purchase)	21179	0.001	1914836	0.109
	At the end of the year			1914836	0.109
9	The Emerging Markets Small Cap Series of The DFA Investment Trust Company				
	At the beginning of the year	1523642	0.087	1523642	0.087
	10/04/2015 (Market Purchase)	15572	0.001	1539214	0.088
	17/04/2015 (Market Purchase)	32433	0.002	1571647	0.090
	24/04/2015 (Market Purchase)	61886	0.004	1633533	0.093
	01/05/2015 (Market Purchase)	28715	0.002	1662248	0.095
	08/05/2015 (Market Purchase)	62194	0.004	1724442	0.098
	15/05/2015 (Market Purchase)	52466	0.003	1776908	0.101
	At the end of the year			1776908	0.101
10	Emerging Markets Core Equity Portfolio (The Portfolio) Of DFA Investment Dimensions Group Inc. (DFAIDG)				

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Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		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	1517638	0.087	1517638	0.087
	17/07/2015 (Market Purchase)	49601	0.003	1567239	0.090
	31/07/2015 (Market Purchase)	5246	0.000	1572485	0.089
	07/08/2015 (Market Purchase)	25441	0.001	1597926	0.091
	16/10/2015 (Market Purchase)	20803	0.001	1618729	0.092
	18/12/2015 (Market Sell)	-35085	-0.002	1583644	0.090
	At the end of the year			1583644	0.090

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri D. K. Sarraf, Chairman				
	At the beginning of the year	100	0.00	100	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			100	0.00
2	Shri H. Kumar, Managing Director				
	At the beginning of the year	200	0.00	200	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			200	0.00
3	Shri M. Venkatesh, Director (Refinery)				
	At the beginning of the year	0	0.00	0	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			0	0.00
4	Shri A. K. Sahoo, Director (Finance)				
	At the beginning of the year	0	0.00	0	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			0	0.00
5	Shri B. K. Namdeo, Director				
	At the beginning of the year	200	0.00	200	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			200	0.00
6	Smt Perin Devi, Director				
	At the beginning of the year	0	0.00	0	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			0	0.00
7	Shri Diwakar Nath Misra, Director				
	At the beginning of the year	0	0.00	0	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			0	0.00
8	Shri Dinesh Mishra, Company Secretary				
	At the beginning of the year	0	0.00	0	0.00
	No transaction / transfer/bonus/sweat equity etc	0	0	0	0
	At the end of the year			0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Treasury Updates with respect to ONGC, OADB and ECB) (₹ in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4062.82	4958.77	-	9021.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	31.22	-	-	31.22
Total (i+ii+iii)	4094.09	4958.77	-	9052.81
Change in Indebtedness during the financial year				
i) Addition	760.63	-	-	760.63
ii) Reduction	140.64	1541.30	-	1681.94
Net Change	619.99	(1541.30)	-	(921.31)
Indebtedness at the end of the financial year				
i) Principal Amount	4682.82	3417.46	-	8100.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	36.38	-	-	36.38
Total (i+ii+iii)	4719.20	3417.46	-	8136.66

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director & Whole-time Directors:

(₹ in Crores)

Sl. No.	Particulars of Remuneration	Name of MD/WTD				Total Amount
		Shri H. Kumar, MD	Shri M. Venkatesh Director (Refinery)	Shri A. K. Sahoo Director (Finance) (From 01/02/2016 to 31/03/2016)	Shri Vishnu Agrawal Director (Finance) (upto 31/01/2016)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.32	0.24	0.04	0.41	1.01
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.03	0.03	0.00	0.03	0.09
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission - as % of profit	NIL	NIL	NIL	NIL	NIL
	Total	0.35	0.27	0.04	0.44	1.10

Remuneration is well within the overall ceiling as per the Companies Act, 2013.

B. Remuneration to other directors:

The company has not paid any remuneration to Directors, except salaries to whole time directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD & WHOLE TIME DIRECTOR

(₹ in Crores)

Sl. No.	Particulars of Remuneration	Dinesh Mishra (Company Secretary)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.19
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.02
	(c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	NIL
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Others	NIL
	Total	0.21

Mangalore Refinery and Petrochemicals Limited

ANNEXURE 'E'

Form AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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. Detail of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances, if any
1	ONGC Mangalore Petrochemicals Limited- (Subsidiary)*	Transfer of Feed stock from MRPL and return streams from OMPL. Providing facilitation services to OMPL.	Board approved Term sheet.	Transfer of Feed stock from MRPL and return streams from OMPL and providing facilitation services to OMPL at mutually agreed price.	08/02/2014	Nil
2	ONGC*	Crude Oil Sale Agreement	w.e.f from 01/04/2015 to 31/03/2016	Purchase of crude oil from ONGC at the delivery point of the quantity allocated at prices fixed as per price built up formula.	#	Nil
3	ONGC*	Interest on Term Loans	7 years upto 31/12/2021	Long terms loan for Phase-3 & Polypropylene Project. Rate of interest is SBAR minus 385 basis points.	#	Nil
4	Hindustan Petroleum Corporation Limited (HPCL)* -Promoter Company	MOU between ONGC & HPCL for Product Sale-Purchase, Providing Infrastructure services and Co-operation in Energy & Related fields	Ongoing Contract	(1) Product sale-purchase, providing infrastructure services and co-operation in Energy and related fields. Pricing for products (MS/HSD/SKO/ ATF/LPG) shall be in line with PSU OMCs' existing terms as prevailing from time to time, unless otherwise mutually agreed. However, both parties shall endeavor to finalise the pricing mechanism for non motor fuels. (2) HPCL shall offer Road and Rail terminalling services under hospitality arrangements from HPCL's Mangalore, Hassan and Devangunthi Terminals to ONGC for supplies to ROs/ Customers.	#	Nil

	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board/ Audit Committee	Amount paid as advances, if any
5	Shell MRPL Aviation Fuels & Services Ltd.	Jet Fuel Sale Purchase & Infrastructure sharing Agreement	Ongoing Contract	Sale and purchase of Jet fuel in line with the domestic sale to Oil Marketing company in India and sharing of infrastructure at prices fixed as per price built up formula.	#	Nil
6 (a)	Mangalore SEZ Limited	Agreement for Supply of Water and Disposal of Treated Effluents	Ongoing Contract	Development of water infrastructure & treated effluent disposal infrastructure for MRPL in the land acquired by MSEZL, comprising of setting up of water sourcing infrastructure, pipeline conveyance system upto the battery limits of MRPL, storing and distributing water and setting up the necessary infrastructure for disposal of treated effluents.	14/09/2014	Nil
6 (b)	Mangalore SEZ Limited	Setting up Pipeline cum Road Corridor	w.e.f.19/03/2016	MRPL is entitled to utilize the pipe rack/sleepers section of the pipeline-cum-road corridor for the purpose of the operations and also assigned right of way to the extent of "effective space" utilized.	09/03/2016	₹ 90.00 Crore

*Government Companies

Not Applicable

Note: MCA vide its Notification dated 05/06/2015 and Regulation 23 of the SEBI Listing Regulations, 2015 exempts the related party transactions between two Govt. Companies for reporting.

ANNEXURE 'F'

FORM NO.MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mangalore Refinery and Petrochemicals Limited.
Regd. Office: Mudapadav, Post, Kuthethoor
Via Katipalla, Mangalore-575030.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mangalore Refinery and Petrochemicals Limited (here in after called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mangalore Refinery and Petrochemicals Limited ("the Company") for the financial year ended on 31st March, 2016, according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder and External Commercial Borrowings;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi. The Factories Act, 1948; The Contract Labour (Regulation & Abolition) Act, 1970, The Industrial Employment (Standing order) Act, 1946, The Payment of Wages Act, 1936, Industrial Disputes Act, 1947 and The Employees State Insurance Act, 1948.
- vii. Provisions of The Water (Prevention & Control of Pollution) Act, 1974 and The Air (Prevention & Control of Pollution) Act, 1981 and rules made thereunder.
- viii. Provisions of Gas Cylinder Rules, Petroleum Rules and Indian Boiler Regulations and Indian Boiler Act.
- ix. DPE Guidelines on Corporate Governance for CPSE.

During the period under review, provisions of the following Regulations and Guidelines were not applicable to the Company:

- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- The Listing Agreements entered into by the Company with National Stock Exchange of India Ltd and BSE Limited.
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- The Company has not complied with the laws/rules/guidelines with regard to Overtime working hours required under the Factories Act, 1948.

- The Company has not complied with the requisite number of Independent Directors on the Board and Board Sub-committees of the Company pursuant to the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement/SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs and further has not complied with nomination of a Independent Director on the Board of ONGC Mangalore Petrochemicals Limited (OMPL), Subsidiary Company.

I further report that during the FY 2014-15, the authorised share capital of the Company was increased from ₹ 2000 Crore to ₹ 3000 Crore. MCA portal did not allow the Company to pay ₹ 2,50,00,000/- towards maximum fees for increase in authorised capital. Hence, the Company filed e-Form SH -7 with an undertaking to pay ₹ 2,50,00,000/- to MCA on demand. The Form had been approved by MCA. Subsequently, the matter was clarified by Registrar of Companies, Bangalore that since there were instructions from MCA, no claim has been preferred. On the basis of further perusal of the Companies Act, 2013 and Rules thereunder, it has been construed that the Company need not pay any fees on the increased share capital, as the Company had already reached the maximum slab of fees for its authorised capital.

I further report that

The Board of Directors of the Company is constituted of Executive Directors, Non-Executive Directors with the exception of the requisite number of Independent Directors on the Board of MRPL as on 31st March, 2016. The changes in the composition of the Board of Directors taken place during the period under review were carried out in compliance with the aforesaid provisions.

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.

All the decisions of the Board during the year are in conformity with the shareholders agreement between ONGC and HPCL, the promoters of the Company.

I further report that 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.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

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

Sd/-
CS Ullas Kumar Melinamogaru
Proprietor
FCS 6202, CP No. 6640

Date : 7th June, 2016
Place : Mangaluru

ANNEXURE 'G'

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH, 2016.

The preparation of financial statements of Mangalore Refinery and Petrochemicals Limited for the year ended 31 March 2016 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 are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 12.05.2016.

I, on 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 Mangalore Refinery and Petrochemicals Limited for the year ended 31 March, 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(G. SUDHARMINI)

Principal Director of Commercial Audit &
Ex Officio Member Audit Board

Place : Chennai
Date : 27/06/2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH, 2016.

The preparation of consolidated financial statements of Mangalore Refinery and Petrochemicals Limited for the year ended 31 March, 2016 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) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) 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 12.05.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of Mangalore Refinery and Petrochemicals Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of Mangalore Refinery and Petrochemicals Limited and ONGC Mangalore Petrochemicals Limited for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to Mangalam Retail Services Limited and Shell MRPL Aviation Fuels & Services Limited being private entities. Accordingly C&AG has neither appointed the Statutory Auditor nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-

(G. SUDHARMINI)

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

Place : Chennai
Date : 27/06/2016

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1.0 Economic Overview

World Economy

During the period under review, the International landscape was marked by many critical political, geo political, business, policy and diplomatic developments and these affected the performance of the Global Economy considerably.

More than eight years have passed since the onset of the Global Financial Crisis (GFC) in 2007. Yet the world economy is not out of the woods yet. Central banks of Europe, UK and Japan continue to remain in an accommodative mode, a clear indication that growth and inflation have not recovered to a sustainable level. The US economy has been doing well enough in growth terms for the Federal Reserve to begin, in December 2015, the process of normalising policy rates that had been hugging the zero lower bound since late 2008. The fragility of their economic outlook was, however, clearly revealed in the reversal of the impact of lift-off in less than a month as China started showing signs of weakening. Inflation outlook in all these countries continue to be soft which has been dampening hopes of a sustained recovery. Fears of further weakening of the Chinese economy, its falling equity market and the depreciation of its currency loom large over global economic prospects.

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases, challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17.

1.1 Indian Economy

India's GDP growth estimated at 7.4% based on the expectation of an improvement in private consumer expenditure to 8.4% and gross fixed capital formation to 8.3%. Both IMF and the World Bank in their January 2016 outlook projected India to grow at the highest rate among major economies in 2016 and 2017. Notwithstanding the volatility seen in some of the vital data points (e.g., falling exports, low IIP numbers, etc.) the growth trajectory remains on track. Importantly, such growth has been accompanied by macro-economic stability. Inflation has been under control and the balance of payment position looks healthy. Capital flows have remained strong during the last few years as can be seen from the data given.

The government's plan to improve road network, build dedicated freight corridors, create industrial corridors, create smart cities and associated infrastructure, which would all require large investments. These would also have a substantial impact on core industries such as steel, cement, power and construction and would be the key to improve capacity utilisations in these sectors. While only a few plans are likely to fructify during the course of the next year, any increase in investment related demand is likely to improve the profitability and create metrics of these sectors.

The other important influencing factor is the price of commodities, most of which have fallen due to a decline in global industrial activity, especially in china. Price falls in oil and gas, which are mostly imported, have substantially reduced the subsidy burden and freed up resources for the Indian government, which are likely to be channeled to take up infrastructure projects. However, the decline in prices of other commodities, such as steel and other metal products, has severally dented the profitability of Indian producers, especially at a time when they have created large capacities anticipating demand from infrastructure creation.

The inter-linkage of Indian economy with the rest of the world has been growing at a rapid pace, and therefore, global developments influence the domestic economy in a much bigger way than before. Though the spillover effect can take place through multiple channels, it mostly gets transmitted through the commerce or trade channel, the capital flows channel and also through the confidence channel.

The prospects of a sluggish global economic recovery may pose challenges for India to achieve significant export growth acceleration in the coming years whereas supply-side constraints could dampen the price responsiveness in the short-term. In the backdrop of uncertain global demand, the challenge for the country would be to search for new markets and new products for existing markets besides addressing the issues relating to competitiveness of Indian exports.

2.0 Industry overview

2.1 Global Scenario

World oil demand grew by 1.54 mb/d in 2015, unchanged from previous monthly report, to average 92.98 mb/d despite adjustments based on the most up-to-date data from regions around the world. In 2016, world oil demand is anticipated to rise by 1.25 mb/d to average 94.23 mb/d, unchanged from previous month's report. Some upward revisions were considered in Asia, Asia Pacific and Europe due to better-than expected oil demand data. While some downward adjustment comes from weaker-than-expected oil demand data and a slower economic outlook for Latin America and FSU.

Refiners have benefited hugely from the precipitate drop in crude prices over the past two years. Surplus largely built up in the upstream, leading to a bonanza of cheap feedback that has fuelled some of the highest downstream operating rates in memory. Refiners are now on the verge of the high point in the demand year as they prepare for the northern hemisphere summer. But the oil overhang is moving downstream, and the outlook for margins is less bullish than it was last year. Refiners are expecting another summer of love may be in for disappointment.

An unexpectedly strong rise in demand helped boost margins in 2015. Gasoline consumption rose by 250,000 b/d in each of the US and China last year, and by more than 50,000 b/d in India. But the spike in margins in the US and Europe was also the result of an octane shortfall that sharply boosted the value of suitable blend

stocks. Summer gasoline blends are harder to produce because they require a higher proportion of low-volatility, high-octane components to offset other elements in the mix. High US shale oil runs resulted in a surplus of low-octane naphtha. Encouraged by lower prices, refiners put more naphtha into the gasoline pool and were forced to pay more for higher-octane components to maintain specifications in finished gasoline.

Global crude suppliers are tightening as lower prices erode non-Opec production. Wildfires in Canada and rebel attacks in Nigeria cut almost 2mn b/d of crude output. The loss pushed crude prices to seven-month highs and could eventually prompt a drawdown in crude inventories. While oil supply is falling, global demand growth appears firm after rising by 1.9% in the first quarter- an increase of 1.7mn b/d over the same period last year. The rate is expected to be lower in the second half, as global economic growth slows. But supply and demand are likely to come back into balance by the middle of 2016 for the first time in two and half years-unless Opec producers boost production.

It is expected that Oil consumption appears likely to continue growing, driven by rapidly-growing emerging economies and despite the likelihood that OECD consumption has peaked. That said, oil is likely to grow less rapidly than other fuels, due to a combination of consumer reactions to higher prices and government policies aimed at slowing oil's growth. Global resources are adequate to meet the expected growth in consumption, but the policies of countries that own the majority of the resources are likely to constrain the pace of development, leaving high-cost supply options viable. Oil (and biofuels) will likely remain dominant in the transport sector to 2030, with cost and the long economic lives of oil-consuming equipment limiting prospects for other fuels to win substantial market share over the next 20 years.

2.2 Indian Scenario

India, home to 18% of the world's population, uses only 6% of the world's primary energy. India's energy consumption has almost doubled since 2000 and the potential for further rapid growth is enormous. India's economy, already the world's third-largest, is growing rapidly and policies are in place to press ahead with the country's modernisation and an expansion of its manufacturing. If a well-managed expansion of energy supply can be achieved, the prize in terms of improved welfare and quality of life for India's 1.3 billion people is huge. Policy-makers at national and state levels are intensifying their efforts to ensure that energy is a spur, rather than a hindrance, to India's advancement, looking to removing obstacles to investment in energy supply while also focusing on energy efficiency and pricing reform (the deregulation of diesel prices in late 2014, taking advantage of the fall in the oil price, means that all oil-based transport fuels are now subsidy-free). Oil demand increases by more than in any other country, approaching 10 mb/d by 2040.

India is rapidly emerging as a global refining hub. Refining capacity in US and Europe is almost stagnant or on decline due to stringent environmental norms which has increased their reliance on imports from developing markets. Indian refiners have competitive advantage on account of lower capital and operational costs. Proactive

government policies are boosting investment in Indian refining sector. New Indian coastal refineries have high complexity which helps them to make products like BS/ Euro IV and BS/ Euro V which meets the emission standards of the developed markets and thus helping them earn better margins. With production exceeding consumption, India remains an exporter of petroleum products. Indian Refiners have invested heavily for upgrading the product quality to meet International standards. Demand for superior quality fuels has been growing due to stringent vehicle emission norms. Older and smaller refineries in the west cannot upgrade to high quality fuels as it is not economically feasible for them. In view of this, new refineries in India with state of art technologies and appropriate product slate will have opportunities to tap export markets in the future as well.

Presently industry has done well in establishing itself as a major player globally and today we are the 4th largest country in the world in terms of refining capacity which is presently 230.066 Million Metric Tonnes Per Annum (MMTPA) after USA, Russian Federation and China. There are 23 refineries in India, out of which 18 are in public sector, 3 in private sector and 2 are Joint Venture. Your Company operated 15MMTPA refining capacity which is around 7% of the total refining capacity of India.

The petroleum product demand in India has increased significantly. The high economic growth in India has resulted in a strong demand for refinery products. The main growth driver has been the transportation sector which has witnessed a major boom over the past few years.

HSD accounts for around 40.6% of the overall sales in the domestic market while MS accounts for around 11.9% share. During the period, MS registered a growth of 14.5% whereas the demand for HSD has grown by around 7.5%. As India's economic growth gathers more momentum in the coming years, the demand for high value refining products like LPG, MS, and HSD would grow at faster pace than other petroleum products. India continues to be a net exporter of petroleum products.

Consumption & production pattern of petroleum products during 2015-16.

(‘000 MT)

Product	Consumption		Production	
	2015-16	2014-15	2015-16	2014-15
LPG	19551	18019	10600	9840
MS	21846	19075	35321	32233
NAPHTHA	13402	10939	17676	17465
ATF	6220	5578	11793	11086
SKO	6826	7087	7503	7634
HSD	74639	69404	98587	94338
F.O & LSHS	6673	6017	10791	12054
PET COKE	18323	14408	12298	11678
TOTAL	167480	150527	204569	196328

(Source: PPAC)

India, which depends on imports to meet 80 per cent of its oil needs, will have to spend ₹ 9,126 crore (\$ 1.36 billion) more for every dollar per barrel increase in crude oil prices while also seeing surge in inflation. External factors that impact economic growth rate, which at 7.6 per cent of 2015-16 has been hailed as the fastest among major economies, are oil and commodity

Mangalore Refinery and Petrochemicals Limited

prices. India being a net buyer has benefited from the regime in last over a year. And if the prices remain within the current range we have the ability to absorb although if there is any undue increase in prices, its impact on both inflation and saving would be noticeable.

Production by MRPL during the financial year 2015-16

PRODUCT	('000 MT)
HYDROGEN	0.04
LPG	803.35
FUEL GAS	3.60
MS	1140.54
MIXED XYLENE	224.10
NAPHTHA	1573.59
SKO	562.87
HSD	6454.52
ATF	1001.25
VGO	202.55
F.O	604.39
ASPHALT	181.45
CRMB	1.76
SULPHUR	857.11
PETCOKE	158.78
TOTAL	13769.9

Export of petroleum products by MRPL during 2015-16. ('000 MT)

PRODUCTS	MRPL	
	2015-16	2014-15
MS	174.23	147
NAPHTHA	928.38	971
ATF	818.68	1075
DIESEL	668.25	904
FUEL OIL	629.96	1731
TOTAL	3219.50	4828

3.0 Crude Imports by India:

The crude oil import in the country over the years has been on increasing trend in line with refining capacity growth. India has imported about 202 Million Tonne crude oil during the year 2015-16 as compared to 192 Million Tonne during 2014-15.

International crude oil prices have fallen rapidly during the year. Brent and Dubai Crude oil price averaged to \$85 per barrel and \$83 per barrel during 2014-15, a sharp decline of 20 % from previous year prices of \$108 and \$105 per barrel. During the year, Crude Price fell to lowest in last six years. This decline (on annual average basis) is the sharpest decline in more than a decade. The declining trend got aggravated during last few months when Brent Crude Price fell to around \$ 45 per barrel, the lowest in last six years.

Your Company has processed various opportunity crude, which has to expand its crude basket during 2015-16. To explore the new sources of crude oil and look for optimization, your Company is in discussion with prospective / new term crude oil suppliers from countries / sources like Colombia, Mexico, Venezuela, etc for supply of crude oil in addition to enhancement of volumes from current suppliers. With the commissioning of Phase-III, the Company has started processing heavier crude oil(s).

4.0 Opportunities & Threat :

Developing economies like India with low per capita energy consumption are bound to need higher energy for growth. The entire Asia Pacific region, besides Africa will need tremendous amount of energy for growth and development. The Government of India recently announced its plans to set up a mega 60 million tonnes per annum (mtpa) refinery on the west coast in two phases.

Lower oil prices also offer an opportunity to reform energy subsidies and taxes for both oil exporters and importers. As an oil importer, the saving from the removal of general energy subsidies should be used toward more targeted transfers, to lower budget deficits where relevant, and to increase public infrastructure if conditions are right.

Sizable uncertainty about the oil price path in the future and the underlying drivers of the price decline has added a new risk dimension to the global growth outlook. On the upside, the boost to global demand from lower oil prices could be greater than currently factored into the projections, especially in advanced economies. But oil prices could also have overshot on the downside and could rebound earlier or more than expected if the supply response to lower prices is stronger than forecast. Importantly, other downside risks remain. In global financial markets, risks related to shifts in markets and bouts of volatility are still elevated. Potential triggers could be surprises in activity in major economies or surprises in the path of monetary policy normalization in the United States in the context of a continued uneven global expansion. Emerging market economies are particularly exposed, as they could face a reversal in capital flows. With the sharp fall in oil prices, these risks have risen in oil exporters, where external and balance sheet vulnerabilities have increased, while oil importers have gained buffers. In the euro area, inflation has declined further, and adverse shocks domestic or external could lead to persistently lower inflation or price declines, as monetary policy remains slow to respond. In many major economies, there are still some downside risks to prospective potential output, which would feed into near-term demand. Geopolitical risks are expected to remain high, although related risks of global oil market disruptions have been downgraded in view of ample net flow supply.

Oil refinery business is US Dollar (USD) dominated. The prices for both the crude oil and products are based on international quotes, exchange fluctuation in Rupee vs Dollar rate are automatically factored and provides a natural hedge against exchange rate volatility in normal course. However, sudden and high fluctuation may cause impact. Any fluctuation in the international crude prices gets captured in the sale price to a large extent so long as the prices of the products follow the same pattern as that of fluctuation in crude oil prices.

Your Company imports as well exports, which provides a natural hedge against exchange fluctuation. Efforts are made to match the exposure in USD to the extent possible, thereby mitigating to a large extent. Volatility in crude and product prices impacting refining margins. Your Company imports around 80% of its requirement of crude oil and exports approximately 47% of the total production, where sale proceeds are realized in USD.

Even in case of domestic sales the prices are based on trade/ import parity prices in International market which provides a natural hedge to a large extent. Your Company exports its major products like HSD, ATF and MX on average of the monthly prices, which reduces the risk of intra month price fluctuations. However sudden fluctuations in crude and product prices will have significant effect on the margins of your Company.

5.0 Risks & Concerns :

Your company operates in a business environment that is characterized by increasing globalization, intensifying competition and more complex technologies, which have their own sets of risks and concerns impacting the business. We, at MRPL have identified the following risks inherent to its business and also outline how these risks are mitigated.

- **Crude supply risk:**

Refineries are susceptible to the risk of timely supply of crude oil for smooth production to avoid shortage of crude which may result into reduction in throughput. Because of the nature of its operations Crude supply risk may be caused due to any stressed geo-political situation with the supplier nations, non-availability of suitable vessels and reduction of crude supply by Organization of the Petroleum Exporting Countries (OPEC).

Your Company has been continuously diversifying the sources of procurement of crude by adding additional countries as well as grades of crude. Your Company initially had only term contract with NIOC (National Iranian Oil Company of Iran) but presently term contracts for procurement of crude with various suppliers like SAUDI ARAMCO (National Oil Company of Kingdom of Saudi Arabia), ADNOC (National Oil Company of Government of Abu Dhabi), KPCL (Kuwait Petroleum Corporation) and Sonangol (National Oil Company of Angola). Your Company is proposing to increase imports through term contract with additional suppliers. Your Company has also supply agreement with ONGC Group for procurement of crude from its various oil fields like Bombay High, Ravva, Nile Blend, and Sakhalin on arm's length basis. Your Company has also plans to procure approximately 15% - 20% crude in International spot markets for taking advantage of flexible pricing through spot tender.

- **Price risk**

This risk relates to the fluctuation of crude oil prices and refined petroleum product prices in the international market. With oil's stature as a high-demand global commodity comes the possibility that major fluctuations in price can have a significant economic impact. The two primary factors that impact the price of oil are supply & demand and market sentiment. In oil trade, demand refer to consumption pattern of oil by world's major economies and supply means output of crude oil from OPEC (Organisation of Petroleum Countries) & other oil Production. While market sentiment is attributed to geo-political situation like tensions as we have at present in the Middle East, Africa and Ukraine.

The Refinery profitability is dependent on the margin between crude oil prices and refined petroleum product prices for profitability. Your Company has adopted a conscious business strategy for procurement of crude oil by keeping proportion of spot/ trial crude oils at optimal levels to have cost effective crude purchase in the projected market scenario.

To mitigate price risks, your Company enters into long-term contracts as well as open international markets to source crude oil at competitive prices. Management prepare the rolling plan three months ahead to identify any changes in the profile of price risk and takes appropriate action on a timely basis. Other approaches to drive down costs include an increase in the use of cheaper tough crudes and use of blending to improve the product slate. The volatility to the Foreign Exchange hedging is not resorted in the Company.

- **Foreign exchange risk**

This risk relates to the impact of foreign exchange fluctuations because of the Company's exposure to foreign currency imports/exports as part of its normal operations.

Foreign exchange fluctuations are managed in accordance with the guidelines and limitations defined in the "Risk Management Policy" approved by the Board of Directors. Your Company has already constituted a Risk Management Committee to look into the risk overview of your Company periodically reviews the exchange fluctuations.

Your Company has engaged the consultant to advise on the Foreign Exchange fluctuation risk and measures for mitigating the same. However, looking into the higher hedge cost as compared to the volatility in the Foreign Exchange market. Hedge is not resorted by the Company.

- **Refinery margin risk**

Operating efficiency and access to crude oil of the required quantity, quality and price has a significant impact on the Company's performance. While refined product normally tracks changes in feedstock prices, there is a lag which can impact short-term working capital requirements and profitability.

Increased production efficiency through technological advances and reliable operation is another ongoing mitigating factor. Business Process Optimization meetings are held internally to analyse the trends and way forward for the following months to optimize the margins.

However, your Company has formulated a well-defined policy framework including implementation procedure and monitoring mechanism for the risk management system. Risk Managers are evaluating the identified risks on monthly basis and also identifying new risks with the mitigation measures and reporting directly to the Chief Risk Manager, Director (Refinery). The enterprise risk management overview document is placed before the Audit Committee and Board on quarterly basis.

- **Water supply Risk**

The recent water crisis in Mangalore had resulted in partial shut down of Units of the Refinery Complex in the months of April and May, 2016. To mitigate this risk, your Company has formulated short term plans by augmenting the production of Recycled water from ETP and increase intake of Sewage treated water from the city. In the long term MRPL is exploring option of alternate source of water by installing a desalination plant.

6.0 Strategic Business Pursuits & Future Outlook

- Looking at the opportunities available and for meeting the product specifications as per the Auto fuel policy of Govt. of India, your Company will be implementing Projects for production of BS VI grade fuels by 2020.
- Investments are planned to enhance the Refinery capacity to 18/21 MTPA with low cost revamp.
- The State High-Level Clearance Committee (SHLCC) GOK, has allocated 1050 acres of land adjoining the refinery location. The acquisition process is on.
- To chart the future growth strategy up to 2025, seven key areas have been identified and groups have been formed for evaluating the various opportunities and the roadmap for future growth of MRPL in the Short, Medium and Long Term has been drawn. The groups have brought out projects which will be taken up based on the Techno economic feasibility.
- Various other Projects are being taken up for improvement and development viz. CCR-2 Revamp, Marketing terminal with MS,HSD,ATF day tanks and parking facility, Pet Coke Silos for Wagon Loading at Railway siding facility have been taken up for improving the Logistical infrastructure . For all these projects, EPCM contractors have been lined up.

7.0 Internal Control Systems:

Your Company has a well established internal control review mechanism which assures effective internal control environment to the Audit committee and Board of Directors.

Your Company is constantly improving and upgrading its system of internal control, towards ensuring management effectiveness and efficiency, reliable reporting on operations and finances and to secure high-level legal compliance and risk management. Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Internal Audit Department is supervised by the Audit Committee and it continuously monitors the effectiveness of the internal control with an objective to provide to the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management,

control and governance processes. The Internal Audit Department assesses opportunities for improvement in business processes, systems and controls; provides recommendations designed to add value to the organization and follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee and the Senior Management.

Your company has an elaborated Risk Management procedure. Major Risks identified by the business as functions are systemically addressed through mitigating actions on a continuing basis. The Company has set up a Risk Management Committee to monitor the risks and their mitigating actions and the key risks identified by the Risk Management Committee related to strengthening of the Company's risk management policies and systems.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, plant and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

8.0 Performance:

During the financial year 2015-16 your Company has achieved new heights of performance both on physical and financial parameters and surpassed its past performance by setting up a new bench mark.

Your company achieved turnover of ₹ 50,864 crore during the financial year 2015-16 against ₹ 62,412 crore during the financial year 2014-15. The decrease in sales was mainly on account of decline in product prices linked with declining crude price as also on account of more domestic off take. The Company earned a profit after tax (PAT) of ₹ 1148.16 crore during the financial year 2015-16 against a loss of ₹ (1,712) crore incurred during the financial year 2014-15.

9.0 Human Resources:

During the year 2015-16, your Company continued to enjoy cordial and harmonious relations with the collectives and as evidence to the same not a single man-hour was lost on account of any industrial disturbance.

Total employee strength as on 31/03/2016 was 1812 including 130 women employees, 210 SC/ST employees and 26 Physically Challenged employees. 816 employees belong to Management cadre whereas 996 employees belong to Non-Management cadre.

10.0 Cautionary Statement:

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

CORPORATE GOVERNANCE REPORT

1. OUR CORPORATE GOVERNANCE PHILOSOPHY

Transparency and accountability are the two basic tenets of Corporate Governance. Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. The philosophy of the Company on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and ethics, in all facets of its operations, with the primary objective of enhancing shareholder value.

The Company complies with the changes brought in the area of Corporate Governance by the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015). Besides adhering to provisions of SEBI Listing Regulations, 2015, the Company also follows the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE), Government of India, except with regard to availability of requisite number of Independent Directors on the Board of the Company. MRPL being a Central Public Sector Enterprise (CPSE), Directors on the Board of the company are appointed by the Administrative Ministry, Government of India. Appointment of requisite number of Independent Directors on the Board of MRPL is pursued with the administrative Ministry, Government of India (GoI). A certificate from the Joint Statutory Auditors on the compliance of conditions of Corporate Governance is annexed to this report.

The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Board of Directors of the Company is at the core of adopting the best practices of Corporate Governance. The Board thus oversees the Management functions and protects the long-term interests of our stakeholders.

The Corporate Governance framework of the Company is based on the following broad principles:

- Protecting and facilitating the exercise of shareholder's rights;
- Committed to a transparent system and values; which recognize the rights of the stakeholders and encourage co-operation between Company and the Stakeholders;
- Timely and accurate disclosure on all material matters including the financial situation, performance, ownership and governance of the Company;
- Operating in a sound system of internal control with a thrust on integrity and accountability;
- Ensuring timely and adequate disclosure of all material information to all Stakeholders;
- Ensuring compliance of applicable laws, guidelines, rules and regulations;
- Committed for equitable and fair treatment to all its stakeholders and society at large;
- Effective Whistle Blower Policy mechanism is provided for the Stakeholders.

2. BOARD OF DIRECTORS:

The Board of Directors function within the purview of Corporate Governance norms in transparent and effective manner. The Company has an exhaustive Book of Delegated Powers (BDP) and other manuals like Material Management, Works manual etc, which spell out the processes and defines the level (Board / Executive Committee / Functional Director) at which any decision is to be made and are reviewed from time to time to ensure that they are updated and meet the needs of the organization. The company has 7 sub-committees of the Board which deliberate upon various important matters and advise the Board on the course of action to be taken.

A. Composition of Directors as on 31/03/2016 : 7

Executive Directors	: 3
Non Executive Directors	: 4

B. Board of Directors as on 31/03/2016

Director	Executive/Non-Executive	Category / Designation	No. of Board meeting attended (Held = 7)	Attended last AGM	No. of other Directorship		No. of outside Committees	
					Public	Private	Member	Chairman
Shri D. K. Sarraf	Chairman Non-Executive	Chairman	7	YES	7	-	2	-
Shri H. Kumar	Executive	Managing Director	7	YES	4	-	-	-
Shri M. Venkatesh	Executive	Director (Refinery)	5	YES	3	-	-	-

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Shri A. K. Sahoo	Executive	Director (Finance)	1	NA	2	-	1	-
Shri B. K. Namdeo	Non-Executive	(HPCL) Nominee Director	6	YES	6	-	-	-
Smt. Perin Devi	Non-Executive	Government Director	5	YES	1	-	1	2
Shri Diwakar Nath Misra	Non-Executive	Government Director	0	NA	-	-	-	-

(i) Particulars of Appointment of a New Director or Re-Appointment of a Director in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015')

Brief Resume of following Directors proposed to be appointed or re-appointed mentioning qualification, expertise, names of the companies in which they hold Chairmanship/ Directorship in the Board and Chairmanship/ Directorship in the Board sub-committees, shareholding in these companies and relationship between director inter-se pursuant to Regulation 36(3) of the SEBI Listing Regulations, 2015 with Stock Exchanges are provided in the Notice of the 28th Annual General Meeting.

- Shri D. K. Sarraf (DIN: 00147870) retires from office by rotation and being eligible offers himself for re-appointment as Director.
- Shri A. K. Sahoo (DIN: 07355933) was appointed as an Additional Director and designated as Director (Finance) is proposed for appointment as Director (Finance).
- Shri Diwakar Nath Misra (DIN: 07464700) was appointed as an Additional Director is proposed for appointment as Director.

(ii) Past Directors

Director	Executive/ Non-Executive	Category	No. of other Directorship		No. of outside Committees	
			Public	Private	Member	Chairman
Shri Vishnu Agrawal	Executive	Director (Finance)	3	-	2	-
Shri Nalin Kumar Srivastava	Non-Executive	Government Director	1	-	1	-

(iii) Changes in the Board of Directors during 2015-16

Director	Date of Appointment	Date of cessation	Tenure	Remarks
Shri M. Venkatesh	01/04/2015	NA	5 years from the date of appointment or till the date of superannuation or until further orders, whichever is earlier.	Appointed as Director (Refinery)
Smt. Perin Devi	14/05/2015	NA	NA	Appointed as Government Director by Ministry of Petroleum & Natural Gas.
Shri A. K. Sahoo	01/02/2016	NA	5 years from the date of appointment or till the date of superannuation or until further orders, whichever is earlier.	Appointed as Director (Finance) / CFO.
Shri Diwakar Nath Misra	09/03/2016	NA	NA	Appointed as Government Director by Ministry of Petroleum & Natural Gas.
Shri Vishnu Agrawal	01/04/2011	31/01/2016	NA	Ceased to be a Director consequent upon superannuation from the services of the Company.
Shri Nalin Kumar Srivastava	05/03/2015	03/03/2016	NA	Ceased to be a Director

(iv) Changes in the Board of Directors after 31/03/2016

There has been no change in the composition of Board of Directors after 31/03/2016.

C. Attendance of Directors at the Board Meetings held during the Financial Year 2015 -16 and 27th Annual General Meeting held on 08/08/2015.

(i) Details of Board Meetings held during the Financial Year 2015-16

During the year 2015-16, Seven (7) Board Meetings were held.

Sl. No.	Date of meeting	Meeting No.	Place
1	13/04/2015	196	New Delhi
2	22/05/2015	197	New Delhi
3	08/07/2015	198	New Delhi
4	09/08/2015	199	Mangalore
5	29/10/2015	200	New Delhi
6	14/01/2016	201	New Delhi
7	12/02/2016	202	New Delhi

(ii) Attendance of Directors during the Financial Year 2015-16.

Director	No. of Board Meetings Attended	Attended Last AGM
Shri D. K. Sarraf	7	Yes
Shri H. Kumar	7	Yes
Shri M. Venkatesh	5	Yes
Shri A. K. Sahoo	1	NA*
Shri B.K. Namdeo	6	Yes
Shri Diwakar Nath Misra	NA	NA*
Smt. Perin Devi	5	Yes

* Shri A. K. Sahoo assumed the office of Director (Finance) as Additional Director w.e.f. 01/02/2016 and Shri Diwakar Nath Misra was appointed as Additional Director w.e.f. 09/03/2016.

(iii) Attendance of the Past Directors during the Financial Year 2015-16.

Director	No. of Board Meetings Attended	Attended Last AGM
Shri Vishnu Agrawal	6	Yes
Shri Nalin Kumar Srivastava	6	Yes

D. Disclosure of relationships between Directors

None of the Board of Directors is related to each other.

E. Director's Shareholding:

Details of Equity shares of the Company held by Directors as on 31/03/2016 are as under:

Name of the Director	No. of Shares held
Shri D. K. Sarraf (Jointly with Spouse)	100
Shri H. Kumar (Jointly with Spouse)	200
Shri B.K. Namdeo (Jointly with Spouse)	200

F. Independent Directors

MRPL is a Central Public Sector Enterprise (CPSE) under the Administrative Ministry, i.e., Ministry of Petroleum & Natural Gas (MoP&NG), Govt. of India. The appointment of requisite number of Independent Directors on the Board is being pursued with MoP&NG.

3. AUDIT COMMITTEE

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the SEBI Listing Regulations, 2015. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. However, there is non-compliance in the composition of Audit Committee, as no Independent Directors have been appointed. The Company is pursuing with Ministry of Petroleum & Natural Gas (MoP&NG) for the appointment of requisite number of Independent Directors.

a) Terms of Reference:

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory and Internal Auditors. Review and recommend appointment of Cost Auditors/Internal Auditors/Secretarial Auditors and their remuneration, review of Business Risk Management Plan, review of Forex policy, Management Discussions & Analysis, review of Internal Audit Reports, significant related party transactions. The Board has framed the Audit Committee Charter for the purpose of effective compliance of provisions of Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations, 2015, and DPE guidelines on Corporate Governance for CPSEs. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

b) Composition of Audit Committee as on 31/03/2016

Members of Audit Committee	Category
Smt. Perin Devi	Chairperson
Shri B. K. Namdeo	Member
Shri Diwakar Nath Misra	Member
Shri M. Venkatesh	Member

Note:

- The Company has not complied with the requirement of Regulation 18(1)(b) of the SEBI Listing Regulations, 2015, as regards to constitution of Audit Committee with requisite number of Independent Directors. However, the Company

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is pursuing with MoP&NG for appointment of requisite number of Independent Directors.

- Director (Finance) and Internal Auditors are the Invitees to the Audit Committee Meetings.
- Company Secretary is the Secretary to the Audit Committee.
- Joint Statutory Auditors are Special Invitees while reviewing the financial statements by the Audit Committee.

c) Details of the Audit Committee Meetings held during the Financial Year 2015-16

During the year 2015-16, Seven (7) Audit Committee Meetings were held.

Date of Meeting	Meeting No.	No. of members attended
22/05/2015	73	3
08/07/2015	74	3
09/08/2015	75	4
29/10/2015	76	4
13/01/2016	77	2
12/02/2016	78	2
09/03/2016	79	3

d) Attendance in Audit Committee Meetings held during the Financial Year 2015-16.

Members of Audit Committee	No. of Meetings attended
Smt. Perin Devi	5
Shri B.K. Namdeo	6
Shri Diwakar Nath Misra	NA
Shri M. Venkatesh	5
Shri Nalin Kumar Srivastava (Ceased to be Director w.e.f. 09/03/2016.)	5

4. NOMINATION AND REMUNERATION COMMITTEE:

MRPL is a 'Schedule A' Central Public Sector Enterprise (CPSE). The appointment, terms, conditions and remuneration of Managing Director and Functional Directors (Whole-time Directors) are fixed by the Department of Public Enterprises (DPE), Govt. of India.

Pursuant to Regulation 19 of the SEBI Listing Regulations, 2015 and DPE guidelines on Corporate Governance for CPSE, the Company has constituted a Remuneration Committee in April, 2009.

a) Terms of Reference:

The Company has not complied with the requirement of Regulation 19(1)(c) of the SEBI Listing Regulations, 2015 as well as the Companies Act, 2013 as regards the constitution of Nomination and Remuneration

Committee with requisite number of Independent Directors. However, the Company is pursuing with MoP&NG for appointment of requisite number of Independent Directors.

b) Composition of Nomination and Remuneration Committee as on 31/03/2016

Members of Nomination and Remuneration Committee	Category
Shri Diwakar Nath Misra	Chairman
Shri B. K. Namdeo	Member
Smt. Perin Devi	Member

c) Details of Nomination and Remuneration Committee Meetings held during the Financial Year 2015 - 16

No meeting of Nomination and Remuneration Committee was held during the Financial Year 2015-16.

d) Attendance in Nomination and Remuneration Committee Meetings held during the Financial Year 2015 - 16.

Not applicable, as no meetings were held during the Financial Year 2015-16.

5. REMUNERATION OF DIRECTORS

The Remuneration paid to Directors and other Managerial persons are regulated by the guidelines issued by Department of Public Enterprises, Government of India as the Company is a Schedule - "A" Central Public Sector Enterprise. The remuneration policy of the Company is as per the guidelines issued by the Department of Public Enterprises, Government of India.

a) Details of Remuneration (Sitting Fees) Paid to Independent Directors during the Financial Year 2015 -16:

Since the Independent Directors are yet to be nominated by MoP&NG, the same is not applicable.

b) Details of Remuneration Paid to Managing Director, Director (Finance) and Director (Refinery) During FY 2015 - 16:

(₹ Crore)

Particulars	Managing Director (Shri H. Kumar)	Director (Refinery) (Shri M. Venkatesh)	Director (Finance) (Shri A K. Sahoo)	Director (Finance) (Shri Vishnu Agrawal)	Total
Salaries, Allowances and Perquisites	0.35	0.26	0.04	0.41	1.06
Contribution to PF & Other Funds	0.04	0.04	0.01	0.04	0.13
Total	0.39	0.30	0.05	0.45	1.19

c) Terms of service contract:

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

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

a) The Stakeholders' Relationship Committee has been mandated to review and redress shareholder grievances as per the provisions of Section 178 of the Companies Act, 2013.

b) TERMS OF REFERENCE:

- To consider and resolve the grievances of Stakeholders of the Company.
- To look into the redressal of shareholders and investors complaints/grievances relating to transfer of shares, Non-receipt of Balance sheet, Non-receipt of Dividend etc.
- To protect the rights of the Stakeholders and ensure timely and accurate disclosure of information and transparency.

c) COMPOSITION OF STAKEHOLDERS' RELATIONSHIP COMMITTEE AS ON 31/03/2016.

Members of Stakeholders' Relationship Committee	Category
Shri Diwakar Nath Misra	Chairman
Shri B.K. Namdeo	Member
Smt. Perin Devi	Member
Shri H. Kumar	Member
Shri M. Venkatesh	Member
Shri A. K. Sahoo	Member

d) **Name and Designation of the Compliance officer:**
Shri Dinesh Mishra, Company Secretary & Compliance Officer.

e) **No. of Shareholder's complaints received during the FY 2015-16 :** 30

f) **No. of complaints remains unresolved during the FY 2015-16 :** NIL

g) **No. of pending share transfers as on 31/03/2016 :** NIL

7. SHARE TRANSFER COMMITTEE (STC)

(i) Pursuant to the provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules 2014, a Committee of Directors (Share Transfer Committee) is constituted for approving transfer of shares, transmission of shares and issue of duplicate share certificates.

(ii) The Share Transfer Committee consists of Managing Director, Director (Finance) and Director (Refinery) for approving transfer of shares, transmission of shares and issue of Duplicate Share Certificates and matter incidental thereto. The Quorum of the committee shall be any two Directors.

(iii) Pursuant to Rule 6(2)(a) of the Companies (Share Capital and Debentures) Rules, 2014 duplicate share certificates are issued in lieu of those that are lost or destroyed with the approval of Share Transfer Committee, as the Board has delegated the Powers to STC pursuant of MCA General Circular No.19/2014 dated 12th June 2014 to issue duplicate share certificates.

8. HUMAN RESOURCE MANAGEMENT COMMITTEE

a) TERMS OF REFERENCE:

- To recommend HR related policies the Board for approval.
- To review the approved HR policies for clarification on ambiguities.

b) COMPOSITION OF HUMAN RESOURCE MANAGEMENT COMMITTEE AS ON 31/03/2016.

1.	Smt. Perin Devi	Chairperson
2.	Shri Diwakar Nath Misra	Member
3.	Shri B.K. Namdeo	Member
4.	Shri H. Kumar	Member
5.	Shri M. Venkatesh	Member
6.	Shri A. K. Sahoo	Member

c) DETAILS OF HRM COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2015-16:

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Five HRM Committee Meetings were held during the year 2015-16. The dates of meeting and details of attendance are as under :

(i) Details of meeting :

Date of Meeting	Meeting No.	No. of members attended
21/05/2015	35	4
15/07/2015	36	5
07/01/2016	37	6
09/03/2016	38	5
30/03/2016	39	6

(ii) Attendance :

Members of HRM Committee	No. of meetings attended
Smt. Perin Devi	4
Shri. Diwakar Nath Misra	1
Shri. B. K. Namdeo	3
Shri. H. Kumar	5
Shri. M. Venkatesh	5
Shri. A. K. Sahoo	2
Shri. Nalin Kumar Srivastava (Till 03/03/2016)	3
Shri Vishnu Agarwal (Till 31/01/2016)	3

9. PROJECT APPRAISAL AND EXECUTION / HEALTH SAFETY & ENVIRONMENT COMMITTEE

a) TERMS OF REFERENCE:

- To review and recommend capital projects to the Board.
- To review the implementation of Board approved projects periodically.
- To review and advise on Health Safety and Environmental activities.

10. DETAILS OF ANNUAL GENERAL BODY MEETING

a) Location, place and time of last 3 AGMs held

Year	Location	Date	Time
2015 27 th AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	08/08/2015	4:30 p.m.
2014 26 th AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	13/09/2014	4:00 p.m.
2013 25 th AGM	Registered Office of the Company Mudapadav, Kuthethoor P.O.Via Katipalla, Mangalore -575 030	23/09/2013	4:00 p.m.

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

Yes. Two special resolutions were passed in the 27th AGM pursuant to Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013 and Article 168 of the Articles of Association of the Company for enhancement of borrowing powers and for creation of charges, mortgage and hypothecation for the said borrowings.

b) COMPOSITION OF PAE/HSE COMMITTEE AS ON 31/03/2016.

1.	Shri B. K. Namdeo	Chairperson
2.	Shri Diwakar Nath Misra	Member
3.	Shri H. Kumar	Member
4.	Shri M. Venkatesh	Member
5.	Shri A. K. Sahoo	Member

c) DETAILS OF PAE/ HSE COMMITTEE MEETING HELD DURING THE FINANCIAL YEAR 2015-16:

Five PAEC Committee Meetings were held during the year 2015-16. The dates of meeting and details of attendance are as under :

(i) Details of meeting :

Date of Meeting	Meeting No.	No. of members attended
08/08/2015	24	5
27/08/2015	25	5
23/09/2015	26	5
07/01/2016	27	5
08/03/2016	28	4

(ii) Attendance:

Members of PAE/ HSE Committee	No. of meetings attended
Shri B. K. Namdeo	5
Shri. Diwakar Nath Misra (Form 09/03/2016)	NA
Shri. H. Kumar	5
Shri. M. Venkatesh	5
Shri. A. K. Sahoo (From 01/02/2016)	1
Shri. Nalin Kumar Srivastava (Till 03/03/2016)	4
Shri Vishnu Agarwal (Till 31/01/2016)	4

c) Any special resolutions were put through Postal ballot last year:

No special resolutions were put through postal ballot in the last AGM.

d) Persons who conducted the Postal Ballot exercise:

Not Applicable.

e) Whether any special resolution is proposed to be conducted through postal ballot?

No.

f) Procedure for Postal Ballot:

Not Applicable.

11. DISCLOSURE & TRANSPARENCY:

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (a) to (l) of the Regulation 46(2) of the Listing Regulations, except the availability of the requisite number of Independent Directors on the Board of Company. The Company is pursuing with the Ministry of Petroleum & Natural Gas (MOP&NG) for the appointment of requisite number of Independent Directors.

The disclosures mentioned in Regulation 47 have been disclosed in the Corporate Governance Report.

The Company ensures timely and complete dissemination of information on all matters which are required to be made public. The website of the Company and the Annual Report of the Company contain exhaustive information regarding every aspect of the functioning, financial health, ownership and governance of MRPL.

All disclosures by Company are strictly in accordance with the formats prescribed by the concerned regulatory authority in respect of accounting, financial and non-financial matters.

MRPL disseminates information through press releases, on its website, to the Stock Exchanges etc. Access to all these modes is free for all users.

The Company maintains records of the proceedings of all meetings (Board / Committees/ General Meetings, etc.).

The Company follows the accounting standards in letter and spirit. The annual audit is conducted by Joint Statutory auditors appointed by the C&AG. MRPL is further subject to supplementary audit by C&AG. Internal Audit Department reports to the Audit Committee, apart from periodical oversight by the Government of India and Parliamentary Committees.

Members of the Board and Key Managerial Personnel disclose to the board whether they directly, indirectly or on behalf of third parties, have a material interest in any transaction or matters directly affecting the Company.

It is the endeavor of the Board of Directors and the top management of MRPL to ensure that the stakeholders are aware of all important developments, while ensuring

confidentiality of relevant information.

(i) MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

1.0 The transactions with Related Parties are governed by Regulation 23 of the SEBI Listing Regulations, 2015, and the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder along with the circulars and notifications issued by SEBI and MCA from time to time.

2.0 The Company has adopted Related Party Transaction Policy and procedures and the same is displayed in the website of the Company i.e. www.mrpl.co.in.

(ii) Key Management Personnel:

1. Shri H. Kumar : Managing Director & CEO
2. Shri M. Venkatesh : Director (Refinery)
3. Shri A. K. Sahoo : Director (Finance) & CFO
4. Shri Dinesh Mishra : Company Secretary

There is no transaction with Key Management Personnel during the Financial Year 2015-16 except for the remuneration paid. The remuneration of Key Management Personnel has been disclosed under Clause (VI) of MGT – 9 which forms part of the Board's Report.

(iii) Enterprises in which significant influence is exercised:

Name	Relationship	Nature of Transaction
ONGC Mangalore Petrochemicals Limited	Subsidiary	Details furnished in Note 13 and Note 14 of the Financial Statements for FY 2015-16.
Shell MRPL Aviation Fuel & Services Limited.	Joint Venture	
Mangalam Retail Services Limited	Joint Venture	

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

There were no non-compliance by the Company and no instance of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other Statutory on any matter related to the capital market during the last three years.

The company has been impleaded in certain legal cases related to disputes over title to shares arising in the ordinary course of share transfer operations. However, none of these cases are material in nature, which may lead to material loss or expenditure to the Company.

(v) The Company has adopted Whistle Blower Policy for employees and Directors. The Company has not denied any employee and Directors access to the Competent Authority and it has provided protection to the whistle blower from adverse action. The Policy is available in the Company website www.mrpl.co.in.

(vi) The Company has a Policy on Material Subsidiaries as per Regulation 16(c) of the SEBI Listing Regulations, 2015 and the policy is available in the Company website www.mrpl.co.in.

(vii) NON - MANDATORY REQUIREMENTS

- a) The Company maintains a Chairman's office at its expense.
- b) MRPL is a 'Schedule A' Central Public Sector Enterprise. The appointment, terms, conditions and remuneration of Managing Director and Functional Directors (Whole-time Directors) are fixed by the Department of Public Enterprises (DPE), Govt. of India.
- c) As the Company's Quarterly / Half Yearly Financial results are displayed on the website of the Company and Published in the Newspaper, the half-yearly report is not sent to each Shareholder's residence.
- d) There are no qualifications in the Auditor's report on the financial statements to the shareholders of the Company.
- e) A formal policy for training of the Board Members of the Company has been formulated and the same is displayed in the website of the Company i.e. www.mrpl.co.in. The directors are sponsored for various seminars, training, workshops and orientation programmes depending on the suitability and convenience.
- f) The Company complies with all the Accounting Standards issued by ICAI from time to time.

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

A Code of Conduct for Members of the Board and Senior Management is a comprehensive code applicable to Executive and Non-executive Directors as well as members of the Senior Management i.e. Managerial Personnel at the level of Group General Manager and above of the Company. The Code of conduct is available on the Company's website www.mrpl.co.in.

The Managing Director has declared that all the members of the Board and Senior Management have affirmed that they have complied with the code of conduct for the Financial Year 2015-16.

(ix) THE CODE OF INTERNAL PROCEDURES AND CONDUCT OF PROHIBITION OF INSIDER TRADING IN DEALING WITH SECURITIES OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED (MRPL):

- 1.0 Code of Conduct for Prevention of Insider Trading" for the Company was approved by the Board at its 89th meeting held on 22nd June, 2002 pursuant to SEBI (Insider Trading) (Amendment) Regulations, 2002. The same was amended by the Board at its 135th meeting held on 20th January, 2009 in view of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008.
- 2.0 SEBI has notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 on 15th January, 2015 repealing SEBI (Insider Trading) Regulations, 1992 applicable to all the listed companies with effect from 15/05/2015. The Company adopted the "Code of Internal Procedures and Conduct for Prohibition of Insider Trading in dealing with the Securities of MRPL", as amended, at its 197th Board

Meeting held on 22nd May, 2015.

- 3.0 Further, SEBI vide its circular dated 16th September, 2015 has revised formats for disclosure under Regulation 7 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 with regard to exercise of ESOPs, execution of contra trade and creation of pledge or invocation of pledge for enforcement of security while in possession of Unpublished Price Sensitive Information (UPSI). Accordingly, the Board approved the amended "Code of Internal Procedures and Conduct for Prohibition of Insider Trading in dealing with the Securities of MRPL" in its 200th meeting held on 29th October, 2015 and the same is displayed in the Company website, i.e., www.mrpl.co.in.

(x) CEO & CFO CERTIFICATION :

A certificate of the CEO & CFO of the Company in terms of the Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

(xi) BUSINESS RESPONSIBILITY REPORT (BRR)

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, 2015, a BRR for the Financial Year 2015-16 forms part of the Annual Report.

(xii) DEMATERIALISATION OF SHARES AND LIQUIDITY

97.71% of the equity shares of the Company have been dematerialized (NSDL – 44.74% and CDSL 52.97%) as on March 31, 2016. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the Depositories and cast their electronic vote. The Company has not issued GDRs/ADRs/Warrants and Convertible instruments.

(xiii) RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

(xiv) NOMINATION

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form can be obtained from the Company's Registrar and Share Transfer Agent.

(xv) SERVICE OF DOCUMENTS THROUGH ELECTRONIC MODE

As a part of Green initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, to their dedicated E-mail ID i.e. investor@mrpl.co.in.

(xvi) Governance of Subsidiary Company :

The minutes of the Board Meeting of OMPL, the subsidiary company along with the details of significant transactions are placed before the Audit Committee and Board on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee and Board on quarterly basis. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your Company.

12. MEANS OF COMMUNICATION:

- | | | |
|--|---|--|
| i) Quarterly Results | : | Quarterly Results of the Company are published in English, Hindi and Vernacular Newspaper and are also displayed in the Company's website www.mrpl.co.in |
| ii) News Releases, Presentations etc | : | Official news releases and Official Media Releases are available on the website of the Company. |
| iii) Presentation to Institutional Investors /Analysts | : | Yes |
| iv) Website | : | The Company's website www.mrpl.co.in contains a separate dedicated section 'Shareholders' where shareholders information is available. The Annual Report of the Company is also available on the website. |
| v) Annual Report | : | Annual Report containing the Audited Annual Financial Statements, Directors' Report, Auditors' Report and Corporate Governance Report is sent to the shareholders. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report and is also displayed on the Company's website, i.e., www.mrpl.co.in |
| vi) Chairman's Communiqué | : | Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. The same is placed on the website of the Company and sent to Stock Exchanges and published in leading Newspapers. |
| vii) Reminders to investors | : | Reminders for unclaimed physical share certificates were sent to the shareholders. Several reminders were sent to the shareholders for e-mail updation for communicating through e-mail. |
| viii) BSE Electronic Platform | : | The BSE Listing Centre is an online portal to all listed entities for filing their various compliances / submissions with the Exchange. 'Listing Centre' provides a single point resource for filing compliances /submissions and tracking past filings as well. |
| ix) NSE Electronic Application Processing System (NEAPS) | : | The NEAPS is web based application designed by NSE for Corporates. The various compliances are filed electronically on NEAPS. |
| x) SEBI Complaints Redress System (SCORES) | : | The investor complaints are redressed in a centralized web based complaints redressal system provided by SEBI. |
| xi) Designated Exclusive email-id | : | Company has designated the e-mail-id investor@mrpl.co.in. exclusively for investor servicing. |

13. GENERAL SHAREHOLDERS INFORMATION

28th ANNUAL GENERAL MEETING

- | | | |
|-------------------------------------|---|---|
| (i) Company Registration Details | : | CIN : L85110KA1988GOI008959 |
| (ii) Day, Date, Time and Venue | : | Saturday, 3 rd September, 2016 at 16:00 hrs.
MRPL Employees Club
Mudapadav, Post Kuthethoor Via Katipalla, Mangalore -575 030 |
| (iii) Financial Year | : | 01/04/2015 to 31/03/2016 |
| (iv) Date of Book Closure | : | 28/08/2016 to 03/09/2016 (both days inclusive) |
| (v) Dividend Payment Date | : | Not applicable |
| (vi) E-voting : | : | The Company has provided for remote e-voting facility to the shareholders in accordance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Companies Act, 2013 and the Rules made there under. |
| (vii) Listing on Stock Exchange | : | |
| A) Equity Shares ISIN: INE103A01014 | : | 1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
Scrip Code : 500109
2) The National Stock Exchange of India Limited, Exchange Plaza, Bandra (E), Mumbai - 400 051
Trading Symbol : MRPL |
| B) Payment of Listing Fees | : | Annual listing fee for the year 2016-17 has been paid by the Company to BSE and NSE. |
| C) Payment of Depository Fees | : | Annual Custody fees for the year 2016-17 have been paid by the Company to CDSL and NSDL. |

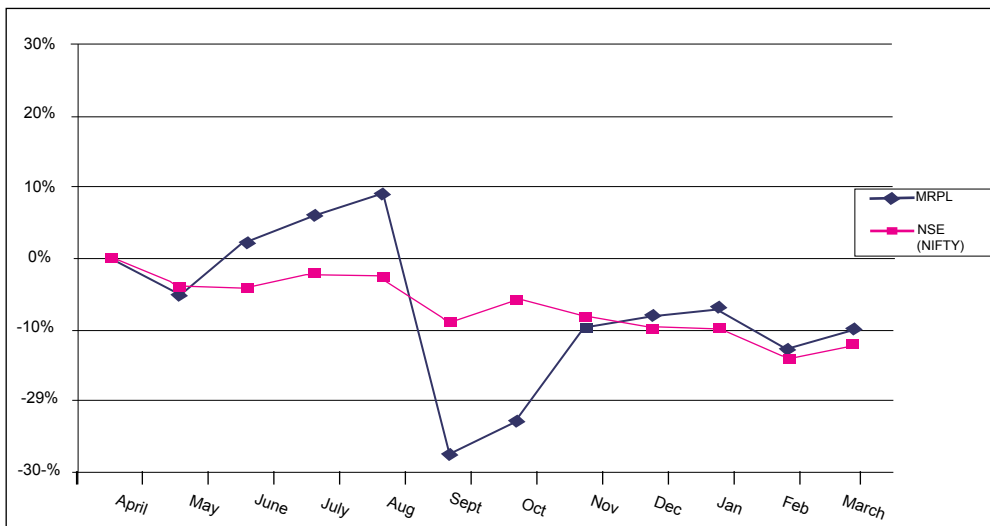
Mangalore Refinery and Petrochemicals Limited

viii). Market Price Data

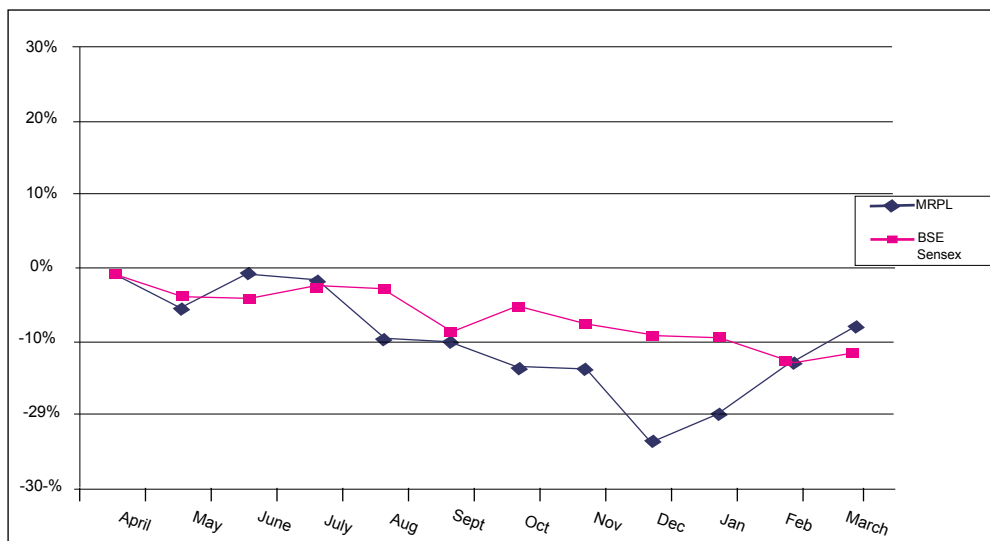
Month (2015-2016)	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-15	76.20	65.00	76.20	67.05
May-15	72.25	65.60	72.40	65.30
Jun-15	77.80	64.50	77.85	64.40
Jul-15	80.75	70.00	80.90	70.10
Aug-15	82.90	47.55	83.20	47.45
Sep-15	55.15	48.80	55.10	48.75
Oct-15	58.65	50.95	58.75	50.70
Nov-15	68.65	51.10	68.80	51.05
Dec-15	69.95	60.80	70.00	60.35
Jan-16	71.75	61.65	70.90	61.85
Feb-16	66.05	51.75	66.00	51.95
Mar-16	68.30	55.00	68.40	55.00

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

NSE (NIFTY) 2015-16



BSE SENSEX 2015-16



x) **Registrar and Transfer Agent:**

M/s Link Intime India
Private Limited., C - 13,
Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (W),
Mumbai – 400 078,
Email ID:
mrplirc@linkintime.co.in.

xi) **Share Transfer System:**

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the SEBI Listing Regulation, 2015 with the Stock Exchanges, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

xii) **Distribution of Shareholding as on 31/03/2016.**

No. of Equity Shares held	No. of shareholders holding shares in		No. of shares held in		% of Equity capital held in	
	Physical Form	Demat Form	Physical Form	Demat Form	Physical Form	Demat Form
1 - 500	219981	204185	38801100	35621531	2.214	2.033
501 - 1000	868	13165	664225	10572228	0.038	0.603
1001 - 2000	144	4875	209757	7427384	0.012	0.424
2001 - 3000	22	1354	56425	3478950	0.003	0.198
3001 - 4000	6	582	21608	2095674	0.001	0.120
4001 - 5000	15	485	69550	2294835	0.004	0.131
5001 - 10000	11	662	80950	4809425	0.005	0.274
10001 & above	8	528	303200	1646091935	0.017	93.923
Total	221055	225836	40206815	1712391962	2.294	97.706

xiii) **Shareholding Pattern as on 31/03/2016.**

Particulars	No. of Shares	Percentage
Oil and Natural Gas Corporation Ltd.	1,25,53,54,097	71.63
Hindustan Petroleum Corporation Ltd.	29,71,53,518	16.96
Resident Individuals	10,51,02,004	5.98
Non Resident Individuals	76,69,301	0.44
Domestic Companies	1,53,46,258	0.88
Foreign Inst. Investor / Foreign Portfolio Investor (Corporate)	1,34,13,604	0.77
GIC & Subsidiaries/Banks/Foreign Bank & Financial Institutions/ Insurance/Mutual Funds	5,85,37,670	3.34
Central/State Govt. Institutions	2,700	0.00
Trusts	19,625	0.00
Total	1,75,25,98,777	100.00

xiv) **Unclaimed/Undelivered Shares as on 31/03/2016.**

Sl. No	Particulars	No. of share-holders	No. of shares
1	Aggregate number of shareholders whose shares were lying undelivered / unclaimed at the beginning of the year.	9051	1021825
2	Addition - Number of shareholders whose shares lying undelivered / unclaimed during the year (April, 2015 to March, 2016).	61	12000
3	Number of shareholders who approached the Company for their undelivered shares during the year and share issued.	27	5600
4	Aggregate number of shareholders and the outstanding shares in the "Unclaimed Share Suspense Account" lying at the end of the year.	9085	1028225
5	The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.		

Mangalore Refinery and Petrochemicals Limited

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

(xvi) **Refinery Location : Mangalore Refinery and Petrochemicals Limited**

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

(xvii) **Address for Correspondence:**

Shri. Dinesh Mishra

Company Secretary, Compliance Officer & Chief Investor
Relation Officer

• **REGISTERED OFFICE/ COMPANY'S INVESTOR RELATIONS CELL:**

Mudapadav, Post Kuthethoor,
Via Katipalla,
Mangaluru-575 030.
Karnataka.
Tel.: 0824-2270400
Email: investor@mrpl.co.in.
Website: www.mrpl.co.in

• LGF, Mercantile House,
15, K. G. Marg, New Delhi-110001.
Tel.: 011-23463100
Email: investor@mrpl.co.in















































• Maker Towers,
15th Floor, "E" Wing, Cuffe Parade,
Mumbai – 400005.
Tel.: 022-22173000
Email: investor@mrpl.co.in

• Plot A-1, Opp KSSIDC A.O. Building,
Industrial Estate Rajajinagar,
Bengaluru – 560010 (Karnataka)
Tel : 080-22642200 Fax : 080-23505501

• **M/s. LINK INTIME INDIA (PVT) LTD.,
(R&T Agent)
UNIT: MRPL**

C-13 Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West), Mumbai- 400 078
Tel.: 022-25963838 / 25946970
Fax No.: 022-25946969
E-mail: mrplirc@linkintime.co.in
Website: www.linkintime.co.in

Board and Committee Composition as on 31st March, 2016

Name	Board	Audit	CSR	Nomination and Remuneration Committee	Stakeholders Relationship Committee	Human Resource Management	Project Appraisal and Execution Committee
Shri D.K.Sarraf							
Shri H Kumar							
Shri M Venkatesh							
Shri A K Sahoo							
Shri B.K.Namdeo							
Smt. Perin Devi							
Shri Diwakar Nath Misra							
Shri Nalin Kumar Srivastava *							
Shri Vishnu Agrawal #							

Till 31/01/2016

*Till 09/03/2016

 Chairperson

 Member

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The Members,

Mangalore Refinery and Petrochemicals Limited Mangaluru

1. We have examined the compliance of conditions of Corporate Governance by Mangalore Refinery and Petrochemicals Limited for the year ended 31st March, 2016 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 of the said Company with the Stock Exchange(s) and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises (DPE).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Listing Regulations and Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our Opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and in DPE guidelines. **However, since Independent Directors for the company**

have not been appointed by the Government of India, the following regulations/guidelines have not been complied with regarding :-

- a. **Since the chairman of the board being Executive chairman of the Holding company at least one-half of the Board should comprise of Independent Directors.**
 - b. **The chairman of the audit committee shall be an independent director and Two-third of the members shall be independent directors.**
 - c. **The chairman of the Nomination and Remuneration Committee should be an independent director and the members shall comprise of three or more Non-Executive directors out of which not less than one-half shall be independent directors.**
 - d. **Separate meetings of the Independent Directors for performance evaluation of the company and non-independent directors. However, as per the Gazette Notification No : 372, dated 5th June, 2015, constitution of performance and evaluation of the Non-Independent directors are not applicable to Government companies.**
 - e. **Quorum of independent directors in Audit Committee Meetings.**
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A.RAGHAVENDRA RAO & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 003324S

Sd/-

CA.GOPALAKRISHNA BHAT T. M

Partner

Membership no: 019798

For **SREEDHAR, SURESH & RAJAGOPALAN**

Chartered Accountants

Firm Registration Number: 003957S

Sd/-

CA. K SREEDHAR

Partner

Membership no: 024314

Place: Mangaluru

Date: 10th June, 2016

CEO and CFO CERTIFICATION

We the undersigned, in our respective capacities as CEO/Managing Director and CFO/Director (Finance) of Mangalore Refinery and Petrochemicals Limited ("the Company") to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2016 and that to the best of our knowledge and belief, we state that:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the financial year ended 31st March, 2016, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - 1. significant changes, if any, in internal control over financial reporting during the financial year ended 31st March, 2016.
 - 2. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over the financial reporting.

Sd/-
A.K. Sahoo
Director (Finance) & CFO
DIN: 07355933

Sd/-
H. Kumar
Managing Director & CEO
DIN: 06851988

ANNUAL BUSINESS RESPONSIBILITY REPORT (ABRR)

Section A: General Information

- 1 Corporate Identity Number (CIN) of the Company** : L85110KA1988GOI008959
- 2 Name of the Company** : Mangalore Refinery and Petrochemicals Limited
- 3 Registered address** : Mudapadav, P.O. Kuthethoor,
Via Katipalla, Mangalore-575 030, Karnataka
- 4 Website** : www.mrpl.co.in
- 5 e-mail id** : investor@mrpl.co.in
- 6 Financial Year reported** : 2015 -16
- 7 Sector(s) that the Company is engaged in (industrial activity code-wise)*** : Petroleum and Petrochemicals

Group	Class	Sub-Class	Description
232	2320		Manufacture of refined petroleum products
		23201	Production of liquid or gaseous fuels, illuminating oils, lubricating oils or greases or other products from crude petroleum.
		23209	Manufacture of other petroleum products viz. petroleum bitumen.

*As per NIC-2004-Ministry of Corporate Affairs

8 List three key products/services that the Company manufactures/provides (as in balance sheet):

- High Speed Diesel (HSD)
- Fuel Oil
- Aviation Turbine Fuel

9 Total number of locations where business activity is : 9

undertaken by the Company

i Number of International Locations (Provide : None

details of major 5)

ii Number of National Locations

- MRPL carries out its main business activities including manufacturing activities at one location namely Mangalore in the State of Karnataka.
- MRPL carries out its Marketing activities from the Marketing Head Office located in Bangalore.
- The Company has 4 offices set up, one each at Mangalore, Bangalore, Mumbai and Delhi which carries diverse functions ranging from Production, Finance, International Trade and Marketing.
- 3 depots, one each at Kasargod (Kerala), Hindupur (Andra Pradesh) and Hosur (Tamil Nadu).
- 2 retail outlets, one each at Maddur and Hubli in the State of Karnataka.

10 Markets served by the Company – Local/State/ : National and International covering 16 countries.
National/International/

Mangalore Refinery and Petrochemicals Limited

Section B: Financial Details (FY 2015-16)

1 Paid up Capital	: ₹ 1,752 Crore
2 Total Turnover	: ₹ 50,864 Crore
3 Profit After Tax (PAT)	: ₹ 1148 Crore

4. Total Spending on Corporate Social Responsibility (CSR).

The Company has spent ₹ 4.11 Crores on CSR during the year 2015-16

5 List the activities in which the CSR expenditures has been incurred.

The major areas in which the above expenditure has been incurred includes education, health care, livelihood support and community development projects.

Section C: Other Details

1 Subsidiary Company.

The Company has only one subsidiary Company viz., ONGC Mangalore Petrochemicals Limited (OMPL). The Company holds 51% of share capital of OMPL.

2 Participation of Subsidiary Company/Companies in the BR Initiatives of the parent company.

Since OMPL is a separate entity, it carry out Business Responsibility initiatives on their own as per the policies applicable to the Company.

3 Participation and percentage of participation of other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company.

MRPL being a listed PSE conducts and governs itself with ethics, transparency and accountability as per policies mandated by DPE Guidelines on Corporate Governance, SEBI Listing Regulations, 2015 and other guidelines and policies of the DPE in particular and GOI, in general. MRPL also pursues some policy initiatives voluntarily and these stakeholders help MRPL in achieving its business responsibility. It is difficult to establish the extent their support helps in facilitating the MRPL's business responsibility initiative.

Section D: BR Information

1 Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

Shri M. Venkatesh, Director (Refinery) & Occupier (DIN : 07025342)

Details of the BR head

S.No.	Particulars	Details
1	DIN	07025342
2	Name	Shri M. Venkatesh
3	Designation	Director (Refinery)
4	Telephone Number	0824-2270400
5	E- mail Id	venky_m@mrpl.co.in

2. Principle (P)-wise (as per NVGs) BR Policy/policies

P 1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
P 2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P 3	Business should promote the well-being of all employees.
P 4	Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P 5	Business should respect and promote human rights.
P 6	Business should respect, protect and make efforts to restore the environment.
P 7	Business, when engaged in influencing public and regulatory policy, should do so in responsible manner.
P 8	Business should support inclusive growth and equitable development.
P 9	Business should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	Business ethics	Product Responsibility	Well being of employees	Stakeholders engagement & CSR	Human Rights	Environment	Public policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/ policies	Yes MRPL being a listed PSE conducts and governs itself with ethics, transparency and accountability as per policies mandated by DPE Guidelines on Corporate Governance, SEBI Listing Regulations, 2015 and other guidelines and policies of the DPE in particular and GOI, in general.	Yes-Product quality manuals (Related to product quality as per BIS / international specifications)	Yes The Company has a wide range of HR policies covering all employees.	Yes	Yes All policies of the Company take into account the human rights of not only employee but also people likely to be affected by the operations of the Company.	Yes	MRPL is not engaged in influencing public and regulatory policy. However, being a PSE, it conducts its business in a responsible manner and always pursues the best ethical business practices.	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	MRPL being a Public Sector enterprise is guided by the policies of GOI.	Yes	Yes	Yes. The CSR and SD Policy is in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines.	Yes
3	Does the policy conform to any national / international standards? If yes, specify?	Yes The Policy and laid down procedures confirm to statutes and policies of the Govt. of India, DPE and other statutory bodies.	Yes (As per BIS / International specifications and Standards)	Yes	Yes. The Policy and laid down procedures confirm to the statutes and policies of GOI.	Yes The Policies are in line with the national standards and relevant international standard for its operations and business pursuit.	Yes ISO 14001: 2004 Standards	Yes The Company pursues its business in a responsible manner.	Yes. Confirms to DPE Guidelines)	Yes (ISO:9001 for Quality and ISO:14001 for environ-ment)

Sl. No.	Questions	Business ethics	Product Responsibility	Well being of employees	Stakeholders engagement & CSR	Human Rights	Environment	Public policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Yes All policies mandate by GOI, DPE and other Indian Statutory bodies are followed by Company after due approval from the Company's Board.	Yes	Yes	Yes	Yes	Yes	Yes. The Company follows the policies of GOI. All the policies of the Company are approved by its Board of Directors	Yes	Yes
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes	The Board Committees oversee the compliance and implementation of the policy.	Yes	Yes The same is overseen by CSR and SD Committee.	Yes	Yes The Company has a PAEC/ HSE Committee to oversee the implementation of the Policy.	Yes. The Company has a number of Board Committees as detailed in Corporate Governance Report.	Yes	Yes
6	Indicate the link for the policy to be viewed online?	Whistle Blower Policy and Integrity Pact could be viewed in www.mrpl.co.in	www.mrpl.co.in	Available at Employee Portal	www.mrpl.co.in	www.mrpl.co.in	www.mrpl.co.in	The various policies of the Company can be assessed at www.mrpl.co.in	www.mrpl.co.in	www.mrpl.co.in

Sl. No.	Questions	Business ethics	Product Responsibility	Well being of employees	Stakeholders engagement & CSR	Human Rights	Environment	Public policy	CSR	Customer Relations
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8	Does the company have in-house structure to implement the policy /policies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The implementation of SEBI Listing Regulations, 2015 with regard to Corporate Governance is audited by the Statutory Auditors.	Yes	Yes	Yes	Yes	Yes ISO system Audits are in place.	Yes The Company being a PSE is subject to CAG Audit.	Yes	Yes

Sl. No.	Questions	Business ethics	Product Responsibility	Well being of employees	Stakeholders engagement & CSR	Human Rights	Environment	Public policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles.	NOT APPLICABLE								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3	The company does not have financial or manpower resources available for the task.									
4	It is planned to be done within next 6 months.									
5	It is planned to be done within the next 1 year.									
6	Any other reason (please specify).									

3. Governance related to BR

- Frequency of the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company**

The Board annually assesses the Business Responsibility performance of the Company.

- Publishing a BR or a Sustainability Report, frequency and hyperlink of published reports.**

Business Responsibility Report for 2015-16 as required by Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 forms part of 28th Annual Report. The same is also available on the Company's website at www.mrpl.co.in

Section E: Principle-wise performance

Principle 1- Ethics, Transparency and Accountability

- Coverage of policy relating to ethics, bribery and corruption cover only the company and its extension to Group/ Joint Ventures / Suppliers / Contractors / NGOs /Others.**

The Company policy relating to ethics, bribery and corruption covers the company, employees and directors and other stakeholders.

- Stakeholder complaints received in the past financial year and what percentage of complaints satisfactorily resolved by the management.**

The Company has a Stakeholder Relationship Committee. The Committee specifically looks into redressing Shareholders and Investors complaints pertaining to transfer/transmission of shares, non – receipt of annual report, dividends payments, duplicate share certificates and other issues as per the terms of reference. The company has received 30 investor complaints during the Financial Year 2015-16 of which all the 30 complaints have been resolved within the same year. 100% complaints were

satisfactorily resolved by the management.

Principle 2- Product Lifecycle Sustainability

- List up of 3 products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

- Motor spirit product quality meeting BS III and BS IV specifications.
- High Speed Diesel (HSD) product quality meeting BS III and BS IV specifications.
- Aviation Turbine Fuel.

- Details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

The relevant details with regard to consumption of energy and raw material per unit of production has been reflected in "Annexure-B" to the Boards' Report, which forms a part of the Annual Report 2015-16.

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

Reflected in the aforesaid "Annexure-B" of Boards' Report.

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Reflected in the aforesaid "Annexure-B" of Boards' Report.

- Procedures in place for sustainable sourcing (including transportation) and percentage of inputs sourced sustainably.**

The company has a well defined crude procurement procedure.

- Steps taken to procure goods and services from local & small producers, including communities and capability building activities undertaken for**

local and small vendors ?

The company being in the business of crude oil refining, most of the procurement of equipments, spares and chemicals are always sourced from established sources. These inputs are not available in the local area where the refinery is situated. However certain services like housekeeping, garden work, were procured from local community.

5. Mechanism to recycle products and waste and the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).

Company recycles minimum of 70 % of treated effluent water and re-uses it as make-up water. Further Company has installed an RO plant for increasing the treated effluent recycle further.

Principle 3- Employee Well-being

1. Total number of employees.

1812

2. Total number of employees hired on temporary/contractual/casual basis.

Various jobs of house keeping, security services, garden maintenance, mechanical, electrical and civil maintenance and canteen services are outsourced. There were 3898 employees hired on contractual basis as on 31/03/2016.

3. Number of permanent women employees.

130

4. Number of permanent employees with disabilities.

26

5. Do you have an employee association that is recognized by management.

Yes

6. Percentage of your permanent employees is members of this recognized employee association?

100%

7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	02	Nil

8. Percentage of your under mentioned employees were given safety & skill up-gradation training in the last year.

During the year 2015-16 the company devoted 3669

mandays for training, development and learning , which amounts to 2.16 mandays per employee.

Principle 4- Stakeholder Engagement

1. Mapped its internal and external stakeholders.

Yes, the stakeholders have been mapped as under:

- Investors and shareholders.
- Employees.
- Local community.
- Suppliers & Customers.
- Government regulatory authorities.

2. Identification of the disadvantaged, vulnerable & marginalized stakeholders.

MRPL follows the guidelines issued by DOPT and list of identified posts reserved for persons with disabilities issued by M/s Ministry of Social Justice and Empowerment (Govt. of India) for employment of persons with disabilities.

3. Special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

Special recruitment drives were taken by MRPL for filling 24 posts identified for persons with disabilities, out of which 22 posts have been filled, offer has been issued to one selected candidate and for balance one post, re-advertisement will be shortly released in the newspaper.

Principle 5- Human Rights

1. Coverage of the policy of the company on human rights cover and its extension to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others.

MRPL is a Central Public Sector Enterprise, guided by Government guidelines and applicable statutes which protect human rights in general and same has been extended to other stakeholders.

2. Stakeholder complaints received in the past financial year and percentage of complaints satisfactorily resolved by the management.

There were no complaints received on violation of Human Rights during the year 2015-16.

Principle 6- Environmental management

1. Coverage of the policy related to Principle 6 and its extension to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

Nurturing and safeguarding the environment for long term sustainability is the primary objective of MRPL's environment policy. Though the policy covers only the company, the company strives to inculcate the responsibility of environment preservation and management amongst other stakeholder groups such as Contractors, Suppliers and Local Community for sharing the responsibility towards environmental protection.

2. Company's strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.

Maintain global standards in health, safety and environmental norms with a strong commitment towards community welfare.

3. Identification and assessment of potential environmental risks.

Yes, MRPL has a mechanism to identify and assess potential environmental risk at all its units of the refinery. Mitigation measures for sustenance of the environment are internalized and taken care at all stages of project design, execution, construction, operation and maintenance.

The company's production facility are ISO 9001, ISO 14001 and ISO 50001 certified. The periodic audit helps MRPL to identify and assess potential environmental risk.

4. Company's initiative towards Clean Development Mechanism?

MRPL is an ONGC Group Company, partnering with ONGC in its Clean Development Mechanism projects.

5. Company's initiatives on – clean technology, energy efficiency, renewable energy, etc.

The various initiatives taken by the company for energy efficiency etc., during the year are formulated in the Boards' Report.

6. Reporting on the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB.

Yes and the same are reported to the KSPCB periodically.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year 2015-16.

Received nine numbers of show cause notices from KSPCB/ CPCB regarding dust, noise & odour complaints from the neighboring villages. Point wise reply submitted to KSPCB/ CPCB and corrective actions are initiated with the firm target date.

Principle 7- Public Advocacy

1. Representation in any trade and chamber or association.

Yes, the company is having membership in the following Associations / Bodies.

1. Confederation of Indian Industry (CII),
2. Standing Committee on Public Enterprises (SCOPE),
3. Petroleum Conservation Research Association (PCRA),
4. National Accreditation Board of Testing and Calibration Laboratories (NABL),
5. Petroleum Federation of India (PETROFED),
6. Federation of Indian Export Organisations (FIEO).

2. Advocated/lobbied through above associations for the advancement or improvement of public good.

The Company is actively participating in Programs conducted by the association for improvement of public good.

Principle 8: Inclusive Growth.

1. Specified programs /initiatives/projects in pursuit of the policy related to Principle 8.

MRPL has a CSR &SD Policy with a thrust on inclusive

growth and community development. In addition to various CSR initiatives taken by the company (details furnished in Boards' Report "Annexure-D").

2. Programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization.

The CSR Projects are implemented by the Company.

3. Impact assessment for initiatives.

Impact assessment is done after completion of the project, by taking feedback, such as beneficiaries from our Artificial Limb Camp, Skill up-gradation vocational training programs. Apart from the above, feedback is taken from the School authorities on improvement of attendance, overall well being and academic performance of students, after the scholarship & mid-day meals program. Similarly feedback on improvement is also taken from the Gram Panchayat is taken, wherever buildings for different purpose are built, through MRPL CSR.

4. Company's direct contribution to community development projects.

An expenditure of ₹ 4.11 Crore has been incurred by MRPL during 2015-16 towards community development projects pertaining to education, healthcare, livelihood support etc.

5. Steps to ensure that this community development initiative is successfully adopted by the community.

The CSR initiative taken up by the Company has been successfully adopted by the community. There are lots of improvements in the area of education, sanitation, health, environment in rural and downtrodden communities of the society. The quality of living with respect to hygiene has improved in rural SC/ST communities. Self employment program or skill development program initiatives taken by the company had helped in improving the livelihood of the marginalized community.

Principle 9: Value for Customers.

1. Percentage of customer complaints/consumer cases are pending as on the end of financial year.

Nil

2. Product information on the product labeling.

Product/Brand name/Manufacturer details like address, contact, email id/Grade/Lot Number, Bag number on Polypropylene bags under MANGPOL brand are displayed.

3. Case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as at end of financial year.

Nil

4. Consumer survey/ consumer satisfaction trends carried out by the Company.

The customer satisfaction survey carried out on half yearly basis has shown customer satisfaction improvement from 94.64% in FY 2014-15 to 95.02% in FY 2015-16.

INDEPENDENT AUDITORS' REPORT

To the members of **MANGALORE REFINERY AND PETROCHEMICALS LIMITED** Report on the Standalone Financial Statements.

We have audited the accompanying standalone financial statements of MANGALORE REFINERY AND PETROCHEMICALS LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March, 2016 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 thereunder.

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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we have given in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Based on the verification of Records of the Company and based on the 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 Companies Act, 2013.

Mangalore Refinery and Petrochemicals Limited

- a. The company has clear title/lease deeds for freehold and leasehold land respectively.
- b. There is one case of write off of debt amounting to ₹ 0.70 million in addition to Central Sales Tax on sales to PSU Oil Marketing Companies amounting to ₹ 2,183.92 million and both are being expensed to the Statement of Profit and Loss, the latter has arisen on account of prevailing industry practice.
- c. The company has maintained adequate records in respect of inventories lying with third parties. No assets have been received by the Company as gift 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- e. Disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015.
- f. With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report Annexure B
- g. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 31.14.03 and 31.14.04 to the financial statements;
- ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **A.RAGHAVENDRA RAO & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 0033245

Sd/-

CA.GOPALAKRISHNA BHAT T. M

Partner

Membership No: 019798

Place: BENGALURU

Date: 12th MAY, 2016

For **SREEDHAR,SURESH &RAJAGOPALAN**

Chartered Accountants

Firm Registration Number: 0039575

Sd/-

CA. K SREEDHAR

Partner

Membership No: 024314

ANNEXURE 'A' REFERRED TO UNDER PARAGRAPH 1 OF THE REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS.

With reference to Annexure 'A' referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditors' report to the members of Mangalore Refinery and Petrochemicals Limited on the financial statement for the year ended 31st March, 2016, we report that:

- i.
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. All the assets have not been physically verified by the management during the year, but there is a regular programme of verification, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. As per the reports submitted by the Company, no material discrepancies have been noticed on such verification.
 - c. According to the information and explanation given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.
- ii. We are informed that the inventory of stores and spares are physically verified during the year by the management on a continuous basis as per programme of perpetual inventory. Inventories of other items have been physically verified at the year end, the frequency of which in our opinion is reasonable, having regard to the size of the company and nature of its business. As per the reports submitted by the Company, no material discrepancies have been noticed on such verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order does not arise.
- iv. According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made any investment covered under Section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3(iv) of the Order does not arise.
- v. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3(v) of the Order does not arise.
- vi. According to information and explanation given to us, the Central Government has specified the maintenance of cost records under section 148(1) of Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company and report that the directions specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 with regard to maintenance of Cost Records have been complied with.
- vii.
 - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, Income tax, sales tax, service tax, duty of excise, value added tax and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income tax, sale tax, service tax, duty of excise, value added tax and other statutory dues outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - b. According to information and explanations given to us and as per our verification of records of the Company, the disputed tax which are not deposited with the appropriate authorities as at 31st March, 2016 are as follows:

Name of the Statute	Nature of the Dues	Total Demand (₹ Millions)	Total Amt Paid under protest/ adjusted (₹ Millions)	Period to which the Amount Relates (Financial Year)	Forum Where the dispute is pending
The Karnataka Sales tax Act, 1957/ Central Sales Act, 1956	Central Sales Tax – Penalty	4.53	Nil	2009-10	Karnataka Appellate Tribunal
	Central Sales Tax – Interest	18.33	12.10	2009-10	Karnataka Appellate Tribunal
	Value Added Tax – Interest	0.43	0.21	2006-07	Appellate Authority – Mangalore
	Value Added Tax – Interest	0.13	0.13	2009-10	Karnataka Appellate Tribunal
	Value Added Tax – Interest	0.66	0.66	2010-11	Karnataka Appellate Tribunal
	Value Added Tax – Penalty	3.48	Nil	2011-12	Appellate Authority – Mangalore
Income Tax Act, 1961	Income Tax / Interest / Penalty	296.30	296.30	AY 1993-03	Mumbai High Court
		10.93	10.93	AY 2003-04	Income Tax Appellate Tribunal – Mumbai
		233.50	111.10	AY 2006-07	Income Tax Appellate Tribunal – Mumbai
		129.39	129.39	AY 2007-08	Income Tax Appellate Tribunal – Mumbai
		362.49	362.49	AY 2008-09	Income Tax Appellate Tribunal – Mumbai
		1,014.82	1,014.82	AY 2009-10	Income Tax Appellate Tribunal – Mumbai
		126.72	Nil	AY 2008-09	Commissioner of Income Tax (Appeals) – Mumbai
		754.77	698.00	AY 2010-11	Commissioner of Income Tax (Appeals) – Mumbai
		594.02	297.00	AY 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
		546.70	453.70	AY 2012-13	Commissioner of Income Tax (Appeals) – Mumbai

Mangalore Refinery and Petrochemicals Limited

Name of the Statute	Nature of the Dues	Total Demand (₹ Millions)	Total Amt Paid under protest/ adjusted (₹ Millions)	Period to which the Amount Relates (Financial Year)	Forum Where the dispute is pending
The Customs Act, 1962	Custom Duty / Interest / Penalty	55.57	Nil	1997-2000	Supreme Court Of India
		682.26	Nil	1997-2000	CESTAT – Bangalore
Central Excise Act, 1944	Central Excise Duty / Service Tax / Interest / Penalty	23.40	0.30	2009-10 to 2015-16	Commissioner (Appeals) – Mangalore
		205.06	37.12	1996-97 to 2013-14	CESTAT - Bangalore
		2.33	0.72	2002-03 to 2015-16	Joint Secretary, MOF
		53.70	21.64	1999-2000 to 2010-11	Commissioner – Mangalore
		20.31	—	1996-97 to 2003-2004	Supreme Court
Total		5,144.63	3,449.09		

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to any bank or government during the year. The Company did not have any loans or borrowings from any financial institution and has not issued any debentures.
- ix. The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor has availed any term loans during the year. Accordingly reporting under Clause 3 (ix) of the Order does not arise.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practises in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.
- xi. According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, managerial remuneration has been paid in accordance with the DPE Guide Lines.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.
- xiii. According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under clause 3(xiv) of the Order does not arise.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

For **A.RAGHAVENDRA RAO & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 003324S

Sd/-

CA.GOPALAKRISHNA BHAT T. M

Partner

Membership No: 019798

For **SREEDHAR,SURESH & RAJAGOPALAN**

Chartered Accountants

Firm Registration Number: 003957S

Sd/-

CA. K SREEDHAR

Partner

Membership No: 024314

Place: BENGALURU

Date: 12th MAY, 2016

ANNEXURE-B TO THE AUDITOR'S 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 Mangalore Refinery and Petrochemicals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 judgement, including the assessment of the risks of material misstatement of

the 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 authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 **A.RAGHAVENDRA RAO & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 0033245

Sd/-

CA.GOPALAKRISHNA BHAT T. M

Partner

Membership No: 019798

Place: Bengaluru

Date: 12th May, 2016

For **SREEDHAR,SURESH & RAJAGOPALAN**

Chartered Accountants

Firm Registration Number: 0039575

Sd/-

CA. K SREEDHAR

Partner

Membership No: 024314

Mangalore Refinery and Petrochemicals Limited

Statement of Changes in Equity as on 31st March, 2016

(₹ in Million)

	Attributables to Equity Holders					Total Equity
	Paid-up Share Capital	Capital redemption Reserve	Securities Premium	General Reserve	Surplus	
Balance as on 01.04.2014	17,526.64	91.86	3,490.53	1,192.00	48,387.69	70,688.72
Profit / (Loss) for the year	-	-	-	-	(17,122.34)	(17,122.34)
Adjustment Pursuant to Schedule II to the Companies Act, 2013 (Refer note no. 3 of Financial Statement)					(516.79)	(516.79)
Balance as on 31.03.2015	17,526.64	91.86	3,490.53	1,192.00	30,748.56	53,049.59
Balance as on 01.04.2015	17,526.64	91.86	3,490.53	1,192.00	30,748.56	53,049.59
Profit / (Loss) for the year	-	-	-	-	11,481.59	11,481.59
Adjustment Pursuant to Schedule II to the Companies Act, 2013 (Refer note no. 3 of Financial Statement)		-	-	-	(326.74)	(326.74)
Balance as on 31.03.2016	17,526.64	91.86	3,490.53	1,192.00	41,903.41	64,204.44

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 003324S

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 003957S

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in Million)

Particulars	Note No.	As at 31 st March, 2016	As at 31 st March, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	17,526.64	17,526.64
(b) Reserves and Surplus	3	46,677.80	35,522.95
2 Non-current liabilities			
(a) Long-term borrowings	4	68,204.19	78,646.53
(b) Deferred tax liabilities (Net)	5	806.31	-
(c) Other Long term liabilities	6	-	0.13
(d) Long-term provisions	7	403.72	346.27
3 Current liabilities			
(a) Short-term borrowings	8	25.61	108.73
(b) Trade payables	9		
Total Outstanding dues of micro enterprises and small enterprises		9.07	8.46
Total Outstanding dues of creditors other than micro enterprises and small enterprises		213,379.64	183,301.55
(c) Other current liabilities	10	22,975.53	25,798.56
(d) Short-term provisions	11	3,543.83	2,097.39
TOTAL		373,552.34	343,357.21
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		149,211.81	141,087.06
(ii) Intangible assets		2.84	5.42
(iii) Capital work-in-progress		1,830.76	13,775.10
(b) Non-current investments	13	13,496.73	13,496.73
(c) Long-term loans and advances	14	6,792.30	3,583.25
(d) Other non-current assets	15	3,420.36	2,614.19
2 Current assets			
(a) Inventories	16	31,967.20	33,996.05
(b) Trade receivables	17	23,690.30	23,588.16
(c) Cash and Bank balances	18	137,127.28	102,687.12
(d) Short-term loans and advances	19	4,236.09	6,899.97
(e) Other current assets	20	1,776.67	1,624.16
TOTAL		373,552.34	343,357.21
Significant Accounting Policies	1		
Other Disclosure	31		

See accompanying notes to the Financial Statements

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
H KUMAR
Managing Director
DIN:06851988
Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

Mangalore Refinery and Petrochemicals Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Million)

Particulars	Note No.	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
I. Revenue from operations	21	508,795.78	624,171.42
Less: Excise Duty		112,321.37	49,546.09
Net Revenue from Operations		396,474.41	574,625.33
II. Other income	22	8,571.23	8,049.92
III. Total Revenue (I + II)		405,045.64	582,675.25
IV. Expenses:			
Cost of materials consumed	23	345,516.10	559,615.14
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	24	6,831.66	18,861.34
Employee benefits expenses	25	2,850.26	2,407.42
Finance costs	26	5,778.35	4,070.88
Depreciation and amortisation expense	27	7,124.05	4,986.10
Other expenses	28	23,380.18	14,627.76
Total expenses		391,480.60	604,568.64
V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)		13,565.04	(21,893.39)
VI. Exceptional items (Income)/Expenses: Net	29	1,829.94	(334.47)
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		11,735.10	(21,558.92)
VIII. Extraordinary Items		—	—
IX. Profit/(Loss) before tax (VII- VIII)		11,735.10	(21,558.92)
X Tax expenses:			
(1) Current / MAT tax		2,345.58	—
(2) MAT Credit Entitlement		(2,345.58)	—
(3) Prior Year's Tax adjustments		(725.73)	—
(4) Deferred tax (Refer note 31.11)		979.24	(4,436.58)
XI Profit/(Loss) after tax for the year (IX - X)		11,481.59	(17,122.34)
XII Earnings per equity share:	30		
(1) Basic		6.55	(9.77)
(2) Diluted		6.55	(9.77)
Significant Accounting Policies	1		
Other Disclosure	31		

See accompanying notes to the Financial Statements

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 003324S

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 003957S

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Million)

Particulars	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Taxation, and extraordinary item	11,735.10	(21,558.92)
Adjustments for :		
— Depreciation and Amortisation	7,124.44	5,005.27
— Loss/ (Profit) on sale of Fixed Assets	3.82	(3.44)
— Provisions/ Liability no longer required written back	(363.45)	(67.04)
— Provision for Doubtful Debts/ Advances / Deposits and write offs	378.49	212.21
— Foreign Currency translation- Net	8,094.00	4,947.59
— Finance Costs	5,778.35	4,070.88
— Interest/ Dividend Incomes	(8,140.27)	(7,904.55)
Operating Profit/ (Loss) before Working Capital changes	24,610.48	(15,298.00)
Adjustment for :		
— Trade and other receivables	23,116.30	(9,516.91)
— Inventories	2,028.85	50,493.56
— Trade payable and provisions	24,172.63	(30,537.07)
Cash generated from operations	73,928.26	(4,858.42)
— Direct taxes paid (net of refunds)	(1,721.17)	(894.27)
Cash flow before Prior Period items	72,207.09	(5,752.69)
— Prior Period items (Non-cash items)	77.21	(5.51)
Net Cash flow from Operating Activities	(a) 72,284.30	(5,758.20)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(3,923.90)	(8,922.21)
Sale of Fixed assets	2.52	12.68
Interest/ Dividend Income received	8,181.12	8,333.18
Tax Paid on Interest/ Royalty Income	(667.63)	(756.56)
Investments (Net)	-	(12,746.22)
Net Cash flow from Investing Activities	(b) 3,592.11	(14,079.13)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) from Long Term Borrowings: Net	(11,624.56)	(9,391.54)
Proceeds/ (Repayment) from Short Term Borrowings: Net	(83.12)	108.73
Finance Costs paid	(5,799.78)	(5,748.25)
Dividend and Dividend tax paid	-	-
Net Cash flow from Financing Activities	(c) (17,507.46)	(15,031.06)
Net Increase / (Decrease) in Cash and Cash Equivalents	(a+b+c) 58,368.95	(34,868.39)
Cash and Cash Equivalents as at the beginning of the year	71,690.55	106,558.94
Cash and Cash Equivalents as at the end of the year	130,059.50	71,690.55
	58,368.95	(34,868.39)
	For the year ended 31st March, 2016 (₹ in Million)	For the year ended 31st March, 2015 (₹ in Million)
Cash and Cash Equivalents		
Cash balances including imprest	0.95	1.78
Bank Balances with Schedule Banks**	130,058.55	71,688.77
	130,059.50	71,690.55

** Excludes balances in current accounts/deposit accounts pertaining to interest warrant, under lien, pledged with banks / Govt. authorities ₹ 7,067.78 Million (Previous Year ₹ 30,996.57 Million)

Previous Year's figures have been re-grouped/ re-classified wherever necessary to confirm to the current year's presentation.

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1 Accounting Conventions and Basis of Presentation / Accounting

1.1 The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP), the provisions of the Companies Act, 2013 including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

1.2 All income and expenses to the extent considered receivable / payable with reasonable certainty are accounted for on accrual basis.

2 Use of Estimates

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

3 Cash Flow Statement

Cash Flow Statement has been prepared under Indirect Method as set out in the Accounting Standard - 3 specified in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as required by the Securities and Exchange Board of India.

4 Fixed Assets

4.1 Land is stated at historical cost less amortisation wherever applicable.

4.2 Other Fixed assets are stated at historical cost less accumulated depreciation/ amortisation and impairment.

4.3 Spares received along with the Plant or Equipment and those purchased subsequently for specific machinery and having irregular use are capitalised.

4.4 During the period of construction, directly identifiable expenses are capitalised at the first instance and all other allocable expenses are capitalised proportionately on the basis of the value of the assets.

4.5 Cost for this purpose includes purchase prices, taxes and duties (net of cenvat), incidental expenses, erection / commissioning expenses, technical knowhow fee, professional fee, interest upto the date the asset is put to use and exchange rate differences arising on long term foreign currency monetary items in so far as they relate to the acquisition of depreciable assets etc.

5 Impairment

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

6 Depreciation / Amortisation

6.1 Depreciation on Fixed Assets (including those taken on lease) is provided on Straight Line Method, over the useful life of component of various Assets as specified in Schedule II to the Companies Act, 2013, except in case of certain components of the Plant and Equipment

whose useful lives are determined based on technical evaluation.

6.2 Catalyst whose life is more than one year is capitalised and depreciated over the guaranteed useful life as specified by the supplier.

6.3 Cost of leasehold land is amortised over the lease period. Cost of leasehold lands where the transfer of ownership to the company on expiry of the lease period is eventually certain are not amortised.

6.4 Depreciation on amounts capitalised on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.

6.5 Depreciation on spares having irregular use and purchased subsequent to the installation of specific machinery is provided prospectively over residual life of the specific machinery and written down value of the spare is charged to statement of Profit and Loss as and when replaced.

7 Intangible Assets

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

8 Investments

8.1 Long term investments are valued at cost. Provision is made in the accounts for any diminution, other than temporary in nature.

8.2 Current Investments are valued at lower of cost and fair value.

9 Inventories

Inventories except Stores, Spares and other trading Goods are valued at cost or net realisable value which ever is lower. Cost of inventories comprises of purchase cost and other costs incurred in bringing inventories to their present location and condition. The cost has been determined as under:

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

10 Revenue Recognition

10.1 Sales are recognised on transfer of custody of goods to customers and include all statutory levies except Value Added Tax (VAT) and are net of discounts.

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

10.3 Interest income is recognised on a time proportion basis

10.4 Revenue from sale of scrap is recognised on transfer of custody of goods to customers.

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

10.6 Excise duty recovery from customer is deducted from Turnover (gross). Excise duty differential between closing and opening stock of excisable goods is included under other expenses.

11 Claims

11.1 Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated.

11.2 Insurance Claims

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

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

11.2.3 As and when claims are finally received from the insurance company, the difference, if any, between the claim receivable from insurance company and claims received is adjusted to statement of Profit and Loss

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

12 Foreign Currency Transactions

12.1 Foreign Currency Transactions are accounted for at the exchange rates prevailing on the date of the transactions.

12.2 The foreign currency assets / liabilities of monetary items are translated using the exchange rates prevailing on the reporting date.

12.3 The exchange differences on translation of foreign currency transactions on the reporting date are recognised as income or expense and adjusted to the statement of profit and loss except exchange differences arising on reporting of long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets which are added to /or deducted from cost of the assets.

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

13 Employee Benefits

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

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

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

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

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

14 Leases

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

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

15 Borrowing Costs

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

16 Research and Development expenditure

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

17 Taxes on Income

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

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

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

18 Provisions, Contingent Liabilities and Contingent Assets

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

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NOTE 2 SHARE CAPITAL

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

2.1.1 Share Capital	As at 31 st March, 2016		As at 31 st March, 2015	
	Number	₹ in Million	Number	₹ in Million
Authorised				
Equity Shares of ₹ 10 each (Previous Year ₹ 10 each)	2,900,000,000	29,000.00	2,900,000,000	29,000.00
Redeemable Preference Shares ₹ 10 each (Previous Year ₹ 10 each)	100,000,000	1,000.00	100,000,000	1,000.00
Total	3,000,000,000	30,000.00	3,000,000,000	30,000.00
2.1.2 Equity Share Capital				
Issued Subscribed & Paid up				
Equity Shares of ₹ 10 each (Previous Year ₹ 10 each)	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Shares Forfeited (money received)	-	0.65	-	0.65
Total	1,752,598,777	17,526.64	1,752,598,777	17,526.64
2.2. Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99

2.3 Rights, preferences and restrictions attached

Particulars	Equity Shares
Distribution of Dividend	The company has only equity shares having a par value of ₹ 10 per share which is Issued, Subscribed & Paid up. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
Repayment of Capital	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

Equity Shares

Name of Shareholder	As at 31 st March, 2016		As at 31 st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Oil and Natural Gas Corporation Limited	1,255,354,097	71.63%	1,255,354,097	71.63%
Hindustan Petroleum Corporation Limited	297,153,518	16.96%	297,153,518	16.96%

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

2.7 Forfeited Shares

As at 31 st March, 2016		As at 31 st March, 2015	
No. of Shares Forfeited	Amount paid up in ₹ Million	No. of Shares Forfeited	Amount paid up in ₹ Million
-	0.65	-	0.65

NOTE 3 RESERVES AND SURPLUS

Particulars	₹ in Million	
	As at 31 st March, 2016	As at 31 st March, 2015
3.1 Capital Redemption Reserve (Refer Note a below)		
As per Last Balance Sheet	91.86	91.86
Transfer from Profit and Loss account	-	-
Closing Balance	91.86	91.86
3.2 Securities Premium Account		
As per Last Balance Sheet	3,490.53	3,490.53
Transfer during the year	-	-
Closing Balance	3,490.53	3,490.53
3.3 General Reserve		
As per Last Balance Sheet	1,192.00	1,192.00
Add : Current Year transfer	-	-
Closing Balance	1,192.00	1,192.00
3.4 Surplus		
As per Last Balance Sheet	30,748.56	48,387.69
Add : Profit / (Loss) after tax for the year	11,481.59	(17,122.34)
Less : Adjustment Pursuant to Schedule II to the Companies Act, 2013 (net of Tax) (Refer Note 31.04)	326.74	516.79
Closing Balance	41,903.41	30,748.56
Total	46,677.80	35,522.95

Notes

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

NOTE 4 LONG TERM BORROWINGS

Particulars	₹ in Million	
	As at 31 st March, 2016	As at 31 st March, 2015
4.1 SECURED		
Term loans : From Banks		
4.1.1 External Commercial Borrowing (ECB) (Refer Note a & c below)	38,844.92	39,221.89
Terms of Repayment:		
During 2016-17 : ₹ 2,733.23 Million		
During 2017-18 : ₹ 10,270.30 Million		
During 2018-19 : ₹ 27,083.78 Million		
During 2019-20 : ₹ 993.90 Million		
During 2020-21 : ₹ 496.94 Million		
4.1.2 From Others : Term Loan from OADB (Refer Note b & c below)	2,500.00	-
Terms of Repayment:		
During 2016-17 : ₹ 2,750.00 Million		
During 2017-18 : ₹ 1,750.00 Million		
During 2018-19 : ₹ 750.00 Million		
	41,344.92	39,221.89

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₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
4.2 UNSECURED		
4.2.1 From Others : Term Loan from OADB (Refer Note b & c below)	-	5,250.00
4.2.2 Deferred payment liabilities (Refer Note d below)	1,145.17	1,603.34
Terms of Repayment:		
During 2016-17 : ₹ 458.17 Million		
During 2017-18 : ₹ 526.54 Million		
During 2018-19 : ₹ 400.00 Million		
During 2019-20 : ₹ 218.63 Million		
4.2.3 Loans and advances from related parties (Refer Note e below)		
Terms of Repayment:	25,714.10	32,571.30
During 2016-17 : ₹ 6,857.20 Million		
During 2017-18 : ₹ 6,857.20 Million		
During 2018-19 : ₹ 6,857.20 Million		
During 2019-20 : ₹ 6,857.20 Million		
During 2020-21 : ₹ 5,142.50 Million		
	26,859.27	39,424.64
Total	68,204.19	78,646.53

Notes:

- a The interest rate for ECB are based on 6 month LIBOR plus spread. Effective Interest rates are 3.4337%, 4.2109%, 3.0760%, 2.6960% and 3.3605% on ₹ 6,626.00 Million, ₹ 8,448.15 Million, ₹ 19,878.00 Million, ₹ 3,313.00 Million and ₹ 3,313.00 Million respectively.
- b The interest rate for OADB term loan are 8.89%, 9.04%, 8.73%, 8.98%, 8.94%, 9.27%, 9.06% and 9.15% on ₹ 912.50 Million, ₹ 87.50 Million, ₹ 625.00 Million, ₹ 1,375.00 Million, ₹ 65.92 Million, ₹ 1,672.50 Million, ₹ 299.70 Million and ₹ 211.88 Million respectively. During the year, the loan is reclassified as secured as against unsecured in previous year.
- c Secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets both present and future.
- d Deferred Payment liability representing Sales Tax deferment is with Nil Interest rate.
- e The interest rate on Term loan from related Parties i.e ONGC is 10.60% (SBAR minus 3.85%) on ₹ 32,571.30 Million.
- f ₹ 12,798.60 Million - Secured and Unsecured (Previous year ₹ 11,569.39 Million) is repayable within one year and the same has been shown as "Current Maturities of Long Term Debts" under Note 10.

NOTE 5 DEFERRED TAX LIABILITIES (NET)

The Company has Deferred Tax Liabilities as at 31st March, 2016 of ₹ 806.31 Million (Previous Year Nil). The Breakup of Deferred Tax Liabilities is as under:

₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
5.1 Deferred Tax Liabilities (Refer Note 31.11)		
WDV Difference on Assets	22,780.92	18,360.96
Less: Tax effect on depreciation charges against opening balance of retained earning (Refer Note 31.04)	172.93	266.11
Total 5.1	22,607.99	18,094.85
5.2 Deferred Tax Assets (Refer Note 31.11)		
43B Disallowances	10.87	10.68
Carry Forward Losses/ Depreciation	21,246.97	17,678.45
Others	543.84	405.72
Total 5.2	21,801.68	18,094.85
Net Deferred Tax Liabilities (5.1-5.2)	806.31	-

NOTE 6 OTHER LONG TERM LIABILITIES

₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Other Liabilities	—	0.13
Total	—	0.13

NOTE 7 LONG TERM PROVISIONS

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Provision for Employee Benefits		
Leave Encashment (unfunded) (Refer Note 31.14.02)	338.79	287.76
Post retirement Medical and Other Benefits (Unfunded) (Refer Note 31.14.02)	64.93	58.51
Total	403.72	346.27

NOTE 8 SHORT TERM BORROWINGS

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Secured		
Short term Loan From Banks : Working Capital	25.61	108.73
Secured by way of hypothecation of Company's immovable and movable Fixed Assets both present and future.		
Total	25.61	108.73

NOTE 9: TRADE PAYABLES

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Trade Payables (Refer Note a and b below and Note 31.16)	213,388.71	183,310.01
Total	213,388.71	183,310.01

Note

- a Includes ₹ 4,638.87 Million (Previous year ₹ 3,282.95 Million) backed by Parent company Guarantee - ONGC.
b Disclosure relating to dues to Micro, Small and Medium Enterprises

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
i the Principal amount due thereon remaining unpaid to any supplier at the eand of year.	9.07	8.46
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.	-	-

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NOTE 10 OTHER CURRENT LIABILITIES

Particulars	₹ in Million	
	As at 31 st March, 2016	As at 31 st March, 2015
Current maturities of long-term debt (Secured) (Refer Note 4.1.1 & 4.1.2)	5,483.23	1,406.36
Refer Note No 4 (point no a, b, c & f).		
Current maturities of long-term debt (UnSecured) (Refer note 4.2.1, 4.2.2 & 4.2.3)	7,315.37	10,163.03
Refer Note No 4 (point no d, e & f).		
Unpaid dividends (Refer Note a below)	101.24	124.49
Interest on Matured Debentures (Refer Note b below)	0.19	0.19
Deposits from Suppliers/Contractors/Others	192.50	141.24
Liability for Gratuity (Refer note c below)	27.08	24.98
Payable against Capital goods (Refer Note 31.23)	6,863.46	8,468.68
Liability for Statutory Payments	1,252.01	1,048.15
Liability for Employees	304.25	164.73
Interest Accrued but not due	448.97	343.62
Payable to Oil Companies on refund from Commercial taxes (Refer Note 31.21)	-	2,884.48
Others payables	987.23	1,028.61
Total	22,975.53	25,798.56

Note

- a No amount is due for payment to Investor Education Protection Fund.
- b Provision for Interest towards disputed Claims
- c Net of amount receivable/ payable from/to Gratuity trust

NOTE 11 SHORT TERM PROVISIONS

Particulars	₹ in Million	
	As at 31 st March, 2016	As at 31 st March, 2015
11.1 Provision for Employee Benefits		
For Leave (Unfunded) (Refer Note 31.14.02)	34.91	33.10
For Post retirement Medical and Other Benefits (Unfunded) (Refer Note 31.14.02)	1.94	1.92
11.2 Others		
Others (Refer Note a below)	3,506.98	2,062.37
Total	3,543.83	2,097.39

Note

- a The company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2016 and for 31st March 2015 for ₹ 3,506.98 Million and ₹ 2,057.60 Million respectively.

₹ in Million

NOTE 12: FIXED ASSETS

Fixed Assets	Refer Note	Useful Life in Years	Gross Block			Depreciation/ Amortisation			Net Block		
			As at 1 st April, 2015	Additions/ adjustments during the year	Deductions/ Adjustments during the year	As at 31 st March, 2016	Charge for the year	Transferred to retained earning	Deductions/ Adjustments during the year	As at 31 st March, 2016	As at 31 st March, 2015
Land : Freehold			17.65	-	-	17.65	-	-	-	17.65	17.65
Land under lease	a, b		257.70	3.29	-	260.99	0.08	-	0.85	260.14	256.93
Buildings			4,183.08	149.40	-	4,332.48	137.11	-	1,864.32	2,468.16	2,455.87
Plant and Equipment	c, d, e		204,460.23	15,576.32	53.82	219,982.73	6,961.09	499.67	73,644.87	146,337.86	138,226.10
Office Equipment			95.34	0.02	2.23	93.13	5.25	-	73.65	19.48	25.06
Furniture and Fixtures	d		191.27	19.36	4.16	206.47	15.43	-	112.30	94.17	90.68
Vehicles	d		25.96	4.65	4.10	26.51	3.32	-	12.16	14.35	14.77
Total Tangible Assets			209,231.23	15,753.04	64.31	224,919.96	7,122.28	499.67	75,708.15	149,211.81	141,087.06
Intangible Assets											
Goodwill	f	10	20.13	-	-	20.13	2.01	-	18.10	2.03	4.04
Computer software		10	4.47	-	-	4.47	0.45	-	3.69	0.78	1.23
Computer software		3	95.28	-	-	95.28	-	-	95.25	0.03	0.03
Computer software		7	0.81	-	-	0.81	0.12	-	0.81	-	0.12
Computer software		4	7.39	-	-	7.39	-	-	7.39	-	-
Licenses and franchise		3	56.50	-	-	56.50	-	-	56.50	-	-
Total Intangible Assets			184.58	-	-	184.58	2.58	-	181.74	2.84	5.42
Total			209,415.81	15,753.04	64.31	225,104.54	7,124.86	499.67	75,889.89	149,214.65	141,092.48
Previous Year			122,509.76	86,977.45	71.40	209,415.81	62,595.55	782.90	68,323.33	141,092.48	59,914.21
Capital Work In Progress										1,830.76	13,775.10

Notes

- Includes ₹ 253.25 Million (Previous Year ₹ 249.96 Million) which has not been amortised in view of the fact that eventually the ownership will get transferred to the Company on expiry of the lease period.
- Includes land value ₹ 28.82 Million (Previous Year ₹ 28.82 Million), which is in possession of the company towards which formal lease deeds are yet to be executed. Net Block ₹ 28.82 Million (Previous Year ₹ 28.82 Million)
- Includes ₹ 782.98 Million (Previous Year ₹ 782.98 Million) being Company's share of an asset jointly owned with another Company. Net Block ₹ 39.15 Million (Previous Year ₹ 39.15 Million).
- Includes Assets whose life is other than life specified in Schedule II of the Companies Act, 2013 and is based on the company policy.

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Type of Assets	Life Considered	Gross Value	WDV
Plant and Equipment (Employee Scheme Computers)	4 Years	58.53	30.02
Furniture and Fixtures (Employee Scheme Furniture)	7 Years	60.45	37.12
Vehicles (Employee Scheme Vehicles)	4 Years	5.88	4.61

- e) Includes Component of Assets whose life is other than life specified in Schedule II of the Companies Act, 2013 and is based on the technical evaluation.

Type of Assets (Component)	Life Considered
Plant and Equipment (Instrumentation Item & DCS)	15 Years
Plant and Equipment (Catalyst)	Guaranteed useful life as specified by the supplier

- f) Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired.
- g) The Company capitalises the borrowing cost and Exchange differences in the capital work in Progress (CWIP) and the amount capitalised during the year ended 31st March 2016 are ₹ 126.78 Million (Previous year ₹ 1,686.27 Million) and ₹ 2,411.43 Million (Previous year ₹ 1,680.25 Million) respectively. Borrowing cost and Exchange differences capitalised are disclosed in the "Additions/ adjustments during the year" column of different class of Assets. Asset-wise details of the same are included in the cost of Major heads of fixed Assets as given below:

(₹ in Million)

Year	2015-16		2014-15	
	Exchange Difference	Borrowing Cost	Exchange Difference	Borrowing Cost
Buildings	18.17	2.11	12.22	8.33
Plant and Equipment	2,388.00	122.06	1,479.04	1,112.58
Allocated to different heads of CWIP	5.26	2.61	188.99	565.36
Total	2,411.43	126.78	1,680.25	1,686.27

- h) Capital Work In Progress (Including Project expenses to be Capitalised appropriately)

(₹ in Million)

Particulars	As at 31 st March 2016	As at 31 st March 2015
Capital Work-in-Progress	17,182.98	100,649.52
Less : Amount Capitalised to Fixed assets during the year	15,352.22	86,874.42
Net Capital Work-in-Progress	1,830.76	13,775.10

- i) Change in depreciation policy (Refer note 31.04)
- j) Depreciation/amortisation of Tangible and Intangible Assets for the year is allocated as given below:

(₹ in Million)

Sl. No	Particulars	As at 31 st March 2016	As at 31 st March 2015
i	Charged to Statement of Profit & Loss	7,124.05	4,986.10
ii	Transferred to expenditure during construction period (net)	0.42	1.77
iii	Adjustments related to Prior Period (Net)	0.39	19.17
	Total	7,124.86	5,007.04

- k) Assets not in use and held for sale are shown under Other current Assets.

NOTE 13 NON CURRENT INVESTMENTS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Trade Investments (Long term Investments)		
Investment in Equity instruments : Unquoted at Cost		
Investment In Subsidiary		
ONGC Mangalore Petrochemicals Ltd. (957,621,500 Equity Shares fully paid (Previous year 957,621,500 Equity Shares ₹ 10 each)) (Refer Note a & d below)	13,346.23	13,346.23
Investment in Joint Venture Companies		
Shell MRPL Aviation Fuels and Services Limited. (1,50,00,000 Equity Shares of ₹ 10 each fully paid (Previous year 1,50,00,000 Equity Shares of ₹ 10 each)) (Refer Note b below)	150.00	150.00
Mangalam Retail Services Limited (49,960 Equity Shares of ₹ 10 each fully paid (Previous year 49,960 Equity Shares)) (Refer Note c below)	0.50	0.50
Total	13,496.73	13,496.73

Note

Name of the Company	No of Equity Shares	Face value per Share in ₹	Total (₹ In Million)
a) ONGC Mangalore Petrochemicals Ltd.	957,621,500	10.00	13,346.23
b) Shell MRPL Aviation Fuels and Services Limited.	15,000,000	10.00	150.00
c) Mangalam Retail Services Limited	49,960	10.00	0.50

- d) The company has acquired 51.0017% Equity Shares of ONGC Mangalore Petrochemicals Ltd (OMPL) during the previous year 2014-15 and consequently OMPL has become subsidiary company effective 28th February 2015. Details as below:

Particulars	No of Shares	Total (₹ in Million)
Equity acquisition at a premium of ₹ 4.94 per share from Individual Shareholders	21,000	0.31
Equity Shares held as beneficial Interest.	500	-
Equity Allotment against advance against equity.	59,998,500	599.99
Equity subscription against right issue at a premium of ₹ 4.20 per share including 438,611,475 equity shares from unsubscribed equity shares.	897,600,000	12,745.93

- e) Aggregate Value of Unquoted Investments: ₹ 13,496.73 Million (Previous Year ₹ 13,496.73 Million)

NOTE 14 LONG TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
To related Party				
Mangalore SEZ Limited				
Capital Advance	956.00		131.50	
Deposit	12.68	968.68	5.27	136.77
Others				
Capital Advance	737.15		718.15	
Unsecured, considered doubtful	3.40		3.40	
Less: Provision for doubtful loans and advances	3.40	737.15	3.40	718.15
Employee Advance (Refer note a below)		260.03		254.96
Deposits with Custom, Port etc		0.01		0.01
MAT Credit Entitlement		3,071.31		-
Income Tax Paid (Net of Provision)		1,254.88		1,975.35
Deposit with Others		500.24		498.01
Total		6,792.30		3,583.25

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Note

- a Includes loans having repayment schedule of more than 7 years

Employee Advance stated above includes :

₹ in Million		
	As at 31 st March, 2016	As at 31 st March, 2015
Directors	1.01	-
Other Officers of the company	0.22	0.26
	1.23	0.26

NOTE 15 OTHER NON CURRENT ASSETS

₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Accrued Interest On Employees Loan scheme	46.66	34.94
Income Tax Paid Under Disputes	3,373.70	2,579.25
Total	3,420.36	2,614.19

NOTE 16: INVENTORIES *

₹ in Million				
Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
Raw Materials	9,053.33		6,383.37	
Raw Materials in transit	6,013.76	15,067.09	4,785.51	11,168.88
Stock -in- Process		3,185.52		3,757.27
Finished goods	10,913.11		17,173.02	
Less : Provision for Stock Loss	5.91	10,907.20	5.91	17,167.11
Stores and spares	2,742.54		1,765.06	
Stores and spares in transit	150.33		223.21	
Less : Provision for Slow/Non Moving Inventories	85.48	2,807.39	85.48	1,902.79
Total		31,967.20		33,996.05

* Valued as per accounting policy no. 9

NOTE 17: TRADE RECEIVABLES

₹ in Million		
Trade Receivables (Unsecured)	As at 31 st March, 2016	As at 31 st March, 2015
Outstanding for a period less than six months		
Considered good (Refer note a)	23,690.30	23,588.16
Considered doubtful	137.40	177.51
Less: Provision for doubtful debts	137.40	177.51
	23,690.30	23,588.16
Outstanding for a period exceeding six months		
Considered good	—	—
Considered doubtful	1,331.55	913.65
Less: Provision for doubtful debts	1,331.55	913.65
	—	—
Total	23,690.30	23,588.16

Note

- a) Above includes ₹ 318.20 Million (Previous year ₹ 515.50 Million) backed by Bank Guarantee.

Trade Receivable stated above include debts due by:

Particulars	₹ in Million	
	As at 31 st March, 2016	As at 31 st March, 2015
Company in which Director of the company is a Director		
Shell MRPL Aviation Fuels and Services Limited	209.13	289.57
Total	209.13	289.57

NOTE 18: CASH AND BANK BALANCES

Particulars	₹ in Million			
	As at 31 st March, 2016		As at 31 st March, 2015	
18.1 Cash & Cash Equivalents				
Balances With Banks				
Current Accounts	8,079.45		3.24	
Deposit Accounts : Upto 3 Months Maturity (Refer Note a below)	95,100.00	103,179.45	41,134.63	41,137.87
Cash on Hand (including Imprest) & Gold Coin (Refer Note b below)		0.95		1.78
18.2 Other Bank balances				
Deposit Accounts : 3 to 12 Months Maturity (Refer Note a below)	26,879.10		30,550.90	
Unpaid Interest on debentures Account	0.19		0.19	
Unpaid Dividend Account	101.24		124.49	
Employee Benevolent Fund	8.15		7.27	
Deposit with banks as lien against overdraft facility and Statutory Authorities as security deposit.	6,958.20	33,946.88	30,864.62	61,547.47
		137,127.28		102,687.12

Notes

- The deposits maintained by the company with banks can be withdrawn by the company at any point without prior notice or penalty on the principal.
- Includes Gold Coins valued ₹ 0.91 Million (Previous year ₹ 0.94 Million)

NOTE 19: SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

₹ in Million

Particulars	₹ in Million			
	As at 31 st March, 2016		As at 31 st March, 2015	
19.1 To related party				
ONGC Mangalore Petrochemicals Ltd.	17.58		17.19	
Mangalore SEZ Limited	0.31		0.47	
Shell MRPL Aviation Fuels and Services Limited	0.01		0.01	
Mangalam Retail Services Limited	0.06		0.05	
Petronet MHB Limited	8.04	26.00	2.54	20.26
19.2 To others				
Balance with Custom, Port, Trust etc. (Refer Note 31.21)		111.20		3,632.12
Security Deposits with Customer				
Considered doubtful	6.84		6.87	
Less: Provision for doubtful Deposits	6.84	-	6.87	-
Advance to Employees	47.69		43.61	
Less: Provision for doubtful Advances	0.81	46.88	0.81	42.80
Other Advances Recoverable in cash or in kind or value to be received and Deposits		4,052.01		3,204.79
Total		4,236.09		6,899.97

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Advance to Employees stated above includes :

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Directors	0.20	-
Other officers of the Company	0.04	0.04
Total	0.24	0.04

NOTE 20: OTHER CURRENT ASSETS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Interest Accrued but not due on Bank Deposits	1,698.66	1,546.15
Claim Receivable from Insurance Company	0.05	0.05
Fixed Assets held for sale (Refer Note a & b below)	77.96	77.96
Total	1,776.67	1,624.16

Notes

- a Includes Plant and Machinery and Other depreciable Assets which have been fully depreciated and freehold land at cost.
- b Fixed Assets held for sale are valued at lower of cost or estimated realisable value.

NOTE 21: REVENUE FROM OPERATIONS

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
21.1 Sale of products		
Domestic Sales	382,486.41	396,221.23
Export Sales	126,155.36	227,898.55
21.2 Other operating revenues		
Sale Of Scrap	81.85	22.13
Facilitation Charges	41.70	3.03
Liquidated Damages	30.46	26.48
	154.01	51.64
Total	508,795.78	624,171.42

NOTE 22: OTHER INCOME

Particulars	₹ in Million	
	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
22.1 Interest Income		
On Bank Deposit (Tax Deducted at Source ₹ 635.97 Million (Previous Year ₹ 635.47 Million))	6,796.49	6,212.43
On Inter Corporate Deposit (Tax Deducted at Source ₹ Nil Million (Previous Year ₹ 18.26 Million))	-	182.56
From Direct Marketing Customers	24.20	62.17
On Contractor Mobilisation Advance	41.29	10.43
On Employees Loan Scheme	20.50	13.95
On Others	80.69	30.74
Total	6,963.17	6,512.28
22.2 Dividend Income		
Dividend received on Mutual Fund Investments (Short Term Investments)	1,168.10	1,377.27
Dividend received on Shell Investment (Long Term Investment)	9.00	15.00
22.3 Other non-operating Income		
Royalty Income (Tax Deducted at Source ₹ 0.26 Million (Previous Year ₹ 0.53 Million))	4.39	9.99
Liability no longer required written back	362.72	66.39
Excess Provisions written back	0.73	0.65
Tender form Sale	1.01	1.21
Hire Charges	4.10	4.81
Recoveries from Employees	9.05	8.04
Miscellaneous Receipts	48.96	54.28
	430.96	145.37
Total	8,571.23	8,049.92

NOTE 23: COST OF MATERIALS CONSUMED

Particulars	₹ in Million	
	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Raw Material: Crude Oil		
Imported	301,442.61	508,507.75
Indigenous	36,849.57	48,052.34
Raw Material: Others		
Imported		
Hydrogen	1,476.11	428.93
Paraffin Raffinate	4,707.47	2,622.99
Reformate	1,033.52	-
Indigenous		
CRMB Modifier	6.70	2.57
Trading Goods		
Indigenous	0.12	0.56
Total	345,516.10	559,615.14

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NOTE 24: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Closing Stock of:		
Finished Goods	10,913.11	17,173.02
Stock -in- Process	3,185.52	3,757.27
Total Closing Stock	14,098.63	20,930.29
Opening Stock of:		
Finished Goods	17,173.02	35,129.97
Stock -in- Process	3,757.27	4,661.66
Total Opening Stock	20,930.29	39,791.63
Increase (-) / Decrease in Stock	6,831.66	18,861.34

NOTE 25: EMPLOYEE BENEFITS EXPENSES

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Salaries and Wages	2,284.07	1,855.64
Contribution to Provident and Other Funds	283.23	225.52
Staff Welfare Expenses	130.60	102.54
Provision for Leave	112.97	181.48
Provision for Gratuity	28.95	31.68
Provision for Post - Retirement, Medical and other long term benefits	10.44	10.56
Total	2,850.26	2,407.42

NOTE 26: FINANCE COSTS

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Interest expenses	5,748.18	4,062.71
Other borrowing costs	30.17	8.17
Total	5,778.35	4,070.88

NOTE 27: DEPRECIATION AND AMORTISATION EXPENSE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
On Tangible Assets	7,121.47	4,977.53
On Intangible Assets	2.58	8.57
Total	7,124.05	4,986.10

NOTE 28: OTHER EXPENSES

₹ in Million

Particulars	For the Year ended 31 st March, 2016		For the Year ended 31 st March, 2015	
28.1 Other Expenses				
Power, Utility & Fuel Charges	26,978.88		45,054.69	
Less : Own Consumption	24,872.26	2,106.62	44,347.65	707.04
Repairs and Maintenance				
Plant and Machinery	2,112.69		1,651.02	
Building	8.84		3.37	
Others	513.74	2,635.27	222.64	1,877.03
Stores, Spares and Chemical Consumed	1,659.58		1,316.02	
Less : Shown Under Other Heads	807.96	851.62	505.99	810.03
Packing Material Consumed		45.80		52.04
Rent		73.36		72.48
Insurance		242.50		226.99
Rates and Taxes		2,199.61		1,951.08
Excise Duty on Stock (Net)		1,588.96		916.85
Exchange Rate Fluctuation Loss		11,902.67		6,835.01
Director's Sitting Fees		-		0.59
Loss on Sale of Fixed Assets		3.86		4.11
Payment to Auditors				
Audit Fees	1.90		1.90	
For Taxation Matters	0.50		0.50	
For Certification Fees	1.50		1.30	
Reimbursement of Expenses	3.06	6.96	1.00	4.70
Corporate Social Responsibility Expenses		23.40		48.10
Miscellaneous Expenses		1,241.48		895.84
Total		22,922.11		14,401.89
28.2 Provisions				
For Doubtful Debts		378.49		212.21
Total		378.49		212.21
28.3 Write Offs				
For Doubtful Debts/ Advances		0.70		-
Total		0.70		-
28.4 Prior Period Items (Net)				
Depreciation(Net)		0.39		19.17
Cost of Materials Consumed		1.28		-
Repairs and Maintenance		(20.47)		(3.48)
Employee Benefits Expenses		-		(2.42)
Others		97.68		0.39
Total		78.88		13.66
Grand Total (28.1+28.2+28.3+28.4)		23,380.18		14,627.76

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NOTE 29: EXCEPTIONAL ITEMS (Refer Note 31.03)

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Cost of materials consumed	988.16	-754.59
Rebate on Sales	-	192.24
Employee Benefits Expenses	211.15	-
Miscellaneous Expenses	630.63	227.88
Total	1,829.94	-334.47

NOTE 30: EARNINGS PER EQUITY SHARE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Numerator : Net Profit (₹ in Million)		
Basic	11,481.59	(17,122.34)
Diluted	11,481.59	(17,122.34)
Denominator : Average number of Equity Shares outstanding during the year		
Basic	1,752,598,777	1,752,598,777
Diluted	1,752,598,777	1,752,598,777
Nominal value Per Share		
Earnings Per Share (in ₹)		
Basic / Diluted (₹)	6.55	(9.77)
Reconciliation of Basic and Diluted Earnings Per Share		
Net Profit (₹ in Million)	11,481.59	(17,122.34)
Add : Interest on diluted portion of loans (Net of Tax) (₹ in Million)	-	-
Total	11,481.59	(17,122.34)
Average No of Equity Shares	1,752,598,777	1,752,598,777
Number of Share in respect of loans having conversion clause	-	-
Average No of Equity Shares for Diluted Earnings per share	1,752,598,777	1,752,598,777

Note 31: Other Disclosures

31.01 Valuation of Inventories (Finished Products) (AS-2)

The overall gross margin percentage for all joint products is subtracted from the final Net Relisable Value (NRV) of each product to arrive at the total cost of each product which is taken as the basis for valuation of closing stock of finished products {Refer Policy No. 9.2 in Note 1 - "Statement of significant accounting policies"}.

31.02 Cash Flow Statements (AS-3)

Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS-3) issued by "The

Institute of Chartered Accountants of India".

31.03 Exceptional Items (AS-5)

The exceptional items consists of ₹ 1,541.87 million expenses arising out of differential wharfage for the period 16.10.2009 to 31.03.2015 paid as per order issued by Ministry of Shipping, Government of India, ₹ 211.15 million towards adhoc contribution to Super Annuation Benefit Fund for the non-management staff as per Long Term settlement signed effective 01/04/2007 (contribution pertains to the period April 2007 to March 2015) and ₹ 76.92 million on account of re-worked out Custom Duty on the basis of judgement of Hon'ble Supreme Court in MRPL's Civil Appeals.

31.04 Depreciation Accounting (AS-6)

Pursuant to notification of MCA dated 29th August, 2014 on Part C, paragraph 4 (a) to (c) in Schedule II to the Companies Act, 2013 ("The Act"), the company has determined the useful life of component of various Assets, except in case of certain components of the Plant and Equipment whose useful lives are determined different from the life specified in Schedule II based on technical evaluation. Accordingly, the carrying amount of the assets as on April 1, 2015 has been depreciated over the remaining useful life of the fixed assets. Consequently, the depreciation charge for the year is higher and profit before tax is lower to the extent of ₹ 728.19 Million for the year ended 31st March, 2016.

Further an amount of ₹ 499.67 million (net of tax ₹ 326.74 Million) representing the carrying amount of fixed assets whose useful life is Nil as at April 1, 2015 has been charged to the opening balance of surplus as on April 1, 2015 as required in Schedule II to the Act.

31.05 The Effects of changes in Foreign Exchange Rates (AS-11)

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

Pursuant to Notification No. 17/133/2008-CL-V dated 9th August, 2012 issued by MCA, the Company capitalised the exchange differences including for the period subsequent to the capitalisation of assets. Had this not been followed, the exchange differences amounting to ₹ 2,348.94 Million (Previous Year ₹ 1,116.87 million) relating to capitalized assets would have been debited to Statement of Profit and Loss Account and Fixed Assets would have been lower to that extent for the year ended 31st March, 2016.

31.06 Employee Benefits (AS-15)

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

a Earned Leave Benefit (EL):

Accrual – 32 days per year

Accumulation up to 300 days allowed

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

b Half Pay Leave (HPL)

Accrual – 20 days per year

Encashment while in service is not allowed
Encashment on retirement is permitted ; restricted upto 300 days along with Earned leave.

c Gratuity:

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

d Post Retirement Medical Benefits:

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

e Retirement Benefits:

On Superannuation, employees are allowed resettlement concession. The benefits are as applicable to an employee during transfer from one location to another, such as Settling Allowance, Displacement Allowance (30 days DA only), Transit Allowance, Loading/Unloading Charges, Insurance for household effects, Excess baggage, Octroi charges, Packing charges (for management employees only) and Travelling Expenses.

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31.06.02 The following contributions to Defined Contributions Plans are treated as expenses during the year 2015-16:

(₹ in Million)

Defined Contribution Plan	Total Expenses recognised	Contribution to Key Management Personnel
Employer's contribution to Provident Fund	152.73	0.85
	(138.64)	(0.78)
Employer's contribution to Superannuation Fund	338.38	0.79
	(84.03)	(0.92)

31.06.03 The amount recognised in the Balance Sheet for post employment benefit plans are as under:

(₹ in Million)

SI No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefit (Unfunded)	Other Retirement Benefits (Unfunded)
1	Present value of Funded Obligation	563.39	-	-
		(508.85)		
2	Fair Value of Plan Asset	534.44	-	-
		(477.16)		
3	Present Value of Unfunded Obligation	-	57.06	9.81
			(51.06)	(9.37)
4	Unrecognised Past Service Cost	-	-	
5	Net Liability	28.95	57.06	9.81
		(31.69)	(51.06)	(9.37)

31.06.04 The amounts included in the fair value of plan assets of gratuity fund are as follows:

Defined Contribution Plan	2015-16	2014-15
Reporting Enterprise's own financial instruments	Nil	Nil
Any Property occupied by, or other assets used by the reporting enterprise	Nil	Nil

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

(₹ in Million)

SI No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Opening defined benefit obligation	508.85	51.06	9.37
		(448.65)	(44.85)	(8.52)
2	Service Cost	26.94	3.59	1.13
		(25.79)	(3.04)	(1.09)
3	Interest Cost	43.25	4.34	0.79
		(39.26)	(3.92)	(0.75)
4	Actuarial Losses /(Gains)	-3.61	0.24	0.36
		(13.39)	(1.22)	(0.53)
5	Liability transfer in	1.07	-	-
		(0.07)		
6	Benefits paid	-13.11	-2.17	-1.84
		(-18.31)	(-1.97)	(-1.52)
7	Closing defined benefit obligation	563.39	57.06	9.81
		(508.85)	(51.06)	(9.37)

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

(₹ in Million)

SI No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Current Service Cost	26.94	3.59	1.13
		(25.79)	(3.04)	(1.09)
2	Interest on obligation	43.25	4.34	0.79
		(39.26)	(3.92)	(0.75)
3	Expected return on plan assets	-40.56	-	-
		(-37.32)	-	-
4	Net actuarial losses / (gains) recognised in the year	-5.52	0.24	0.36
		(9.19)	(1.22)	(0.53)
5	Past Service Cost	-	-	-
		(-)	(-)	(-)
6	Losses / (Gains) on curtailments and settlements	-	-	-
7	Total included in 'employee benefit expenses'.	24.11	8.17	2.28
		(36.92)	(8.18)	(2.37)
8	Actual return on plan assets	42.47	-	-
		(41.51)	-	-

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

(₹ in Million)

SI No.	Particulars	31 st March, 2016	31 st March, 2015
1	Fair Value of Plan Assets at the beginning of the period	477.16	428.96
2	Expected return on plan assets	40.56	37.32
3	Contributions	24.98	18.22
4	Transfer from other Company	1.07	0.07
5	(Transfer to other Company)	Nil	Nil
6	(Benefit Paid)	-11.24	-11.60
7	Actuarial gains/(losses) on Plan Assets	1.91	4.19
8	Fair Value of Plan Assets at the end of the period	534.44	477.16

31.06.08 Other disclosures

(₹ in Million)

Gratuity	31 st March, 2016	31 st March, 2015	31 st March, 2014	31 st March, 2013	31 st March, 2012
Present value of Funded obligation as at the end of the period	563.39	508.85	448.64	402.28	294.21
Fair value of plan assets as at the end of the period	534.44	477.16	428.96	307.22	261.55
Surplus/(Deficit)	-28.95	(31.69)	(19.68)	(95.06)	(32.66)

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Gratuity	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Experience Adjustment on plan liabilities loss/ (gains)	1.88	0.02	22.23	10.12	24.33
Experience Adjustment on plan assets (loss) / gains	1.91	4.19	7.94	1.15	4.07

Post retirement Medical Benefits	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present value of Unfunded obligation as at the end of the period	57.06	51.06	44.85	43.61	35.60
Experience Adjustment on plan liabilities (loss)/ gain	-3.06	-0.51	0.11	1.65	1.29

Other Retirement Benefits	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present value of Unfunded obligation as at the end of the period	9.81	9.37	8.52	8.55	6.61
Experience Adjustment on plan liabilities (loss)/ gain	0.48	-0.21	(0.45)	1.1	0.28

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

Sl. No.	Particulars	Gratuity	Post Retirement Medical Benefits	Other Retirement Benefits
		(Funded)		
1	Discount Rate	8.08%	8.08%	8.08%
		(8.50%)	(8.50%)	(8.50%)
2	Expected return on plan assets previous	8.08%	(NA)	(NA)
		(8.50%)		
3	Annual increase in premium of med claim policy	(NA)	(NA)	(NA)
4	Annual increase in Salary	5.50%	5.50%	5.50%
		(6.00%)	(6.00%)	(6.00%)

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

Sl. No.	Particulars	31 st March, 2016	31 st March, 2015	31 st March, 2014
1	Government of India Bonds	151.33	153.49	153.48
		28.32%	32.17%	35.78%
2	Corporate Bonds	105.00	122.99	122.52
		19.64%	25.77%	28.56%
3	Others *	278.11	200.68	152.96
		52.04%	42.06%	35.66%
4	Total	534.44	477.16	428.96
		100.00%	100.00%	100.00%

* Includes investments in Insurance Companies and Mutual funds ₹ 248.10 million (Previous Year ₹ 199.64 Million)

31.06.11 Sensitivity of Post Retirement Medical Expenses
(₹ in Million)

Sl. No.	Particulars	2015-16	2014-15	2013-14
1	Change in Liability for 1% increase in discount rate	-7.40	-6.42	-5.62
2	Change in Liability for 1% decrease in discount rate	9.18	7.93	6.94
3	Change in Service Cost for 1% increase in discount rate	-	-	-
4	Change in Service Cost for 1% decrease in discount rate	-	-	-

Note : Figures in brackets represent previous year figure

31.07 Borrowing Costs (AS-16)

Amount of borrowing costs capitalised during the year ended 31st March 2016 is ₹ 126.78 million (Previous year ₹ 1,686.27 million)

31.08 Segment Reporting (AS 17)

Segment wise Revenue, Results and Capital Employed

(₹ in Million)

Sl. No.	Particulars	Year ended 31 st March, 2016	Year ended 31 st March, 2015
		Audited	Audited
1	Segment Revenue		
	A. Domestic Sale	270,165.04	346,675.14
	B. Export Sale	126,155.36	227,898.55
	Net Sales / Income from Operations	396,320.40	574,573.69

2	Segment Result Profit / (Loss) before tax and interest from each segment		
	A. Domestic	17,166.92	-6,646.20
	B. Export	5,498.67	-10,585.00
	Total	22,665.59	-17,231.20
	Less:		
	i. Interest Payment	5,778.35	4,070.88
	ii. Other unallocable expenditure net of unallocable income	5,152.14	256.84
	Profit / (loss) before Tax and Extraordinary Items	11,735.10	-21,558.92
	Extraordinary Items	-	-
	Profit / (loss) before Tax	11,735.10	-21,558.92
3	Capital Employed (Segments Assets- Segment Liabilities)		
	A. Domestic Sale	19,176.19	16,909.95
	B. Export Sale	4,514.11	6,678.21
	Total	23,690.30	23,588.16
	Unallocated	40,514.14	29,461.43
	Total Capital Employed	64,204.44	53,049.59
	Capital Expenditure	3,739.30	15,143.01
	Depreciation & Amortisation	7,124.86	5,007.04
	Other Non cash Expenses	8,112.87	5,089.32

31.09 Related Party Disclosure (AS-18)

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

31.09.02 Key Management Personnel:

- (i) Shri H. Kumar, Managing Director - Remuneration from April, 2015 to March, 2016 - ₹ 3.88 Million
- (ii) Shri Vishnu Agrawal, Director (Finance) - Remuneration from April, 2015 to January, 2016 - ₹ 4.55 Million
- (iii) Shri M. Venkatesh Director (Refinery) - Remuneration from April, 2015 to March, 2016 - ₹ 2.98 Million
- (iv) Shri A K Sahoo, Director (Finance) - Remuneration from Feb, 2016 to March, 2016 - ₹ 0.50 Million
- (v) Shri Dinesh Mishra, Company Secretary - Remuneration from April, 2015 to March, 2016 - ₹ 2.32 Million

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31.09.03 Related Party details:

(₹ in Million)

Particulars	Shell MRPL Aviation Fuels & Services Limited	Mangalam Retail Services Limited	Mangalore SEZ Limited	Petronet MHB Limited
Relationship	Joint Venture	Joint Venture	Associate	Associate
Sale of Products	2,597.06 (5792.34)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Royalty income/ interest income/ others	5.01 (11.22)	Nil (Nil)	0.03 (Nil)	Nil (Nil)
Purchase of inputs/Payable on account of services	Nil (Nil)	Nil (Nil)	1588.55 (700.26)	Nil (Nil)
Transportation charges payable	Nil (Nil)	Nil (Nil)	Nil (Nil)	13.89 (19.95)
Reimbursement of expenditure by MRPL(including capex expenditure)	Nil (Nil)	Nil (Nil)	Nil (Nil)	36.70 (28.72)
Salary and other establishment related expenses incurred by MRPL reimbursable by JV/ Associate.	0.05 (0.17)	0.01 (Nil)	Nil (Nil)	Nil (Nil)
Dividend received	9.00 (15.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Equity shares investments	Nil (Nil)	Nil (0.50)	Nil (Nil)	Nil (Nil)
Advance against Equity investment in JV / Associates	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Amount receivable/ adjustable as on 31st March 2016.	209.14 (289.10)	0.06 (0.05)	900.13 (67.96)	1.21 (0.20)

Note : Figures in brackets represent previous year figure

31.10 Leases (AS-19)

31.10.01 The Company has taken various premises under cancellable operating lease.

31.10.02 These lease agreements are normally renewed on expiry of the term.

31.10.03 Lease rental expenses for the year ended 31st March, 2016 in respect of operating leases are ₹ 37.05 Million (previous year ₹ 7.73 Million)

31.11 Deferred Tax (AS-22)

The Company has recognised deferred tax liability (disclosed as Tax Expense under "Statement of Profit and Loss Account") to the extent of of ₹ 979.24 million (Previous year deferred tax asset of ₹ 4,436.58 million).

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

The Company during the year ended 31st March, 2016 has carried out activities relating to Refinery spent caustic treatment and has developed nano catalyst based oxidative treatment for sulphidic and phenolic spent caustic as a part of its R & D activities and has incurred expenditure as mentioned below. These expenditure are booked in respective natural heads of expenditure.

(₹ in Million)

Particulars	Revenue Expenditure	Capital Expenditure	Total
R & D Expenditure	5.50 (6.15)	0.00 (43.82)	5.50 (49.97)

Note: Figures in brackets represent previous year.

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

(₹ in Million)

Particulars	Shell MRPL Aviation Fuel Services Limited		Mangalam Retail Services Limited	
	2015-16 (Audited)	2014-15 (Audited)	2015-16 (Audited)	2014-15 (Audited)
Proportion of the ownership interest	50%		49.98%	
Country of incorporation	India		India	
Aggregate amount of interest in Joint Venture (MRPL's share)				
Assets	897.31	1,025.15	0.67	0.67
Liabilities	530.36	668.83	0.09	0.10
Income	1,621.31	3,179.63	0.06	-
Expenditure including Tax Expenses	1,602.20	3,140.94	0.04	0.03
Contingent Liabilities	5.03	5.03	Nil	Nil
Capital Commitments	Nil	Nil	Nil	Nil

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

31.14.01 Movement in Provisions

(₹ in Million)

Year	2015-16		2014-15	
	Debtors	Others	Debtors	Others
Opening Balance	1,091.16	102.47	878.95	103.12
Add : Provision made during the year	378.49	-	212.21	-
Less: Provision written back/reclassified/ reduction during year	0.70	0.03	-	0.65
Closing Balance	1,468.95	102.44	1,091.16	102.47

31.14.02 Employee Benefits (includes long term and short term provisions) (₹ in Million)

Year	2015-16		2014-15	
	Leave	Other benefits	Leave	Other benefits
Opening Balance	320.86	60.43	420.33	100.83
Add : Provision made during the year	112.97	10.44	181.48	10.56
Less: Provision written back/ reclassified/reduction during year	60.13	4.00	280.95	50.96
Closing Balance	373.70	66.87	320.86	60.43

31.14.03 Contingent Liabilities not provided for in respect of :

a Claims against the Company not acknowledged as debt : (₹ in Million)

Sr. No.	Particulars	As on 31 st March, 2016	As on 31 st March, 2015
1	Claims of Contractors / vendors in Arbitration / Court		
	Some of the contractors for supply and installation of equipment have lodged claims on the Company seeking revision of time of completion without liquidated damages, extended stay compensation and extra claims etc., which are contested by the Company as not admissible in terms of the provisions of the respective contracts. In case of unfavourable awards the amount payable that would be capitalised is ₹ 1,969.75 million / charged to revenue account would be ₹ 37.31 million [Previous year ₹ 340.73 million and ₹ 38.13 million respectively]	2,007.06	378.86
2	Claims / counter claims of Customers		
	One of the customer has lodged a claim for damages for pre-closure of the contract. The Company has disputed the claim based on Force Majeure condition. In case of non acceptance of the stand taken by the Company the amount will be debited to Statement of Profit & Loss account.	85.20	85.20
3	Others		
(a)	The New Mangalore Port Trust (NMPT) has claimed from the Company notified wharfage charges for handling cargo at oil berths for the period beyond MOU term (berth No 10 from 16th October,2009 to 31st March,2015 & for berth no 11 from 1st April,2011 to 31st March,2015). The company has claimed that the Memorandum of Understanding, provides for arriving at a mutually agreeable rate subject to Government /TAMP (Tariff Authority for Major Ports) approval for the post MOU period. The issue has been settled during financial year 2015-16.	Nil	2,105.44

(b)	This represents the potential liability which the company has undertaken for reimbursement to lessors, in case of any liability in their respective tax assessments. Since, no communication is received from the lessors, therefore the amount has been withdrawn during the year 2015-16.	Nil	133.67
(c)	The claim of Mangalore SEZ Ltd. over and above the advance paid for land and rehabilitation & resettlement work.	16.71	109.25
Total		2,108.97	2,812.42

In respect of all these claims, it is being contested by the Company as not admissible. It is not practicable to make a realistic estimate of the outflow of resource, if any, for settlement of such claim, pending resolution / award from Arbitrators / Court.

31.14.04 Disputed tax / Duty demands pending in appeal as on 31st March,2016

- Income Tax: ₹ 6,649.42 Million (Previous Year ₹ 5,942.35 Million). Against this ₹ 3,373.70 Million (Previous year ₹ 2,579.25 Million) is adjusted / paid under protest and is included under other non current assets Note 15.
- Commercial Tax: ₹ 32.36 Million (Previous Year ₹ 32.36 Million).Against this ₹ 15.58 Million (Previous year ₹ 15.58 Million) is paid under protest and is included under loans & advances Note 19)
- Excise Duty: ₹ 304.80 Million (Previous Year ₹ 315.27 Million).Against this ₹ 59.78 Million (Previous Year ₹ 72.87 Million) was paid under protest and is included under loans & advances Note -19)
- Customs Duty: ₹ 737.82 Million (previous year ₹ 747.56 Million).

31.14.05 Capital and other commitments

a) Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on 31st March, 2016 ₹ 1,153.52 Million (Previous Year ₹ 1,602.96 Million).

The Company has requested KIADB for an allotment of 1050 acres of land for Phase IV expansion. The total capital commitment in this regard is around ₹ 6,946.81 as per the letter No.KIADB/ Central Ofc/LA-MNG/2480/16195/2015-16 dated 22/02/2016.

b) Other commitments

Pending commitment on account of Refinery

performance improvement programme by M\\$.Shell Global International Solution (M\\$. Shell GIS) USD 2.06 Million. (Previous year USD 2.44 Million)

The Company has an export obligation to the extent of ₹ 1,556.36 Million (Previous year ₹ 1,346.93 Million) on account of concessional rate of customs duty availed under EPCG licence scheme on import of capital goods.

31.15 Insurance Coverage

The Company has covered its Fixed Assets under a mega risk insurance policy which is subject to sanctions limitation and exclusion by UK, EU and UN. The relaxation of the policy condition consequent to lifting of sanction is yet to be implemented.

31.16 Trade Payables

The trade payables referred in Note no 9 includes ₹ 177,990.35 million (Previous year ₹ 147,854.73 million) being overdue amount payable to National Iranian Oil Company (NIOC) pending settlement due to non finalisation of remittance channel even after removal of UN/US/EU backed sanctions .

31.17 Land Usage of HPCL Land

MRPL is in possession of certain land provisionally measuring 39.76 acres ceded by HPCL for use by MRPL Phase III expansion and upgradation work .The consideration for such land is mutually agreed to be by way of swapping of land in possession of MRPL/HPCL. The final documentation in this regard is pending to be executed.

31.18 Foreign Exchange exposures

31.18.01 Exposures not hedged by Derivative instruments or otherwise:

The Company has receivables and payables in foreign currency as at the Balance Sheet date. These foreign currency exposures are not hedged by any derivative instruments or otherwise.

31.18.02 Value of Imports on CIF basis:

(₹ in Million)

Particulars	2015-2016	2014-2015
Capital Goods	149.21	301.33
Raw materials	307,789.84	488,328.76
Stores, Spares & Chemicals	1434.56	228.62

31.18.03 Expenditure in Foreign Currency:

(₹ in Million)

Particulars	2015-2016	2014-2015
Interest	1,312.93	1,249.99
Others	1,321.81	1,206.29

31.18.04 Earnings in Foreign Currency (₹ in Million)

Particulars	2015-2016	2014-2015
Exports (FOB Value)	87,461.48	195,078.35

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

(₹ in Million)

Particulars	2015-16		2014-15	
	Value in ₹ Million	(%)	Value in ₹ Million	(%)
Raw Material:				
Crude Oil				
Imported	301,442.61	87.24%	508,507.75	90.86%
Indigenous	36,849.57	10.67%	48,052.34	8.59%
Raw Material:				
Others				
Imported	7,217.10	2.09%	3,051.92	0.55%
Indigenous	-	0.00%	-	0.00%
CRMB Modifier Cost				
Imported				
Indigenous	6.70	0.00%	2.57	0.00%
Total	345,515.98	100.00%	559,614.58	100.00%
Trading goods	0.12		0.56	
Stores, Spares and Chemicals (Gross)				
Imported	566.58	34.14%	615.02	46.73%
Indigenous	1,093.00	65.86%	701.00	53.27%
Total	1,659.58	100.00%	1,316.02	100.00%

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

Particulars as on	31 st March.2016	31 st March.2015
Number of Non-resident shareholders	17,857	18,198
No. of shares held by Non-resident shareholders	21,083,055	20,635,379
Dividend remitted to Non-resident shareholders during the year	Nil	Nil

31.21 Loans and Advances :

Loans and advances (Note 14) includes refund claims of Custom Duty on project imports ₹ 378.71 Million (Previous year ₹ 378.71 Million) . During the year, the company has got Legal opinion on refund due towards Commercial Taxes ₹ 2,884.43 Million (Previous year ₹ 2,884.43 Million) (Refer Note no 19) for which there is a matching liability to pay to customers on receipt of the refund which is included under other current liabilities - Payable to Oil Companies on refund of Commercial taxes (Note 10) and as per opinion, the Resale tax is collected by MRPL from oil marketing

companies in full and deposited to the Government and the entire process of refund arising in a situation of favourable verdict of KAT or High Court or Apex Court do not have any impact on MRPL and reversal of deposits of RST paid under protest and liability to pay back RST in books of accounts also do not have any impact. Therefore, the same has been squared up during the year.

31.22 Commercial Tax incentives:

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

The company, as per the Government of Karnataka Order and Notification is entitled to the following benefits

- i) Entry Tax exemption on crude processed in excess of 12.65 MMTPA for a period of 15 years from 01.04.2012
- ii) Full Central Sales Tax exemption on sale of Poly Propylene and Petroleum Coke for a period of 15 years from 01.04.2012. CST exemption on sale of LPG, Mixed Xylene, Naphtha, LSHS and Reformate made out of crude throughput in excess of 12.65 MMTPA for a period of 15 years from 01.04.2012.
- iii) Interest free soft loan to the extent of 60% (100% for initial three years) of eligible gross VAT on sale of Poly Propylene, Petroleum Coke, Mixed Xylene, Naphtha, LPG, LSHS and Reformate for a period of 15 years from 01.04.2012 subject to a limit of ₹ 5,000 million per annum, the disbursement of loan is yet to take place.

31.23 Price Reduction Clause

Note No.10 - Other current liabilities includes ₹ 2,024.28 million (Previous Year ₹ 1,557.42 Million) which is payable against capital goods as on 31st March 2016, being amount withheld from vendors pursuant to, price reduction clause for delay in delivery and pending finalisation of proceedings. Due to this the cost of fixed assets, depreciation. and WDV of the asset may undergo revision in the year in which the proceedings to appropriate the withheld amounts are ultimately finalised and appropriated.

31.24 The Company is yet to receive response for its confirmation letters from some of the trade receivables, Loans and Advances and trade payables. Reconciliation for those received is yet to be made, the effect for which, in management's opinion is not significant.

31.25 Following expenses are included under other expenses

Insurance charges amounting to ₹ 10.98 Million (Previous year ₹ 14.17 Million) relating to crude purchase and staff welfare has been charged under respective heads for the year ended 31st March 2016.

31.26 Disclosure as required by Clause 32 of the Listing agreement

There are no loans and advances in the nature of loan to Subsidiary, Associates and Joint Ventures.

31.27 Previous year's figures have been re-grouped/re classified wherever necessary to conform to the current year's classification.

As per our report of even date attached

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

For and on behalf of the Board

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the members of **MANGALORE REFINERY AND PETROCHEMICALS LIMITED** Report on the Consolidated Financial Statements.

We have audited the accompanying Consolidated financial statements of **MANGALORE REFINERY AND PETROCHEMICALS LIMITED** (hereinafter referred to as "the Holding Company"), its subsidiary "**ONGC MANGALORE PETROCHEMICALS LIMITED**" (the Holding Company and its subsidiary together herein after referred to as "the Group") and its Jointly controlled entities "**SHELL MRPL AVIATION FUELS AND SERVICES LIMITED**" and "**MANGALAM RETAIL SERVICES LIMITED**", comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and its jointly controlled entities are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, are sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / financial information of one subsidiary and two jointly controlled entities, whose financial statements / financial information reflect total assets of ₹ 77,500.68 Million as at 31st March, 2016, total revenue of ₹ 43,510.04 Million and net cash flows amounting to ₹ 135.83 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and jointly controlled entities, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entities, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' report of the Holding company, subsidiary company and jointly controlled entities incorporated in India, we have given in Annexure A, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.
 2. Based on the verification of Records of the Holding Company and based on information and explanations given to us, we give below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Companies Act, 2013.. For the subsidiary and jointly Controlled Entities no directions have been issued.
 - a) The Holding Company has clear title/lease deeds for freehold and lease hold land respectively.
 - b) There is one case of write off of debt amounting to ₹ 0.70 million in addition to Central Sales Tax on sales to PSU Oil Marketing Companies amounting to ₹ 2,183.92 million and both are being expensed to the Statement of Profit and Loss, the latter has arisen on account of prevailing industry practice.
 - c) The Holding Company has maintained adequate records in respect of inventories lying with third parties. No assets have been received by the Holding Company as gift from Government or other authorities.
 3. As required by Section 143 (3) of the Act, as per explanations and information furnished, we report to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e)
 - i) As far as Holding Company and Subsidiary Company are concerned disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015
 - ii) In respect of jointly controlled entities based on the reports of the statutory auditor's and on the basis of written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors of the jointly controlled entities incorporated in India, none of the directors of the jointly controlled entities is disqualified from being appointed in terms of Section 164(2) of the Act
 - f) With respect to the adequacy of internal financial controls over the financial reporting of the Holding Company, subsidiary and jointly controlled entities and the operating effectiveness of such controls, refer to our separate Annexure B.
 - g) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the group and its jointly controlled entities.– Refer Note 31.05 and 31.06 to the consolidated financial statements;
 - ii) Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary company and its jointly controlled entities incorporated in India.

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 0033245

Sd/-
CA.GOPALAKRISHNA BHAT T. M
Partner
Membership no: 019798
Place: BENGALURU
Date: 12TH MAY, 2016

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration Number: 0039575

Sd/-
CA. K SREEDHAR
Partner
Membership no: 024314

Mangalore Refinery and Petrochemicals Limited

ANNEXURE 'A' REFERRED TO UNDER PARAGRAPH 1 OF THE REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS.

- (i) (a) As per the information and explanations given to us the Group and its jointly controlled entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management of the Holding Company, its subsidiary and its jointly controlled entities during the year, but there is a regular programme of verification, which, in our opinion is reasonable having regard to the size of the group and its jointly controlled entities and nature of its assets. As per the reports submitted by the Holding Company, its subsidiary and jointly controlled entities no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and the records of the Holding Company and based on the audit reports of the subsidiary and jointly controlled entities, the group and its jointly controlled entities, hold proper title deeds of immovable properties which are held in the name of the respective Company.
- (ii) As per the information and explanations given to us by the holding company and based on our verification and based on the audit reports of the subsidiary and jointly controlled entities, the inventory of stores and spares are physically verified during the year by the management on a continuous basis as per programme of perpetual inventory. Inventories of other items have been physically verified at the year end, the frequency of which, in our opinion is reasonable, having regard to the size of the group and its jointly controlled entities and nature of its business.
- (iii) According to the information and explanations given to us, by the Holding Company and based on our verification and based on the Audit reports of the subsidiary and jointly controlled entities, the group and its jointly controlled entities have not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order is not applicable to the group and its jointly controlled entities and hence not commented upon.
- (iv) According to the information and explanations given to us by the Holding Company, and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, the group and its jointly controlled entities have not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Group company and its jointly controlled entities have not given any loan or made any investment covered under Section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3(iv) of the Order does not arise.
- (v) According to the information and explanations given to us by the Holding Company, and based on the audit reports of the subsidiary and jointly controlled entities, the group and its jointly controlled entities have not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3(v) of the Order does not arise.
- (vi) As far as the holding company is concerned, the Central Government has specified the maintenance of cost records under section 148(1) of Companies Act, 2013. As per the information and explanations given to us by the Holding company and based on our verification and based on the audit reports of the subsidiary and jointly controlled entities, we report that the directions specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 with regard to maintenance of Cost Records have been complied with by the holding company. Based on the audit reports maintenance of cost records is not prescribed to Subsidiary and its Jointly Controlled entities.
- (vii) (a) According to the information and explanations given to us by the holding company and based on our verification and based on the audit reports of the subsidiary and jointly controlled entities, the Group and jointly controlled entities have been generally regular in depositing undisputed statutory dues including provident fund, Income tax, sales tax, service tax, duty of excise, value added tax and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, income tax, sale tax, service tax, duty of excise, value added tax and other statutory dues outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us and as per our verification of records of the Group Company and its jointly controlled entities, the disputed tax which are not deposited with the appropriate authorities as at 31st March, 2016 are as follows:

Name of the Statute	Nature of the Dues	Total Demand (₹ Millions)	Total Amt Paid under protest/ adjusted (₹ Millions)	Period to which the Amount Relates (Financial Year)	Forum Where the dispute is pending
The Karnataka Sales tax Act, 1957/ Central Sales Act, 1956	Central Sales Tax – Penalty	4.53	Nil	2009-10	Karnataka Appellate Tribunal
	Central Sales Tax – Interest	18.33	12.10	2009-10	Karnataka Appellate Tribunal
	Value Added Tax – Interest	0.43	0.21	2006-07	Appellate Authority – Mangalore
	Value Added Tax – Interest	0.13	0.13	2009-10	Karnataka Appellate Tribunal
	Value Added Tax – Interest	0.66	0.66	2010-11	Karnataka Appellate Tribunal
	Value Added Tax – Penalty	3.48	Nil	2011-12	Appellate Authority – Mangalore
	Value Added Tax – Interest	4.80	2.48	2011-12	Appellate Authority – Mangalore
Income Tax Act, 1961	Income Tax / Interest / Penalty	296.30	296.30	AY 1993-03	Mumbai High Court
		10.93	10.93	AY 2003-04	Income Tax Appellate Tribunal – Mumbai
		233.50	111.10	AY 2006-07	Income Tax Appellate Tribunal – Mumbai
		129.39	129.39	AY 2007-08	Income Tax Appellate Tribunal – Mumbai
		362.49	362.49	AY 2008-09	Income Tax Appellate Tribunal – Mumbai
		1,014.82	1,014.82	AY 2009-10	Income Tax Appellate Tribunal – Mumbai
		126.72	Nil	AY 2008-09	Commissioner of Income Tax (Appeals) – Mumbai
		754.77	698.00	AY 2010-11	Commissioner of Income Tax (Appeals) – Mumbai
		594.02	297.00	AY 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
		546.70	453.70	AY 2012-13	Commissioner of Income Tax (Appeals) – Mumbai
	10.05	3.22	AY 2011-12	Commissioner of Income Tax (Appeals)	
	Disallowance under Section 14A of the Income Tax Act				

The Customs Act, 1962	Custom Duty / Interest / Penalty	55.57	Nil	1997-2000	Supreme Court Of India
		682.26	Nil	1997-2000	CESTAT – Bangalore
		23.40	0.30	2009-10 to 2015-16	Commissioner (Appeals) – Mangalore
Central Excise Act, 1944	Central Excise Duty / Service Tax / Interest / Penalty	205.06	37.12	1996-97 to 2013-14	CESTAT - Bangalore
		2.33	0.72	2002-03 to 2015-16	Joint Secretary, MOF
		53.70	21.64	1999-2000 to 2010-11	Commissioner – Mangalore
		20.31	-	1996-1997 to 2003-2004	Supreme Court
Total		5,154.68	3,452.31		

(viii) As per the information and explanations given to us by the Holding company and based on our verification and based on audit reports

of the subsidiary and its jointly controlled entities, the holding company has not defaulted in repayment of loans or borrowings to any bank or Government during the year and the holding company did not have any loans or borrowings from any financial institutions. The subsidiary and its jointly controlled entities have not defaulted in repayment of loans or borrowings to any bank and they did not have any loans or borrowings from any financial institution or Government and the group and its jointly controlled entities have not issued any debentures.

(ix) As per the information and explanations given to us by the Holding Company and based on our verification and based on the audit reports of subsidiary, and its jointly controlled entities, the group and its jointly controlled entities have neither raised any money by way of initial public offer or further public offer (including debt instruments) nor have availed any term loans during the year. Accordingly reporting under Clause 3 (ix) of the Order does not arise.

(x) As per the information and explanations given to us by the Holding Company and based on our verification and based on Audit reports of the subsidiary and its jointly controlled entities carried out in accordance with generally accepted auditing practises in India, we have neither come across any instances of fraud by the Group and its jointly controlled entities or any instances of frauds on the Group and its jointly controlled entities by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.

(xi) According to the information and explanations given to us by the holding company and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, in our opinion, managerial remuneration has been paid in accordance with the DPE Guide Lines /with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 wherever applicable.

(xii) According to the information and explanations given to us by the Holding Company and based on our verification and based

on the audit reports of the subsidiary and its jointly controlled entities, the group and its jointly controlled entities are not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us by the Holding Company and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, in our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us by the Holding Company and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, the group and its jointly controlled entities have not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under clause 3(xiv) of the Order does not arise.

(xv) According to the information and explanations given to us by the Holding Company and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, the group and its jointly controlled entities have not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under Clause 3 (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us by the Holding Company and based on our verification and based on the audit reports of the subsidiary and its jointly controlled entities, the group and its jointly controlled entities are not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

For **A.RAGHAVENDRA RAO & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 003324S

Sd/-

CA.GOPALAKRISHNA BHAT T. M

Partner

Membership no: 019798

Place: Bengaluru

Date: 12th May, 2016

For **SREEDHAR,SURESH & RAJAGOPALAN**

Chartered Accountants

Firm Registration Number: 003957S

Sd/-

CA. K SREEDHAR

Partner

Membership no: 024314

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MANGALORE REFINERY AND PETROCHEMICALS LIMITED

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of Mangalore Refinery and Petrochemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiary and jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of

their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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 Holding Company, its subsidiary and jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

Other Matters

We did not audit the internal financial controls of one subsidiary and two jointly controlled entities. In respect of the one of

the jointly controlled entities the auditors of that entity have reported that the Internal financial controls over financial reporting is not required to be given. The internal financial controls have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated report on internal financial controls in so far

relates to the information included in respect of the subsidiary and jointly controlled entities, and our report in terms of clause 1 of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entities, is based solely on the reports of the other auditors.

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration Number: 003324S

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

Sd/-
CA.GOPALAKRISHNA BHAT T. M
Partner
Membership no: 019798

Sd/-
CA. K SREEDHAR
Partner
Membership no: 024314

Place: Bengaluru
Date: 12th May, 2016

Schedule-III additional disclosure on Consolidated Financial Statements as on 31st March, 2016

(₹ in million)

Name of the entity	Country of incorporation	Net Asset (i.e. Total Asset minus Total Liabilities)		Share in Profit or loss	
		As % of Consolidated Assets	Amount	As % of consolidated profit or loss	Amount
1		2	3	4	5
Parent					
Mangalore Refinery and Petrochemicals Limited	India	91.74%	56,320.88	411.24%	11,540.76
Subsidiary					
Indian					
ONGC Mangalore Petrochemicals Ltd. OMPL	India	3.89%	2,387.03	-159.08%	(4,464.30)
Minority Interest in subsidiary		3.77%	2,315.10	-152.84%	(4,289.22)
Joint ventures Entities					
Indian					
Shell MRPL Aviation Fuels & Services Limited	India	0.60%	366.96	0.68%	19.11
Mangalam Retail Services Limited	India	0.00%	0.59	0.00%	0.02
Net		100%	61,390.56	100%	2,806.37

As per our report of even date attached

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 003324S

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 003957S

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

For and on behalf of the Board

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

Mangalore Refinery and Petrochemicals Limited

Statement of Changes in Equity as on 31st March, 2016

(₹ in Million)

	Attributables to Equity Holders of the Parent							Minority Interest	Total Equity including Minority Interest
	Paid-up Share Capital	Capital redemption Reserve	Securities Premium	Hedging Reserve	General Reserve	Capital Reserve	Surplus		
Balance as on 01.04.2014	17,526.64	91.86	3,490.53	15.53	1,192.00	-	48,581.36	-	70,897.92
Profit for the year	-	-	-	-	-	-	(18,032.94)	-	(18,032.94)
Tax on Dividend	-	-	-	-	-	-	(1.80)	-	(1.80)
Addition/deductions/transfer in reserve	-	-	(22.55)	(16.11)	-	0.07	-	-	(38.59)
Adjustment Pursuant to Schedule II to the Companies Act, 2013 (Refer Note no. 3 of Consolidated Financial Statement)	-	-	-	-	-	-	(517.00)	-	(517.00)
Minority Interest	-	-	-	-	-	-	-	6,604.32	6,604.32
Balance as on 31.03.2015	17,526.64	91.86	3,467.98	(0.58)	1,192.00	0.07	30,029.62	6,604.32	58,911.91
Balance as on 01.04.2015	17,526.64	91.86	3,467.98	(0.58)	1,192.00	0.07	30,029.62	6,604.32	58,911.91
Profit for the year	-	-	-	-	-	-	7,095.59	-	7,095.59
Tax on Dividend	-	-	-	-	-	-	(1.56)	-	(1.56)
Addition/deductions/transfer in reserve	-	-	-	0.58	-	-	-	-	0.58
Adjustment Pursuant to Schedule II to the Companies Act, 2013 (Refer Note no. 3 of Consolidated Financial Statement)	-	-	-	-	-	-	(326.74)	-	(326.74)
Minority Interest	-	-	-	-	-	-	-	(4,289.22)	(4,289.22)
Balance as on 31.03.2016	17,526.64	91.86	3,467.98	-	1,192.00	0.07	36,796.91	2,315.10	61,390.56

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Bengaluru: 12th May, 2016

Sd/-
DINESH MISHRA
Company Secretary

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in Million)

Particulars	Note No.	As at 31 st March, 2016	As at 31 st March, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	17,526.64	17,526.64
(b) Reserves and Surplus	3	41,548.82	34,780.95
(c) Minority Interest		2,315.10	6,604.32
2 Non-current liabilities			
(a) Long-term borrowings	4	89,798.29	117,491.97
(b) Deferred tax liabilities (Net)	5	807.75	1.12
(c) Other Long term liabilities	6	-	953.23
(d) Long-term provisions	7	444.15	365.76
3 Current liabilities			
(a) Short-term borrowings	8	38,301.88	15,475.83
(b) Trade payables	9		
Total Outstanding dues of micro enterprises and small enterprises		9.07	8.46
Total Outstanding dues of creditors other than micro enterprises and small enterprises		213,198.30	184,108.22
(c) Other current liabilities	10	30,303.09	32,739.92
(d) Short-term provisions	11	3,551.96	2,114.89
TOTAL		437,805.05	412,171.31
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	12		
(i) Tangible assets		216,650.36	210,362.75
(ii) Intangible assets		47.44	86.50
(iii) Capital work-in-progress		1,929.79	13,886.94
(b) Goodwill on consolidation		5,956.35	5,956.35
(c) Non-current investments	13	4.80	4.80
(d) Long-term loans and advances	14	7,746.98	5,182.41
(e) Other non-current assets	15	3,420.36	2,614.19
2 Current assets			
(a) Inventories	16	33,850.62	37,842.27
(b) Trade receivables	17	20,634.52	22,512.96
(c) Cash and Bank balances	18	138,595.02	103,066.45
(d) Short-term loans and advances	19	7,189.34	9,031.53
(e) Other current assets	20	1,779.47	1,624.16
TOTAL		437,805.05	412,171.31
Significant Accounting Policies	1		
Other Disclosure	31		

See accompanying notes to the Financial Statements

As per our report of even date attached

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

For and on behalf of the Board

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

Mangalore Refinery and Petrochemicals Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Million)

	Particulars	Note No.	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
I.	Revenue from operations	21	509,989.56	623,530.78
	Less: Excise Duty		112,321.37	49,546.09
	Net Revenue from Operations		397,668.19	573,984.69
II.	Other income	22	8,525.47	8,085.61
III.	Total Revenue (I + II)		406,193.66	582,070.30
IV.	Expenses:			
	Cost of materials consumed	23	340,930.49	559,596.73
	Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	24	7,945.74	18,641.75
	Employee benefits expenses	25	3,251.13	2,455.82
	Finance costs	26	10,578.32	4,482.14
	Depreciation and amortization expense	27	10,214.38	5,216.48
	Other expenses	28	28,379.28	14,962.38
	Total expenses		401,299.34	605,355.30
V.	Profit /(Loss) before exceptional and extraordinary items and tax (III-IV)		4,894.32	(23,285.00)
VI.	Exceptional items (Income)/Expenses: Net	29	1,829.94	(334.47)
VII.	Profit /(Loss) before extraordinary items and tax (V - VI)		3,064.38	(22,950.53)
VIII.	Extraordinary Items		-	-
IX.	Profit /(Loss) before tax (VII- VIII)		3,064.38	(22,950.53)
X	Tax expenses:			
	(1) Current / MAT tax		2,349.75	14.07
	(2) MAT Credit Entitlement		(2,345.58)	-
	(3) Prior Year's Tax adjustments		(725.73)	-
	(4) Deferred tax		979.57	(4,435.90)
XI	Profit /(Loss) after tax for the year (IX - X)		2,806.37	(18,528.70)
XII	Less: Share of Profit/ (Loss): Minority Interest		(4,289.22)	(495.76)
XIII	Group Profit /(Loss) after tax for the year (XI - XII)		7,095.59	(18,032.94)
XIV	Earnings per equity share:	30		
	(1) Basic		4.05	-10.29
	(2) Diluted		4.05	-10.29
	Significant Accounting Policies	1		
	Other Disclosure	31		

See accompanying notes to the Financial Statements

As per our report of even date attached

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 003324S

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 003957S

For and on behalf of the Board

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Million)

	Particulars	Note No.	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit/ (Loss) before Taxation, and extraordinary item		3,064.38	(22,950.53)
	Adjustments for :			
	- Depreciation and Amortisation		10,214.77	5,235.65
	- Loss/ (Profit) on sale of Fixed Assets		3.82	(1.57)
	- Provisions/ Liability no longer required written back		(363.45)	(67.04)
	- Provision for Doubtful Debts/ Advances and write offs		378.49	212.21
	- Foreign Currency translation - Net		9,354.58	5,192.54
	- Finance Costs		10,413.01	4,462.11
	- Interest/ Dividend Incomes		(8,172.96)	(7,938.58)
	Operating Profit/ (Loss) before Working Capital changes		24,892.64	(15,855.21)
	Adjustment for :			
	- Trade and other receivables		22,401.42	(8,391.26)
	- Inventories		3,991.65	49,980.49
	- Trade payable and provisions		26,367.34	(32,125.35)
	Cash generated from operations		77,653.05	(6,391.33)
	- Direct taxes paid (net of refunds)		(1,721.05)	(909.40)
	Cash flow before Prior Period items		75,932.00	(7,300.73)
	- Prior Period items (Non cash items)		77.21	(5.51)
	Net Cash flow from Operating Activities	(a)	76,009.21	(7,306.24)
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed assets		(8,689.87)	(11,702.50)
	Sale of Fixed assets		270.47	12.99
	Interest/ Dividend Income received		8,217.39	8,384.49
	(Purchase)/ Sale of current investments (net)		2.46	-
	Tax Paid on Interest Income		(667.63)	(756.56)
	Investments (Net)		-	(0.31)
	Net Cash flow from Investing Activities	(b)	(867.18)	(4,061.89)
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds/ (Repayment) from Issue of Share Capital: Net		-	(22.55)
	Proceeds/ (Repayment) from Long Term Borrowings: Net		(29,274.65)	(10,019.87)
	Proceeds/ (Repayment) from Short Term Borrowings: Net		22,725.08	(10,051.39)
	Finance Costs paid		(10,076.84)	(6,612.30)
	Dividend and Dividend tax paid		(10.84)	(17.55)
	Net Cash flow from Financing Activities	(c)	(16,637.25)	(26,723.66)
	Net Increase / (Decrease) in Cash and Cash Equivalents	(a+b+c)	58,504.78	(38,091.79)
	Cash and Cash Equivalents as at the beginning of the year		72,063.76	107,034.09
	Add: Adjustment on account of Consolidation (Refer Note 2 below)		-	3,121.46
	Cash and Cash Equivalents as at the end of the year		130,568.54	72,063.76
			58,504.78	(38,091.79)
1	Cash and Cash Equivalents			
	Cash balances including imprest		0.96	1.82
	Bank Balances with Schedule Banks**		130,567.58	72,061.94
			130,568.54	72,063.76
	** Excludes balances in current accounts/deposit accounts pertaining to interest warrant, under lien, pledged with banks / Govt. authorities ₹ 8,026.48 Million (Previous Year ₹ 31,002.69 Million)			
2	On account of acquisition of shares in ONGC Mangalore Petrochemicals Ltd (OMPL) and Mangalam Retail Services Limited (MRSL), adjustments in opening Cash and Cash equivalent amounting to ₹ 3,120.83 Million and ₹ 0.63 Million was made respectively during the previous year 2014-15.			
3	Previous Year's figures have been re-grouped/ re-classified wherever necessary to confirm to the current year's presentation.			

As per our report of even date attached

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 0033245

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 0039575

For and on behalf of the Board

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis: -

- 1 The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements”.
- 2 The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 - “Financial Reporting of Interests in Joint Ventures”.
- 3 The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise stated.
- 4 The difference between the cost of investment in the subsidiaries/associates/Joint ventures, and the net assets at the time of acquisition of shares in the subsidiaries/associates/joint ventures is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- 5 Minorities' share in Net Profit/Loss of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit/Loss attributable to the shareholders of the Company. Minorities' share of Net Assets of subsidiaries is identified and presented in the Consolidated Balance Sheet within equity separately from the equity of the owners of the parent.

B Investments other than in Joint Ventures have been accounted for as per Accounting Standard (AS)-13“Accounting for Investments”

1 Accounting Conventions and Basis of Presentation / Accounting

- 1.1 The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP), the provisions of the Companies Act, 2013 including the Accounting Standards specified under Section 133 of the Act , read with Rule 7 of the Companies

(Accounts) Rules,2014.

- 1.2 All income and expenses to the extent considered receivable / payable with reasonable certainty are accounted for on accrual basis.

2 Use of Estimates

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

3 Cash Flow Statement

Cash Flow Statement has been prepared under Indirect Method as set out in the Accounting Standard - 3 specified in Section 133 of the Companies Act,2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as required by the Securities and Exchange Board of India.

4 Fixed Assets

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

5 Impairment

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

6 Depreciation / Amortisation

- 6.1 Depreciation on Fixed Assets (including those taken on lease) is provided on Straight Line Method, over the useful life of component of various Assets as specified in Schedule II to the Companies Act, 2013, except in case of certain components of the Plant and Equipment whose useful lives are determined based on technical evaluation.
- 6.2 Catalyst whose life is more than one year is capitalised and depreciated over the guaranteed useful life as specified by the supplier.
- 6.3 Cost of leasehold land is amortised over the lease period. Cost of leasehold lands where the transfer of ownership to the company on expiry of the lease period is eventually certain are not amortised.
- 6.4 Depreciation on amounts capitalised on account of foreign exchange fluctuation is provided prospectively over residual life of the assets.
- 6.5 Depreciation on spares, having irregular use and purchased subsequent to the installation of specific machinery is provided prospectively over residual life of the specific machinery and written down value of the spare is charged to statement of Profit and Loss as and when replaced.

7 Intangible Assets

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

8 Investments

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

9 Inventories

Inventories except Stores, Spares and other trading Goods are valued at cost or net realisable value which ever is lower. Cost of inventories comprises of purchase cost and other costs incurred in bringing inventories to their present location and condition. The cost has been determined as under:

- 9.1 Raw material - on First in First out (FIFO) basis.
- 9.2 Finished Products - at Raw material ,Conversion cost and excise duty.
- 9.3 Stock-in-Process - at Raw material and Proportionate Conversion cost.

- 9.4 Stores, Spares and other trading Goods - on weighted average cost basis

10 Revenue Recognition

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

11 Claims

- 11.1 Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated.

11.2 Insurance Claims

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

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

- 11.2.3 As and when claims are finally received from the insurance company, the difference, if any, between the claim receivable from insurance company and claims received is adjusted to statement of Profit and Loss

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

12 Foreign Currency Transactions

12.1 Foreign Currency Transactions are accounted for at the exchange rates prevailing on the date of the transactions.

12.2 The foreign currency assets / liabilities of monetary items are translated using the exchange rates prevailing on the reporting date.

12.3 The exchange differences on translation of foreign currency transactions on the reporting date are recognised as income or expense and adjusted to the statement of profit and loss except exchange differences arising on reporting of long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets which are added to /or deducted from cost of the assets.

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

13 Employee Benefits

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

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

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

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

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

14 Leases

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

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

15 Borrowing Costs

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

16 Research and Development expenditure

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

17 Taxes on Income

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

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

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

18 Provisions, Contingent Liabilities and Contingent Assets

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

NOTE 2 SHARE CAPITAL

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

2.1.1 Share Capital	As at 31 st March, 2016		As at 31 st March, 2015	
	Number	₹ in Million	Number	₹ in Million
Authorised				
Equity Shares of ₹ 10 each (Previous Year ₹ 10 each)	2,900,000,000	29,000.00	2,900,000,000	29,000.00
Redeemable Preference Shares ₹ 10 each (Previous Year ₹ 10 each)	100,000,000	1,000.00	100,000,000	1,000.00
Total	3,000,000,000	30,000.00	3,000,000,000	30,000.00
2.1.2 Equity Share Capital				
Issued Subscribed & Paid up				
Equity Shares of ₹ 10 each (Previous Year ₹ 10 each)	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Shares Forfeited (money received)	-	0.65	-	0.65
Total	1,752,598,777	17,526.64	1,752,598,777	17,526.64
2.2 Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	1,752,598,777	17,525.99	1,752,598,777	17,525.99

2.3 Rights, preferences and restrictions attached

Particulars	
Distribution of Dividend	The company has only equity shares having a par value of ₹ 10 per share which is Issued, Subscribed & Paid up. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
Repayment of Capital	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

Equity Shares

Name of Shareholder	As at 31 st March, 2016		As at 31 st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Oil and Natural Gas Corporation Limited	1,255,354,097	71.63%	1,255,354,097	71.63%
Hindustan Petroleum Corporation Limited	297,153,518	16.96%	297,153,518	16.96%

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

2.7 Forfeited Shares

As at 31 st March, 2016		As at 31 st March, 2015	
No. of Shares Forfeited	Amount paid up in ₹ Million	No. of Shares Forfeited	Amount paid up in ₹ Million
-	0.65	-	0.65

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NOTE 3 RESERVES AND SURPLUS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
3.1 Capital Redemption Reserve (Refer Note a below)		
As per Last Balance Sheet	91.86	91.86
Transfer from Profit and Loss account	-	-
Closing Balance	91.86	91.86
3.2 Securities Premium Account		
As per Last Balance Sheet	3,467.98	3,490.53
Transfer during the year	-	(22.55)
Closing Balance	3,467.98	3,467.98
3.3 Hedging Reserve		
As per Last Balance Sheet	(0.58)	15.53
Additions/ (deductions) during the year (net)	0.58	(16.11)
Closing Balance	-	(0.58)
3.4 General Reserve		
As per Last Balance Sheet	1,192.00	1,192.00
Add : Current Year transfer	-	-
Closing Balance	1,192.00	1,192.00
3.5 Capital Reserve (Refer Note b below)		
As per Last Balance Sheet	0.07	-
Add : Current Year Transfer	-	0.07
Closing Balance	0.07	0.07
3.6 Surplus		
As per Last Balance Sheet	30,029.62	48,581.36
Add : Profit / (Loss) for the year	7,095.59	(18,032.94)
Less : Adjustment Pursuant to Schedule II to the Companies Act, 2013 (net of tax)	326.74	517.00
Less: Tax on Dividend	1.56	1.80
Closing Balance	36,796.91	30,029.62
Total	41,548.82	34,780.95

Notes

- a** Capital Redemption Reserve created on Redemption of Preference share capital of ₹ 91.86 Million during 2011-12 and 2012-13.
b Capital Reserve created on account of Consolidation during the previous year 2014-15.

NOTE 4 LONG TERM BORROWINGS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
4.1 SECURED		
4.1.1 External Commercial Borrowing (ECB) (Refer Note a & b below)	55,112.51	57,430.84
During 2016-17 : ₹ 5,768.51 Million		
During 2017-18 : ₹ 13,406.48 Million		
During 2018-19 : ₹ 30,219.96 Million		
During 2019-20 : ₹ 4,130.08 Million		
During 2020-21 : ₹ 3,633.13 Million		
During 2021-22 : ₹ 3,136.18 Million		
During 2022-23 : ₹ 485.77 Million		
During 2023-24 : ₹ 100.91 Million		

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
4.1.2 From Others : Term Loan from OIBD (Refer Note c below)	2,500.00	-
Terms of Repayment:		
During 2016-17 : ₹ 2,750.00 Million		
During 2017-18 : ₹ 1,750.00 Million		
During 2018-19 : ₹ 750.00 Million		
4.1.3 Rupee Term Loan from banks (RTL) (Refer Note d below)	326.51	18636.49
Terms of Repayment:		
During 2016-17 : ₹ 204.00 Million		
During 2017-18 : ₹ 276.00 Million		
During 2018-19 : ₹ 50.51 Million		
4.1.4 Non Convertible Debentures (Refer Note e below)	5,000.00	-
During 2018-19 : ₹ 5,000.00 Million		
	62,939.02	76,067.33
4.2 UNSECURED		
4.2.1 From Others : Term Loan from OIBD (Refer Note c below)	-	5,250.00
4.2.2 Deferred payment liabilities (Refer Note f below)	1,145.17	1,603.34
Terms of Repayment:		
During 2016-17 : ₹ 458.17 Million		
During 2017-18 : ₹ 526.54 Million		
During 2018-19 : ₹ 400.00 Million		
During 2019-20 : ₹ 218.63 Million		
4.2.3 Loans and advances from related parties (Refer Note g below)	25,714.10	32571.30
Terms of Repayment:		
During 2016-17 : ₹ 6,857.20 Million		
During 2017-18 : ₹ 6,857.20 Million		
During 2018-19 : ₹ 6,857.20 Million		
During 2019-20 : ₹ 6,857.20 Million		
During 2020-21 : ₹ 5,142.50 Million		
4.2.4 Rupee Term Loan (RTL) (Refer Note h below)	-	2,000.00
	26,859.27	41,424.64
Total	89,798.29	117,491.97

Notes:

- a** The interest rate for ECB are based on 6 month LIBOR plus spread. Effective Interest rates are 3.4337%, 4.2109%, 3.0760%, 2.6960% , 3.3605%, 3.6544%, 3.6754% and 3.6775% on ₹ 6,626.00 Million, ₹ 8,448.15 Million, ₹ 19,878.00 Million, ₹ 3,313.00 Million, ₹ 3,313.00 Million, ₹ 4,198.57 Million, ₹ 3,691.63 Million and ₹ 1,412.67 Million respectively.
- b** Company has ECB loan, outstanding of ₹ 41,578.15 Million which is secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets both present and future and the Subsidiary, OMPL has ECB outstanding of ₹ 19,302.87 Million which are secured by the first charge on land and all other fixed assets of the company and second charge by way of hypothecation on all movable Fixed Assets and current assets.
- c** The interest rate for OIBD term loan are 8.89 %, 9.04%, 8.73%, 8.98%, 8.94%, 9.27%, 9.06% and 9.15% on ₹ 912.50 Million, ₹ 87.50 Million, ₹ 625.00 Million, ₹ 1,375.00 Million, ₹ 65.92 Million, ₹ 1,672.50 Million, ₹ 299.70 Million and ₹ 211.88 Million respectively. During the year, the loan is reclassified as secured as against unsecured in previous year. secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets both present and future .
- d** Subsidiary OMPL has Corporate loan of ₹ ,200.00 Million (current balance ₹ 530.51 million) from SBI, rate of interest is 9.90 % is secured by way of second charge on the entire fixed assets of the Company both present and future and first charge on entire inventory, WIP, receivables, book debts and other current assets both present and future. The rate of interest is SBI Base Rate + 0.60% payable on the monthly basis. Also Subsidiary OMPL had RTL of ₹ 9,561.20 Million with various bankers was entirely repaid in December 2015. The rate of interest for RTL was SBI Base Rate + 1.25% payable on the monthly basis.
- e** Subsidiary OMPL has issued ₹ 5,000.00 Million non-cumulative, secured, redeemable, taxable, listed, rated Non-Convertible Debentures (NCDs) during February 2016 with a coupon rate of 8.40% p.a., and interest payable annually. The NCDs are secured by first raking pari passu charge on the land totaling an extent of 441.438 acres situated in Permude & Kalavar Villages in Mangalore, SEZ, Mangalore Taluk & Registration sub-District, Dakshina Kannada Dist. and other Fixed Assets including Buildings, Roads and Plant and Machinery.
- f** Deferred Payment liability representing Sales Tax deferment is with Nil Interest rate .
- g** The interest rate on Term loan from related Parties i.e ONGC is 10.60 % (SBAR minus 3.85%) on ₹ 32,571.30 Million .
- h** Subsidiary OMPL, has repaid Unsecured RTL was entirely in September 2015. The rate of interest was Axis Base Rate + 0.50% payable on monthly basis.
- i** ₹ 16,037.88 Million - Secured and Unsecured (Previous year ₹ 14,047.79 Million) is repayable within one year and the same has been shown as "Current Maturities of Long Term Debts" under Note 10.

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NOTE 5 DEFERRED TAX LIABILITIES (NET)

The Company has Deferred Tax Liabilities as at 31st March, 2016 of ₹ 807.75 Million (Previous Year ₹ 1.12 Million). The Breakup of Deferred tax Liabilities is as under:

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
5.1 Deferred Tax Liabilities		
WDV Difference on Assets	22,782.39	18,362.21
Less: Tax effect on depreciation charges against opening balance of retained earning	172.93	266.22
Total 5.1	22,609.46	18,095.99
5.2 Deferred Tax Assets		
43B Disallowances	10.90	10.70
Carry Forward Depreciation/ Losses	21,246.97	17,678.45
Others	543.84	405.72
Total 5.2	21,801.71	18,094.87
Net Deferred Tax Liabilities (5.1-5.2)	807.75	1.12

NOTE 6 OTHER LONG TERM LIABILITIES

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Other Liabilities	-	0.13
Deferred Payment Liabilities	-	953.10
Total	-	953.23

NOTE 7 LONG TERM PROVISIONS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Provision for Employee Benefits		
Leave Encashment (unfunded)	363.21	300.65
Gratuity	16.01	6.60
Post retirement Medical and Other Benefits (Unfunded)	64.93	58.51
Total	444.15	365.76

NOTE 8 SHORT TERM BORROWINGS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
8.1 Secured		
Short term Loan From Banks : Working Capital	57.48	3,276.74
Secured by way of hypothecation of Company's immovable and movable Fixed Assets both present and future.		
	57.48	3,276.74
8.2 Unsecured Loan repayable on demand		
8.2.1 External borrowing		
Short term Loan From Banks : Buyers Credit	-	1,674.37
8.2.2 From Banks		
Short term Loan From Banks	19,244.40	10,524.72
8.2.3 Commercial Paper		
Commercial Paper	19,000.00	-
	38,244.40	12,199.09
Total	38,301.88	15,475.83

NOTE 9 TRADE PAYABLES

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Trade Payables (Refer Note a and b below and Note 31.13)	213,207.37	184,116.68
Secured by way of hypothecation of Company's immovable and movable Fixed Assets both present and future.		
Total	213,207.37	184,116.68

Note

a Includes ₹ 4,638.87 Million (Previous year ₹ 3,282.95 Million) backed by Parent company Guarantee - ONGC.

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

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
i the Principal amount due thereon remaining unpaid to any supplier at the end of year.	9.07	8.46
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 10 OTHER CURRENT LIABILITIES

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Current maturities of long-term debt (Secured) (Refer Note 4.1.1, 4.1.2, 4.1.3 & 4.1.4)	8,722.51	3,884.76
Refer Note No 4 (point no a, b, c, d, e & i).		
Current maturities of long-term debt (UnSecured) (Refer note 4.2.1, 4.2.2, 4.2.3 & 4.2.4)	7,315.37	10,163.03
Refer Note No 4 (point no c, f, g, h & i).		
Unpaid dividends (Refer Note a below)	101.24	124.49
Interest on Matured Debentures (Refer Note b below)	0.19	0.19
Deposits from Suppliers/Contractors/Others	259.02	180.13
Liability for Gratuity (Refer note c below)	27.08	24.98
Payable against Capital goods (Includes dues to Micro, Small and Medium Enterprises- refer note d below)	9,038.52	12,402.26
Liability for Statutory Payments	1,382.19	1,226.05
Liability for Employees	304.25	164.73
Interest Accrued but not due	809.91	346.96
Payable to Oil Companies on refund from Commercial taxes	-	2,884.48
Others payables (Includes dues to Micro, Small and Medium Enterprises- refer note d below)	2,342.81	1,337.86
Total	30,303.09	32,739.92

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Notes

- a No amount is due for payment to Investor Education Protection Fund.
- b Provision for Interest towards disputed Claims
- c Net of amount receivable/ payable from/to Gratuity trust
- d Disclosure relating to dues to Micro, Small and Medium Enterprises

₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
i the Principal amount due thereon remaining unpaid to any supplier at the end of year.	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.	-	-

NOTE 11 SHORT TERM PROVISIONS

₹ in Million		
Particulars	As at 31 st March, 2016	As at 31 st March, 2015
11.1 Provision for Employee Benefits		
For Leave (Unfunded)	37.25	34.68
Gratuity	0.10	0.05
For Post retirement Medical and Other Benefits (Unfunded)	1.94	1.92
11.2 Others		
For Taxation (Net of Advance Tax)	4.17	14.07
For Corporate Dividend Tax	1.52	1.80
Others (Refer Note a below)	3,506.98	2,062.37
Total	3,551.96	2,114.89

Note

- a The company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2016 and for 31st March 2015 for ₹ 3,506.98 Million and ₹ 2,057.60 Million respectively.

NOTE 12 FIXED ASSETS

₹ in Million

Fixed Assets	Useful Life in Years	Refer Note	Gross Block		Depreciation/ Amortisation			Net Block	
			As at 1 st April, 2015	Additions/ adjustments during the year	Deductions/ Adjustments during the year	As at 31 st March, 2016	Charge for the year	Transferred to retained earning	As at 31 st March, 2016
12.1									
Tangible Assets									
Land : Freehold			23.66	-	-	23.66	-	23.66	23.66
Land under lease		a, b	2,897.49	3.29	-	2,900.78	55.27	2,674.93	2,726.91
Buildings			5,019.89	155.14	2.26	5,172.77	183.24	3,230.12	3,260.27
Plant and Equipment		c, d, e	271,034.69	17,016.18	321.90	287,728.97	9,819.34	209,979.31	203,551.80
Office Equipment			693.90	19.22	2.37	710.75	84.05	482.64	547.87
Furniture and Fixtures		d	223.03	27.49	4.16	246.36	19.74	120.88	113.57
Vehicles		d	155.01	16.68	4.10	167.59	14.78	138.82	138.67
Total Tangible Assets			280,047.67	17,238.00	334.79	296,950.88	10,176.42	80,300.52	210,362.75
12.2									
Intangible Assets									
Goodwill	10	f	20.13	-	-	20.13	2.01	18.10	4.04
Computer software	10		4.47	-	-	4.47	0.45	3.69	1.23
Computer software	5		3.22	-	-	3.22	0.14	3.08	0.28
Computer software	3		215.40	2.16	-	217.56	38.50	173.07	80.83
Computer software	7		0.81	-	-	0.81	0.12	0.81	0.12
Computer software	4		7.39	-	-	7.39	-	7.39	-
Licenses and franchise	3		56.50	-	-	56.50	-	56.50	-
Total Intangible Assets			307.92	2.16	-	310.08	41.22	262.64	86.50
Total			280,355.59	17,240.16	334.79	297,260.96	10,217.64	80,563.16	210,449.25
Previous Year			122,552.85	157,879.53	76.79	280,355.59	5,237.42	210,449.25	59,947.91
12.3									
Capital Work in Progress		h						1,929.79	13,886.94

Notes

- a Includes ₹ 253.25 Million (Previous Year ₹ 249.96 Million) which has not been amortised in view of the fact that eventually the ownership will get transferred to the Company on expiry of the lease period.
- b Includes land value ₹ 28.82 Million (Previous Year ₹ 28.82 Million), which is in possession of the company towards which formal lease deeds are yet to be executed. Net Block ₹ 28.82 Million (Previous Year ₹ 28.82 Million)
- c Includes ₹ 782.98 Million (Previous Year ₹ 782.98 Million) being Company's share of an asset jointly owned with another Company. Net Block ₹ 39.15 Million (Previous Year ₹ 39.15 Million).
- d Includes Assets whose life is other than life specified in Schedule II of the Companies Act, 2013 and is based on the company policy. Had the company followed Schedule II rates, depreciation for the period would have been higher by ₹ 7.94 Million with the consequential impact on the Fixed Assets and Profit/(loss) for the period.

Type of Assets	Life Considered	Gross Value	WDV
Plant and Equipment (Employee Scheme Computers)	4 Years	58.53	30.02
Furniture and Fixtures (Employee Scheme Furniture)	7 Years	60.45	37.12
Vehicles (Employee Scheme Vehicles)	4 Years	5.88	4.61

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e Includes Component of Assets whose life is other than life specified in Schedule II of the Companies Act, 2013 and is based on the technical evaluation.

Type of Assets (Component)	Life Considered
Plant and Equipment (Instrumentation Item/ DCS)	15 Years
Plant and Equipment (Catalyst)	Guaranteed useful life as specified by the supplier

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

g The Company capitalises the borrowing cost and Exchange differences in the capital work in Progress (CWIP) and the amount capitalised during the year ended 31st March 2016 are ₹ 126.78 Million (Previous year ₹ 1,686.27 Million) and ₹ 2,411.43 Million (Previous year ₹ 1,680.25 Million) respectively. Borrowing cost and Exchange differences capitalised are disclosed in the " Additions/ adjustments during the year" column of different class of Assets. Asset-wise details of the same are included in the cost of Major heads of fixed Assets as given below:

₹ in Million

Year	2015-16		2014-15	
	Exchange Difference	Borrowing Cost	Exchange Difference	Borrowing Cost
Buildings	18.17	2.11	12.22	8.33
Plant and Equipment	2,388.00	122.06	1,479.04	1,112.58
Pending Allocation	5.26	2.61	188.99	565.36
Total	2,411.43	126.78	1,680.25	1,686.27

h Capital Work In Progress (Including Project expenses to be Capitalised appropriately) ₹ in Million

Particulars	As at 31 st March 2016	As at 31 st March 2015
Capital Work-in-Progress	17,282.01	100,761.36
Less : Amount Capitalised to Fixed assets during the year	15,352.22	86,874.42
Net Capital Work-in-Progress	1,929.79	13,886.94

i Depreciation/amortisation of Tangible and Intangible Assets for the year is allocated as given below: ₹ in Million

Sl. No	Particulars	As at 31 st March 2016	As at 31 st March 2015
i	Charged to Statement of Profit & Loss	10,214.38	5,216.48
ii	Transferred to expenditure during construction period (net)	2.87	1.77
iii	Adjustments related to Prior Period (Net)	0.39	19.17
	Total	10,217.64	5,237.42

j Assets not in use and held for sale are shown under Other current Assets.

NOTE 13 NON CURRENT INVESTMENTS

₹ in Million

Particulars	As at 31 st March 2016	As at 31 st March 2015
Non Trade Investments (Long term Investments)		
Investment in Equity instruments : Unquoted at Cost		
Investment in Associate Company		
Mangalore SEZ Ltd. (480,000 Equity Shares of ₹ 10 each fully paid) (Refer Note a below)	4.80	4.80
Total	4.80	4.80

Notes

	Name of the Company	No of Equity Shares	Face value per Share in ₹	Total (₹ In Million)
a	Mangalore SEZ Ltd.	480,000	10	4.80
b	Aggregate Value of Unquoted Investments	₹ 4.80 Million (Previous Year ₹ 4.80 Million)		

NOTE 14 LONG TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
14.1 To related Party				
Mangalore SEZ Limited				
Capital Advance	956.00		131.50	
Deposit	12.68	968.68	5.27	136.77
14.2 Others				
Capital Advance	1,637.15		2,250.74	
Unsecured, considered doubtful	3.40		3.40	
Less: Provision for doubtful loans and advances	3.40	1,637.15	3.40	2,250.74
Advance towards Equity share				
Employee Advance (Refer note a below)		260.03		254.96
Deposits with Custom, Port etc		0.01		0.01
Income Tax Paid (Net of Provision)		1,257.46		1,988.36
MAT Credit Entitlement		3,075.09		3.78
Deposit with Others		548.56		547.79
Total		7,746.98		5,182.41

Note

- a Includes loans having repayment schedule of more than 7 years

Employee Advance stated above includes :

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Directors	1.01	-
Other Officers of the Company	0.22	0.26
Total	1.23	0.26

NOTE 15 OTHER NON CURRENT ASSETS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Accrued Interest On Employees Loan scheme	46.66	34.94
Income Tax Paid Under Disputes	3,373.70	2,579.25
Total	3,420.36	2,614.19

Note 16 INVENTORIES *

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
Raw Materials	9,358.41		7,264.40	
Raw Materials in transit	6,013.76	15,372.17	5,272.71	12,537.11
Stock -in- Process		3,346.00		4,046.02
Finished goods	11,806.56		19,052.28	
Less : Provision for Stock Loss	5.91	11,800.65	5.91	19,046.37
Stores and spares	3,266.95		2,075.04	
Stores and spares in transit	150.33		223.21	
Less : Provision for Slow/Non Moving Inventories	85.48	3,331.80	85.48	2,212.77
Total		33,850.62		37,842.27

* Valued as per accounting policy no. 9

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NOTE 17 TRADE RECEIVABLES

₹ in Million

Trade Receivables (Unsecured)	As at 31 st March, 2016	As at 31 st March, 2015
Outstanding for a period less than six months		
Considered good (Refer note a)	20,634.52	22,512.96
Considered doubtful	137.40	177.51
Less: Provision for doubtful debts	137.40	177.51
	20,634.52	22,512.96
Outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	1,331.55	913.65
Less: Provision for doubtful debts	1,331.55	913.65
	-	-
Total	20,634.52	22,512.96

Note

- a Above includes ₹ 318.20 Million (Previous year ₹ 515.50 Million) backed by Bank Guarantee.

Trade Receivable stated above include debts due by:

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Company in which Director of the company is a Director		
Shell MRPL Aviation Fuels and Services Limited	104.57	144.78
Total	104.57	144.78

NOTE 18 CASH AND BANK BALANCES

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
18.1 Cash & Cash Equivalents				
Balances With Banks				
Current Accounts	8,200.15		120.19	
Deposit Accounts : Upto 3 Months Maturity (Refer Note a below)	95,488.33	103,688.48	41,390.85	41,511.04
Cash on Hand (including Imprest) & Gold Coin (Refer Note b below)		0.96		1.82
18.2 Other Bank balances				
Deposit Accounts : 3 to 12 Months Maturity (Refer Note a below)	26,879.10		30,550.90	
Unpaid Interest on debentures Account	0.19		0.19	
Unpaid Dividend Account	101.24		124.49	
Employee Benevolent Fund	8.15		7.27	
Deposit with banks as lien against overdraft facility and Statutory Authorities as security deposit.	7,916.90	34,905.58	30,870.74	61,553.59
		138,595.02		103,066.45

Notes

- a The deposits maintained by the company with banks can be withdrawn by the company at any point without prior notice or penalty on the principal.
- b Includes Gold Coins valued ₹ 0.91 Million (Previous year ₹ 0.94 Million)

NOTE 19 SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
19.1 To related party				
Mangalore SEZ Limited	0.31		0.47	
Shell MRPL Aviation Fuels and Services Limited	0.01		0.01	
Mangalam Retail Services Limited	0.03		0.03	
Petronet MHB Limited	8.04	8.39	2.54	3.05
19.2 To others				
Balance with Custom, Port, Trust etc.		2,426.10		5,230.61
Security Deposits with Customer				
Considered doubtful	6.84		6.87	
Less: Provision for doubtful Deposits	6.84	-	6.87	-
Advance to Employees	47.69		43.61	
Less: Provision for doubtful Advances	0.81	46.88	0.81	42.80
Other Advances Recoverable in cash or in kind or value to be received and Deposits		4,706.55		3,754.42
Forward contract receivable		1.42		0.65
		7,189.34		9,031.53

Advance to Employees stated above includes :

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Directors	0.20	-
Other officers of the Company	0.04	0.04
Total	0.24	0.04

NOTE 20 OTHER CURRENT ASSETS

₹ in Million

Particulars	As at 31 st March, 2016	As at 31 st March, 2015
Interest Accrued but not due on Bank Deposits	1,701.46	1,546.15
Claim Receivable from Insurance Company	0.05	0.05
Fixed Assets held for sale (Refer Note a & b below)	77.96	77.96
Total	1,779.47	1,624.16

Notes

- Includes Plant and Machinery and Other depreciable Assets which have been fully depreciated and freehold land at cost.
- Fixed Assets held for sale are valued at lower of cost or estimated realisable value.

NOTE 21 REVENUE FROM OPERATIONS

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
21.1 Revenue From Sale		
Domestic Sales		
Sale of Product	382,345.10	394,333.47
Sale of Services	20.70	8.61
Export Sales		
Sale of Product	127,462.26	229,067.21
21.2 Other operating revenues		
Sale Of Scrap	81.85	22.13
Commision	49.19	72.88
Liquidated Damages	30.46	26.48
Total	161.50	121.49
Total	509,989.56	623,530.78

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NOTE 22 OTHER INCOME

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
22.1 Interest Income		
On Bank Deposit (Tax Deducted at Source ₹ 635.97 Million (Previous Year ₹ 635.47 Million))	6,810.05	6,248.22
On Inter Corporate Deposit (Tax Deducted at Source Nil (Previous Year ₹ 18.26 Million))	-	182.56
From Direct Marketing Customers	24.20	62.17
On Contractor Mobilisation Advance	41.29	10.43
On Employees Loan Scheme	20.50	13.95
On Others	11.85	37.41
Total	6,907.89	6,554.74
22.2 Dividend Income		
Dividend received on Mutual Fund Investments (Short Term Investments)	1,183.57	1,390.50
22.3 Other non-operating Income		
Royalty Income (Tax Deducted at Source ₹ 0.26 Million (Previous Year ₹ 0.53 Million))	2.20	4.99
Liability no longer required written back	362.72	66.39
Excess Provisions written back	0.73	0.65
Tender form Sale	1.01	1.21
Hire Charges	4.10	4.81
Recoveries from Employees	9.05	8.04
Miscellaneous Receipts	54.20	54.28
Total	434.01	140.37
Total	8,525.47	8,085.61

NOTE 23 COST OF MATERIALS CONSUMED

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Raw Material: Crude Oil		
Imported	301,442.61	508,507.75
Indigenous	36,849.57	48,052.34
Raw Material: Others		
Imported		
Hydrogen	-	261.55
Paraffin Raffinate	-	2,167.33
Reformate	1,033.52	-
Indigenous		
CRMB Modifier	6.70	2.57
Naptha Stream	1,332.34	241.92
Aromatic Stream	37.94	234.92
Trading Goods		
Indigenous	227.81	128.35
Total	340,930.49	559,596.73

NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
24.1 Closing Stock of:		
Finished Goods	11,806.56	19,052.28
Stock -in- Process	3,346.00	4,046.02
Less: Adjustment on account of Consolidation		
Finished Goods	-	1,377.91
Stock -in- Process	-	517.36
Total Closing Stock	15,152.56	21,203.03
24.2 Opening Stock of:		
Finished Goods	19,052.28	35,183.12
Stock -in- Process	4,046.02	4,661.66
Total Opening Stock	23,098.30	39,844.78
Increase (-) / Decrease in Stock	7,945.74	18,641.75

NOTE 25 EMPLOYEE BENEFITS EXPENSES

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Salaries and Wages	2,628.24	1,897.13
Contribution to Provident and Other Funds	302.23	227.93
Staff Welfare Expenses	146.60	106.06
Provision for Leave	125.21	182.15
Provision for Gratuity	38.41	31.99
Provision for Post - Retirement, Medical and other long term benefits	10.44	10.56
Total	3,251.13	2,455.82

NOTE 26 FINANCE COSTS

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Interest expenses	10,287.94	4,448.01
Other borrowing costs	54.19	14.10
Net(Gain)/ Loss on Foreign Currency transactions and translation		
Exchange (gain)/ loss (net)	236.19	20.03
Total	10,578.32	4,482.14

NOTE 27 DEPRECIATION AND AMORTISATION EXPENSE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
On Tangible Assets	10,173.16	5,204.64
On Intangible Assets	41.22	11.84
Total	10,214.38	5,216.48

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NOTE 28 OTHER EXPENSES

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
28.1 Other Expenses				
Power, Utility & Fuel Charges	31,128.39		45,285.00	
Less : Own Consumption	24,872.26	6,256.13	44,347.65	937.35
Repairs and Maintenance				
Plant and Machinery	2,296.30		1,676.33	
Building	8.84		3.37	
Others	515.43	2,820.57	225.14	1,904.84
Stores, Spares and Chemical Consumed	1,759.87		1,318.75	
Less : Shown Under Other Heads	807.96	951.91	505.99	812.76
Packing Material Consumed		45.80		52.04
Rent		100.68		75.67
Insurance		383.14		244.71
Rates and Taxes		2,205.03		1,951.73
Excise Duty on Stock (Net)		1,588.96		916.85
Exchange Rate Fluctuation Loss		11,827.01		6,798.16
Director's Sitting Fees		0.62		0.76
Loss on Sale of Fixed Assets		3.86		5.98
Payment to Auditors				
Audit Fees	2.53		2.35	
For Taxation Matters	0.90		0.64	
For Certification Fees	1.84		1.31	
Reimbursement of Expenses	3.11	8.38	1.11	5.41
Corporate Social Responsibility Expenses		24.16		48.10
Miscellaneous Expenses		1,703.45		982.15
Total		27,919.70		14,736.51
28.2 Provision				
For Doubtful Debts		378.49		212.21
Total		378.49		212.21
28.3 Write Offs				
For Doubtful Debts/ Advances		0.70		-
Total		0.70		-
28.4 Prior Period Items (Net)				
Depreciation(Net)		0.39		19.17
Cost of Materials Consumed		1.28		-
Repairs and Maintenance		-20.43		-3.48
Employee Benefits Expenses		0.19		-2.42
Others		98.96		0.39
Total		80.39		13.66
Grand Total (28.1+28.2+28.3+28.4)		28,379.28		14,962.38

NOTE 28 OTHER EXPENSES

₹ in Million

Particulars	As at 31 st March, 2016		As at 31 st March, 2015	
EXCEPTIONAL ITEMS				
Cost of materials consumed		988.16		-754.59
Rebate on Sales		-		192.24
Employee Benefits Expenses		211.15		
Miscellaneous Expenses		630.63		227.88
Total		1,829.94		-334.47

NOTE 30 EARNINGS PER EQUITY SHARE

₹ in Million

Particulars	For the Year ended 31 st March, 2016	For the Year ended 31 st March, 2015
Numerator : Net Profit (₹ in Million)		
Basic	7,095.59	(18,032.94)
Diluted	7,095.59	(18,032.94)
Denominator : Average number of Equity Shares outstanding during the year		
Basic	1,752,598,777	1,752,598,777
Diluted	1,752,598,777	1,752,598,777
Nominal value Per Share		
Earnings Per Share (in ₹)		
Basic/ Diluted (₹)	4.05	(10.29)
Reconciliation of Basic and Diluted Earnings Per Share		
Net Profit (₹ in Million)	7,095.59	(18,032.94)
Add : Interest on diluted portion of loans (Net of Tax) (₹ in Million)	-	-
Total	7,095.59	(18,032.94)
Average No of Equity Shares	1,752,598,777	1,752,598,777
Number of Share in respect of loans having conversion clause	-	-
Average No of Equity Shares for Diluted Earnings per share	1,752,598,777	1,752,598,777

Note :31 Other Disclosures

31.01 General Information

The Consolidated Financial Statements present the Consolidated Accounts of Mangalore Refinery and Petrochemicals Limited with the following Subsidiary and Joint Ventures.

	31 st March, 2016	31 st March, 2015
A Subsidiary		
Indian Subsidiary		
ONGC Mangalore Petrochemicals Limited	51.00%	51.00%
B Indian Joint Ventures		
i) Shell MRPL Aviation Fuels and Services Limited	50.00%	50.00%
ii) Mangalam Retail Services Limited	49.98%	49.98%

31.02 Disclosure mandated by Schedule III of the Companies Act, 2013 by way of additional information.

Name of the entity	Country of incorporation	Net Asset (i.e. Total Asset minus Total Liabilities)		Share in Profit or loss	
		As % of Consolidated Assets	Amount (₹ in million)	As % of consolidated profit or loss	Amount (₹ in million)
1		2	3	4	5
Parent					
Mangalore Refinery and Petrochemicals Limited	India	91.74%	56,320.88	411.24%	11,540.76
Subsidiary					
Indian					
ONGC Mangalore Petrochemicals Ltd.	India	3.89%	2,387.03	-159.08%	(4,464.30)
Minority Interest in subsidiary		3.77%	2,315.10	-152.84%	(4,289.22)
Joint Ventures Entities					
Indian					
Shell MRPL Aviation Fuels & Services Limited	India	0.60%	366.96	0.68%	19.11
Mangalam Retail Services Limited	India	0.00%	0.59	0.00%	0.02
Net		100%	61,390.56	100%	2,806.37

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31.03 Significant Accounting policies and notes to this Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Company. Recognising this purpose, the company has disclosed only such Policies and Notes from the individual financial statements which fairly present the needed disclosures.

31.04 Employee Benefits (AS-15)

I Mangalore Refinery and Petrochemicals Limited

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

a Earned Leave Benefit (EL):

Accrual – 32 days per year

Accumulation up to 300 days allowed

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

b Half Pay Leave (HPL)

Accrual – 20 days per year

Encashment while in service is not allowed

Encashment on retirement is permitted ; restricted upto 300 days along with Earned leave.

c Gratuity:

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

d Post Retirement Medical Benefits:

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

e Retirement Benefits:

On Superannuation, employees are allowed resettlement concession. The benefits are as applicable to an employee during transfer from one location to another, such as Settling Allowance, Displacement Allowance (30 days DA only), Transit Allowance, Loading/Unloading Charges, Insurance for household effects, Excess baggage, Octroi charges, Packing charges (for management employees only) and Travelling Expenses.

31.04.02 The following contributions to Defined Contributions Plans are treated as expenses during the year 2015-16:

(₹ in Million)

Defined Contribution Plan	Total Expenses recognised	Contribution to Key Management Personnel
Employer's contribution to Provident Fund	152.73	0.85
	(138.64)	(0.78)
Employer's contribution to Superannuation Fund	338.38	0.79
	(84.03)	(0.92)

31.04.03 The amount recognised in the Balance Sheet for post employment benefit plans are as under:

(₹ in Million)

SI No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefit (Unfunded)	Other Retirement Benefits (Unfunded)
1	Present value of Funded Obligation	563.39	-	-
		(508.85)		
2	Fair Value of Plan Asset	534.44	-	-
		(477.16)		

3	Present Value of Unfunded Obligation	-	57.06	9.81
			(51.06)	(9.37)
4	Unrecognised Past Service Cost	-	-	
5	Net Liability	28.95	57.06	9.81
		(31.69)	(51.06)	(9.37)

31.04.04 The amounts included in the fair value of plan assets of gratuity fund are as follows: (₹ in Million)

Defined Contribution Plan	2015-16	2014-15
Reporting Enterprise's own financial instruments	Nil	Nil
Any Property occupied by, or other assets used by the reporting enterprise	Nil	Nil

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

(₹ in Million)

Sl. No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Opening defined benefit obligation	508.85	51.06	9.37
		(448.65)	(44.85)	(8.52)
2	Service Cost	26.94	3.59	1.13
		(25.79)	(3.04)	(1.09)
3	Interest Cost	43.25	4.34	0.79
		(39.26)	(3.92)	(0.75)
4	Actuarial Losses /(Gains)	-3.61	0.24	0.36
		(13.39)	(1.22)	(0.53)
5	Liability transfer in	1.07	-	-
		(0.07)		
6	Benefits paid	-13.11	-2.17	-1.84
		(-18.31)	(-1.97)	(-1.52)
7	Closing defined benefit obligation	563.39	57.06	9.81
		(508.85)	(51.06)	(9.37)

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

(₹ in Million)

Sl No.	Particulars	Gratuity (Funded)	Post Retirement Medical Benefits	Other Retirement Benefits
1	Current Service Cost	26.94	3.59	1.13
		(25.79)	(3.04)	(1.09)
2	Interest on obligation	43.25	4.34	0.79
		(39.26)	(3.92)	(0.75)
3	Expected return on plan assets	-40.56	-	-
		(-37.32)	-	-
4	Net actuarial losses / (gains) recognised in the year	-5.52	0.24	0.36
		(9.19)	(1.22)	(0.53)
5	Past Service Cost	-	-	-
		(-)	(-)	(-)
6	Losses / (Gains) on curtailments and settlements	-	-	-
7	Total included in 'employee benefit expenses'.	24.11	8.17	2.28
		(36.92)	(8.18)	(2.37)
8	Actual return on plan assets	42.47	-	-
		(41.51)	-	-

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

(₹ in Million)

SI No.	Particulars	31 st March, 2016	31 st March, 2015
1	Fair Value of Plan Assets at the beginning of the period	477.16	428.96
2	Expected return on plan assets	40.56	37.32
3	Contributions	24.98	18.22
4	Transfer from other Company	1.07	0.07
5	(Transfer to other Company)	Nil	Nil
6	(Benefit Paid)	-11.24	-11.60
7	Actuarial gains/(losses) on Plan Assets	1.91	4.19
8	Fair Value of Plan Assets at the end of the period	534.44	477.16

31.04.08 Other disclosures

(₹ in Million)

Gratuity	31 st March, 2016	31 st March, 2015	31 st March, 2014	31 st March, 2013	31 st March, 2012
Present value of Funded obligation as at the end of the period	563.39	508.85	448.64	402.28	294.21
Fair value of plan assets as at the end of the period	534.44	477.16	428.96	307.22	261.55
Surplus/(Deficit)	(28.95)	(31.69)	(19.68)	(95.06)	(32.66)
Experience Adjustment on plan liabilities loss/(gains)	1.88	0.02	22.23	10.12	24.33
Experience Adjustment on plan assets (loss) /gains	1.91	4.19	7.94	1.15	4.07

Post retirement Medical Benefits	31 st March, 2016	31 st March, 2015	31 st March, 2014	31 st March, 2013	31 st March, 2012
Present value of Unfunded obligation as at the end of the period	57.06	51.06	44.85	43.61	35.60
Experience Adjustment on plan liabilities (loss)/gain	(3.06)	-0.51	0.11	1.65	1.29

Other Retirement Benefits	31 st March, 2016	31 st March, 2015	31 st March, 2014	31 st March, 2013	31 st March, 2012
Present value of Unfunded obligation as at the end of the period	9.81	9.37	8.52	8.55	6.61
Experience Adjustment on plan liabilities (loss)/gain	0.48	-0.21	(0.45)	1.1	0.28

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

SI No.	Particulars	Gratuity	Post Retirement Medical Benefits	Other Retirement Benefits
		(Funded)		
1	Discount Rate	8.08%	8.08%	8.08%
		(8.50%)	(8.50%)	(8.50%)
2	Expected return on plan assets previous	8.08%	(NA)	(NA)
		(8.50%)		
3	Annual increase in premium of med claim policy	(NA)	(NA)	(NA)
4	Annual increase in Salary	5.50%	5.50%	5.50%
		(6.00%)	(6.00%)	(6.00%)

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

(₹ in Million)

Sl. No.	Particulars	31 st March, 2016	31 st March, 2015	31 st March, 2014
1	Government of India Bonds	151.33	153.49	153.48
		28.32%	32.17%	35.78%
2	Corporate Bonds	105.00	122.99	122.52
		19.64%	25.77%	28.56%
3	Others *	278.11	200.68	152.96
		52.04%	42.06%	35.66%
4	Total	534.44	477.16	428.96
		100.00%	100.00%	100.00%

* Includes investments in Insurance Companies and Mutual funds ₹ 248.10 million (Previous Year ₹ 199.64 Million)

31.04.11 Sensitivity of Post Retirement Medical Expenses

(₹ in Million)

Sl. No.	Particulars	2015-16	2014-15	2013-14
1	Change in Liability for 1% increase in discount rate	-7.40	-6.42	-5.62
2	Change in Liability for 1% decrease in discount rate	9.18	7.93	6.94
3	Change in Service Cost for 1% increase in discount rate	-	-	-
4	Change in Service Cost for 1% decrease in discount rate	-	-	-

Note : Figures in parenthesis () represent figures of 2014-15.

II Subsidiary - ONGC Mangalore Petrochemicals Ltd.

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

A) Defined Contribution Plans are as under:

Eligible employees of the Company receive benefits under the Provident Fund Scheme, wherein both employee and the Company make monthly contributions equal to the specified percentage of employee salary.

B) Defined Benefit Plans:

a) Compensated absences

(1) Earned Leave Benefit (EL)

Accrual – 30 days per year

Accumulation up to 300 days allowed

Leave Encashment on resignation shall be paid upto 50% of accumulated credit subject to maximum of 150 days.

(2) Sick Leave (SL):

Accrual – 10 days per year

Encashment while in service is not allowed

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

b) **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

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31.04.13 The following are the contributions to provident fund (defined contributions plan) during the year:

(₹ in Million)

Particulars	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Employer's contribution to provident fund:		
Charged to statement of profit and loss	17.67	7.09
Included in project expenses	-	-
Total	17.67	7.09

31.04.14 Defined benefit plan – Gratuity

a) The amount recognised in the Balance Sheet for post employment benefit plan in respect of Gratuity is as under:

(₹ in Million)

Particulars	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Present Value of funded Obligation	-	-
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligation	16.11	6.65
Unrecognised Past Service Cost	-	-
Net Liability	16.11	6.65

b) Reconciliation showing the movements during the year in the net liability recognised in the balance sheet::

(₹ in Million)

Particulars	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Opening defined benefit obligation	6.65	2.89
Service Cost	3.13	1.84
Interest Cost	0.53	0.27
Actuarial losses (gains)	5.80	1.65
Exchange differences on foreign plans	-	-
Liability transfer in/out	-	-
Benefits paid	-	-
Closing defined benefit obligation	16.11	6.65

c) The total expenses recognised in the statement of Profit and Loss are as follows:

(₹ in Million)

Particulars	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Current Service Cost	3.13	1.84
Interest on obligation	0.53	0.27
Expected return on plan assets	-	-
Net actuarial losses / (gains) recognised in the year	5.80	1.65
Past Service Cost	-	-
Losses / (Gains) on curtailments and settlements	-	-
Total included in 'employee benefit expenses'	9.46	3.76
Actual return on plan assets	-	-

c) The total expenses recognised in the statement of Profit and Loss are as follows:

(₹ in Million)

Particulars	For the year ended 31 st March 2016	For the year ended 31 st March 2015
Discount Rate	7.95%	8.85%
Expected return on plan assets previous	-	-
Expected return on plan assets Current	-	-
Annual Increase in Premium of Med claim policy	-	-
Annual increase in Salary	8.00%	5.00%

III Joint Venture - Shell MRPL Aviation Fuels & Services Limited

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

(i) Defined contribution plan [Refer Note 1(I)(2)(i)]

An amount of ₹ 2.65 Million (Previous year ₹ 2.51 Million) is recognised as an expense and included in "Employee benefits expense" in the Statement of Profit and Loss.

(ii) Defined benefit plan [Refer Note 1(I)(2)(ii)]

Provision for Gratuity and Compensated absences represents provision made as per Actuarial valuation.

(a) Amounts recognised in balance sheet:

(₹ in Million)

Particulars	Gratuity		Compensated absences	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
A. Amount to be recognised in Balance Sheet				
Present value of Defined Benefit Obligation				
- Wholly funded	5.46	2.81	-	-
- Wholly unfunded	-	-	0.17	0.08
	5.46	2.81	0.17	0.08
Less : Fair value of plan assets	5.72	5.39	-	-
Unrecognised Past Service Costs	-	-	-	-
Amount to be recognised as liability or (asset) [Refer Note below]	(0.26)	(2.58)	0.17	0.08
B. Amounts reflected in the Balance Sheet				
Liabilities	5.46	2.81	0.17	0.08
Assets	5.72	5.39	-	-
Net liability/(asset)	(0.26)	(2.58)	0.17	0.08
Net liability/(asset) - Current	-	-	-	-
Net liability/(asset) - Non-Current	-	-	0.17	0.08

Note : Asset is not recognised in the Balance sheet

(b) Employee benefit expenses recognised in the Statement of Profit and Loss:

(₹ in Million)

Particulars	Gratuity		Compensated absences	
	2015-16	2014-15	2015-16	2014-15
Current Service Cost	0.40	0.36	0.03	(0.49)
Interest Cost on defined benefit obligation	0.23	0.19	0.01	-
Expected (return) on plan assets	(0.04)	-	-	-

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Past Service Cost	-	-	-	-
Effect of any curtailment or settlement	-	-	-	-
Actuarial (gain)/ loss	2.52	0.74	0.05	0.06
Total included in "Employee benefit expenses"	3.11	1.29	0.09	(0.43)
Actual return on plan assets	0.04	-	-	-

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ in Million)

Particulars	Gratuity		Compensated absences	
	2015-16	2014-15	2015-16	2014-15
Opening balance of the present value of Defined Benefit Obligation	2.81	2.33	0.08	0.51
Current Service Cost	0.40	0.36	0.03	(0.49)
Interest Cost on benefit obligation	0.23	0.19	0.01	-
Actuarial gain/ (loss)	2.52	0.74	0.05	0.06
Benefits paid	(0.50)	(0.81)	-	-
Closing balance of the present value of Defined Benefit Obligation	5.46	2.81	0.17	0.08

(d) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

(₹ in Million)

Particulars	Gratuity		Compensated absences	
	2015-16	2014-15	2015-16	2014-15
Opening balance of the fair value of plan assets	5.39	-	-	-
Expected return on plan assets	0.04	-	-	-
Actuarial gain/ (loss)	-	-	-	-
Contributions by the employer	0.79	6.20	-	-
Interest Cost on benefit obligation	-	-	-	-
Benefits paid	(0.50)	(0.81)	-	-
Closing balance of the fair value of plan assets	5.72	5.39	-	-

(e) All Investments in plan assets are managed by the Life Insurance Corporation of India.

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

S. No.	Particulars	2015-16	2014-15
1	Discount rate	8.00%	8.00%
2	Expected return on plan assets	8.00%	8.00%
3	Salary growth rate	8.00%	7.00%
4	Attrition Rate	15.00%	20.00%

Attrition rate is assumed to be independent of age and service.

Mortality rate : Standard Indian Assured Lives (2006-08) Ultimate Table

The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market.

(g) The amounts pertaining to defined benefit plans are as follows -

(₹ in Million)

Particulars	Gratuity		Compensated absences	
	2015-16	2014-15	2015-16	2014-15
Gratuity Plan (Funded)				
Defined benefit obligation	5.46	2.81	2.33	1.83
Plan assets	5.72	5.39	-	-
Surplus / (deficit)	0.26	2.58	(2.33)	(1.83)
Experience adjustment on plan liabilities - (loss) / gain	2.52	0.74	(0.10)	0.05
Experience adjustment on plan assets - (loss) / gain	-	-	-	-

(h) General descriptions of the defined benefit plan

The Company has a defined benefit gratuity plan. Every employee gets a gratuity on departure at 15 days of last drawn salary for each completed year of service without any ceiling on the maximum amount of gratuity payable. The gratuity is payable by the Company on termination of service or retirement, whichever is earlier. The scheme is funded with the Life Insurance Corporation of India in the form of a qualifying insurance policy.

- (i) As per the Company's leave policy, the employee can only accumulate maximum of 33 days. There is no leave encashment to employees during the tenure of one's service with the Company.

31.05 Contingent Liabilities not provided for in respect of :

a Claims against the Company not acknowledged as debt :

(₹ in Million)

Sr. No.	Particulars	As on 31 st March, 2016	As on 31 st March, 2015
1	Claims of Contractors / vendors in Arbitration / Court		
	Some of the contractors for supply and installation of equipment have lodged claims on the Company seeking revision of time of completion without liquidated damages, extended stay compensation and extra claims etc., which are contested by the Company as not admissible in terms of the provisions of the respective contracts. In case of unfavourable awards the amount payable that would be capitalised is ₹ 1,969.75 million / charged to revenue account would be ₹ 37.31 million [Previous year ₹ 340.73 million and ₹ 38.13 million respectively]	2,007.06	378.86
2	Claims / counter claims of Customers		
	One of the customer has lodged a claim for damages for pre-closure of the contract. The Company has disputed the claim based on Force Majure condition. In case of non acceptance of the stand taken by the Company the amount will be debited to Statement of Profit & Loss account.	85.20	85.20
3	Others		
(a)	The New Mangalore Port Trust (NMPT) has claimed from the Company notified wharfage charges for handling cargo at oil berths for the period beyond MOU term (berth No 10 from 16th October.2009 to 31st March,2015 & for berth no 11 from 1st April.2011 to 31st March,2015). The company has claimed that the Memorandum of Understanding, provides for arriving at a mutually agreeable rate subject to Government /TAMP (Tariff Authority for Major Ports) approval for the post MOU period. The issue has been settled during financial year 2015-16.	Nil	2,105.44
(b)	This represents the potential liability which the company has undertaken for reimbursement to lessors, in case of any liability in their respective tax assessments. Since, no communication is received from the lessors, therefore the amount has been withdrawn during the year 2015-16.	Nil	133.67
(c)	The claim of Mangalore SEZ Ltd. over and above the advance paid for land and rehabilitation & resettlement work.	16.71	109.25
	Total	2,108.97	2,812.42

In respect of all these claims, it is being contested by the Company as not admissible. It is not practicable to make a realistic estimate of the outflow of resource, if any, for settlement of such claim, pending resolution / award from Arbitrators / Court.

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31.06 Disputed tax / Duty demands pending in appeal as on 31st March,2016

- a) Income Tax: ₹ 6,654.45 Million (Previous Year ₹ 5,947.38 Million). Against this ₹ 3,373.70 Million (Previous year ₹ 2,579.25 Million) is adjusted / paid under protest and is included under other non current assets Note 15.
- b) Commercial Tax: ₹ 32.36 Million (Previous Year ₹ 32.36 Million).Against this ₹ 15.58 Million (Previous year ₹ 15.58 Million) is paid under protest and is included under loans & advances Note 19)
- c) Excise Duty: ₹ 304.80 Million (Previous Year ₹ 315.27 Million).Against this ₹ 59.78 Million (Previous Year ₹ 72.87 Million) was paid under protest and is included under loans & advances Note -19)
- d) Customs Duty: ₹ 737.82 Million (previous year ₹ 747.56 Million).

31.07 Capital and other commitments

a) Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as on 31st March, 2016 ₹ 1,227.57 Million (Previous Year ₹ 1,637.16 Million).

The Company has requested KIADB for an allotment of 1050 acres of land for Phase IV expansion. The total capital commitment in this regard is around ₹ 6,946.81 as per the letter No.KIADB/Central Ofc/LA-MNG/2480/16195/2015-16 dated 22/02/2016.

b) Other commitments

Pending commitment on account of Refinery performance improvement programme by M\s.Shell Global International Solution (M\s.Shell GIS) USD 2.06 Million. (Previous year USD 2.44 Million)

The Company has an export obligation to the extent of ₹ 1,556.36 Million (Previous year ₹ 1,346.93 Million) on account of concessional rate of customs duty availed under EPCG licence scheme on import of capital goods.

The Subsidiary company, OMPL has taken 441.438 acres of land taken on lease for a period of 47 years and 10 months i.e., from 29-03-2012 to 26-01-2060 from Mangalore SEZ Limited. The annual lease rental payable to Mangalore SEZ Ltd is ₹ 23.40 Million

31.08 Exceptional Items (AS-5)

The exceptional items consists of ₹ 1,541.87 million expenses arising out of differential wharfage for the period 16.10.2009 to 31.03.2015 paid as per order issued by Ministry of Shipping, Government of India , ₹ 211.15 million towards contribution to Super Annuation Benefit Fund for the non-management staff as per Long Term settlement signed effective 01/04/2007 (contribution pertains to the period April 2007 to March 2015) and ₹ 76.92 million on account of re-worked out Custom Duty on the basis of judgement of Hon'ble by Supreme Court in MRPL's Civil Appeals.

31.09 Segment Reporting (AS 17)

Segment wise Revenue, Results and Capital Employed

(₹ in Million)

Sl. No.	Particulars	Year ended 31 st March,2016	Year ended 31 st March,2015
		Audited	Audited
1	Segment Revenue		
	A. Domestic Sale	389,955.08	397,861.30
	B. Export Sale	162,103.10	232,670.20
	Total	552,058.18	630,531.50
	Less: Inter Segment Revenue	154,551.49	56,668.30
	Net Sales / Income from Operations	397,506.69	573,863.20

2	Segment Result Profit / (Loss) before tax and interest from each segment		
	A. Domestic	16,646.74	-6,830.07
	B. Export	2,121.98	-11,015.11
	Total	18,768.72	-17,845.18
	Less:		
	i. Interest Payment	10,578.32	4,482.14
	ii. Other unallocable expenditure net of unallocable income	5,126.02	623.21
	Profit / (loss) before Tax and Extraordinary Items	3,064.38	-22,950.53
	Extraordinary Items	-	-
	Profit / (loss) before Tax	3,064.38	-22,950.53
3	Capital Employed (Segments Assets- Segment Liabilities)		
	A. Domestic Sale	14,556.07	14,852.59
	B. Export Sale	6,078.45	7,660.37
	Total	20,634.52	22,512.96
	Unallocated	40,756.04	36,398.95
	Total Capital Employed	61,390.56	58,911.91
	Capital Expenditure	4,943.09	86,147.47
	Depreciation & Amortisation	10,217.63	5,237.42
	Other Non cash Expenses	9,373.45	5,336.14

31.10 Related Party Disclosure (AS-18)

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

31.10.02 Key Management Personnel:

Parent Company

- (i) Shri H. Kumar, Managing Director
- (ii) Shri Vishnu Agrawal, Director (Finance) upto 31st January, 2016
- (iii) Shri M. Venkatesh Director (Refinery)
- (iv) Shri A. K. Sahoo, Director (Finance) from 1st February, 2016
- (v) Shri Dinesh Mishra, Company Secretary

Subsidiary and Joint Ventures :

- (i) Shri S. Ramachandran, CEO : ONGC Mangalore Petrochemicals Ltd. Upto 30th June, 2015.
 - (ii) Shri Sushil K Shenoy, CFO : ONGC Mangalore Petrochemicals Ltd.
 - (iii) Shri Shyam Kumar, Company Secretary : ONGC Mangalore Petrochemicals Ltd
 - (iv) Shri V. N. Diwakar, CEO : Shell MRPL Aviation Fuels and Services Limited
 - (v) Shri S. Chockalingam, CFO and Company Secretary : Shell MRPL Aviation Fuels and Services Limited
- (Remuneration paid to Key Management Personnel ₹ 37.79 Million (Previous Year ₹ 16.93 Million).

31.10.03 Related Party details:

(₹ in Million)

Particulars	Mangalore SEZ Limited	Petronet MHB Limited
Relationship	Associate	Associate
Sale of Products	Nil	Nil
	(Nil)	(Nil)
Royalty income/ interest income/others	0.03	Nil
	(Nil)	(Nil)
Purchase of inputs/Payable on account of services	1,611.95	Nil
	(700.26)	(Nil)

Mangalore Refinery and Petrochemicals Limited

Transportation charges payable	Nil	13.89
	(Nil)	(19.95)
Reimbursement of expenditure	128.87	36.70
	(30.79)	(28.72)
Net Amount receivable/adjustable as on 31st March 2016.	1,701.50	1.21
	(982.16)	(0.20)

Note : Figures in brackets represent previous year figure

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

(₹ in Million)

Particulars	Shell MRPL Aviation Fuel Services Ltd.		Mangalam Retail Services Ltd.	
	2015-16 (Audited)	2014-15 (Audited)	2015-16 (Audited)	2014-15 (Audited)
Proportion of the ownership interest	50%		49.98%	
Country of incorporation	India		India	
Aggregate amount of interest in Joint Venture (MRPL's share)				
Assets	897.31	1,025.15	0.67	0.67
Liabilities	530.36	668.83	0.09	0.10
Income	1,621.31	3,179.63	0.06	-
Expenditure including Tax Expenses	1,602.20	3,140.94	0.04	0.03
Contingent Liabilities	5.03	5.03	Nil	Nil
Capital Commitments	Nil	Nil	Nil	Nil

31.12 Insurance Coverage

The Company has covered its Fixed Assets under a mega risk insurance policy which is subject to sanctions limitation and exclusion by UK, EU and UN. The relaxation of the policy condition consequent to lifting of sanction is yet to be implemented.

31.13 Trade Payables

The trade payables referred in Note no 9 includes ₹ 177,990.35 million (Previous year ₹ 147,854.73 million) being overdue amount payable to National Iranian Oil Company (NIOC) pending settlement due to non finalisation of remittance channel even after removal of UN/US/EU backed sanctions .

31.14 Disclosure as required by Clause 32 of the Listing agreement

There are no loans and advances in the nature of loan to Subsidiary, Associates and Joint Ventures.

31.15 Previous year's figures have been re-grouped/ re classified wherever necessary to conform to the current year's classification.

As per our report of even date attached

For and on behalf of the Board

For **A.RAGHAVENDRA RAO & ASSOCIATES**
Chartered Accountants
Firm Registration No. : 003324S

For **SREEDHAR, SURESH & RAJAGOPALAN**
Chartered Accountants
Firm Registration No. : 003957S

Sd/-
H KUMAR
Managing Director
DIN:06851988

Sd/-
CA.GOPALAKRISHNA BHAT T.M
Partner
Membership No. 019798

Sd/-
CA.K SREEDHAR
Partner
Membership No. 024314

Sd/-
A K SAHOO
Director (Finance)
DIN:07355933

Sd/-
DINESH MISHRA
Company Secretary

Bengaluru: 12th May, 2016

PAST PERFORMANCE AT A GLANCE											
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	(₹ in million)
What We Owe											
Share Capital	17,526.64	17,526.64	17,526.64	17,526.64	17,526.64	17,618.50	17,618.50	17,618.31	17,618.21	17,618.04	
Reserves	46,677.80	35,522.95	53,162.08	47,150.26	54,719.37	47,670.51	38,347.02	29,675.68	20,211.22	9,949.92	
Net Worth	64,204.44	53,049.59	70,688.72	64,676.90	72,291.94	65,289.01	55,965.52	47,293.99	37,829.43	27,567.96	
Borrowings	81,028.40	90,324.65	97,927.21	75,576.54	61,831.10	15,569.75	16,963.97	19,868.04	20,580.68	23,683.07	
Deferred Tax Liability	806.31	-	4,702.69	7,343.28	4,531.40	3,471.64	6,602.22	5,685.53	5,307.79	5,989.56	
TOTAL	146,039.15	143,374.24	173,318.62	147,596.72	138,654.44	84,330.40	79,531.71	72,847.56	63,717.90	57,240.59	
Fixed Assets (Including Capital WIP)	226,935.30	223,190.91	208,025.23	188,929.44	161,134.49	130,871.85	92,954.50	78,390.04	75,053.07	74,028.40	
Less : Depreciation	75,889.89	68,323.33	62,595.55	55,578.31	49,644.32	45,301.36	41,428.08	37,661.38	33,988.12	30,363.80	
	151,045.41	154,867.58	145,429.68	133,351.13	111,490.17	85,570.49	51,526.42	40,728.66	41,064.95	43,664.60	
Investments	13,496.73	13,496.73	150.02	150.02	422.80	948.25	16,236.62	6,428.93	6,451.36	272.80	
Net Current Assets	(18,502.99)	(24,990.07)	27,738.92	14,095.57	26,741.47	(2,188.34)	11,768.67	25,689.97	16,201.59	13,303.19	
TOTAL	146,039.15	143,374.24	173,318.62	147,596.72	138,654.44	84,330.40	79,531.71	72,847.56	63,717.90	57,240.59	
Income											
Sales (Net Of Excise Duty)	396,320.40	574,381.45	718,104.96	656,915.16	537,633.43	389,566.73	318,851.74	382,437.41	325,751.28	284,646.10	
Other Income	8,725.24	8,101.56	3,244.67	1,160.36	3,543.09	2,171.83	2,915.12	1,866.41	740.73	411.99	
Exchange Fluctuation (net) : Gain	-	-	-	-	-	184.48	3,903.97	-	1,374.86	325.21	
Increase/ (Decrease) in stocks	(6,831.66)	(18,861.34)	6,740.75	11,161.53	1,502.05	8,152.71	2,958.77	(5,968.56)	1,048.01	7,983.22	
TOTAL	398,213.98	563,621.67	728,090.38	669,237.05	542,678.57	400,075.75	328,629.60	378,335.26	328,914.88	293,366.52	
Expenditure											
Raw Materials	346,504.26	558,860.55	707,406.32	654,001.82	512,367.50	372,193.37	302,308.74	345,127.66	300,840.43	271,072.55	
Sales Tax & Excise Duty on Stocks (net)	1,588.96	916.85	199.63	217.99	(606.16)	647.77	894.23	559.01	2,242.82	3,324.22	
Salaries & Other Expenses	3,061.41	2,407.42	2,154.74	1,845.60	1,606.42	1,845.35	958.95	1,130.30	1,248.17	552.06	
Exchange Fluctuation (net) : Loss	11,902.67	6,835.01	19.03	5,364.91	6,482.20	-	-	6,104.96	-	-	
Other Expenses	10,519.18	7,103.78	3,935.12	3,245.56	3,221.08	3,056.42	2,500.98	2,039.09	1,997.56	1,834.32	
Interest	5,778.35	4,070.88	3,214.41	3,285.53	2,066.77	1,043.73	1,154.98	1,434.51	1,475.89	2,145.26	
Depreciation	7,124.05	4,986.10	7,064.17	6,044.10	4,338.73	3,914.19	3,893.27	3,823.16	3,778.18	3,548.56	
Miscellaneous Expenditure Written off	-	-	-	-	-	-	-	-	-	-	
TOTAL	386,478.88	585,180.59	723,993.42	674,005.51	529,476.54	382,700.83	311,711.15	360,218.69	311,583.05	282,476.97	
Profit Before Tax	11,735.10	(21,558.92)	4,096.96	(4,768.46)	13,202.03	17,374.92	16,918.45	18,116.57	17,331.83	10,889.55	
Provision for Taxation	253.51	(4,436.58)	(1,914.86)	2,800.65	4,116.25	5,608.59	5,794.68	6,191.13	4,609.55	5,634.32	
Profit After Tax	11,481.59	(17,122.34)	6,011.82	(7,569.11)	9,085.78	11,766.33	11,123.77	11,925.44	12,722.28	5,255.23	
Dividend	-	-	-	-	1,752.60	2,103.13	2,103.13	2,103.49	2,103.49	1,402.33	
Dividend Distribution Tax	-	-	-	-	284.32	341.18	349.30	357.49	357.49	238.33	
GRM (\$/bbl)	5.20	(0.64)	2.67	2.45	5.60	5.90	4.58	6.56	6.59	4.73	

(Figures are regrouped and rearranged wherever required)

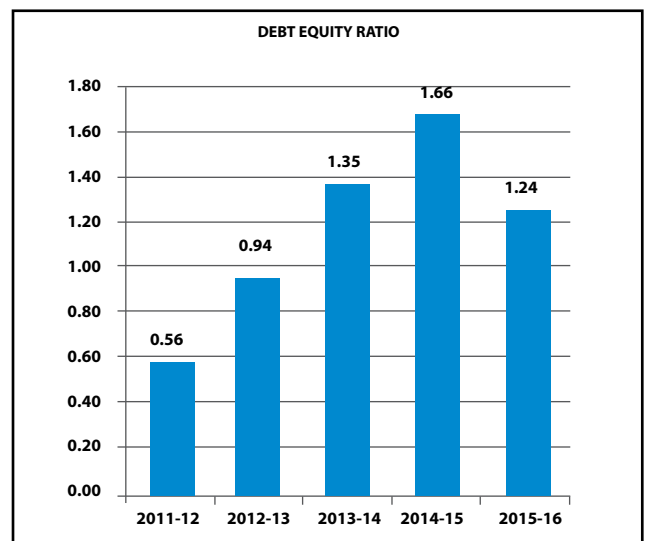
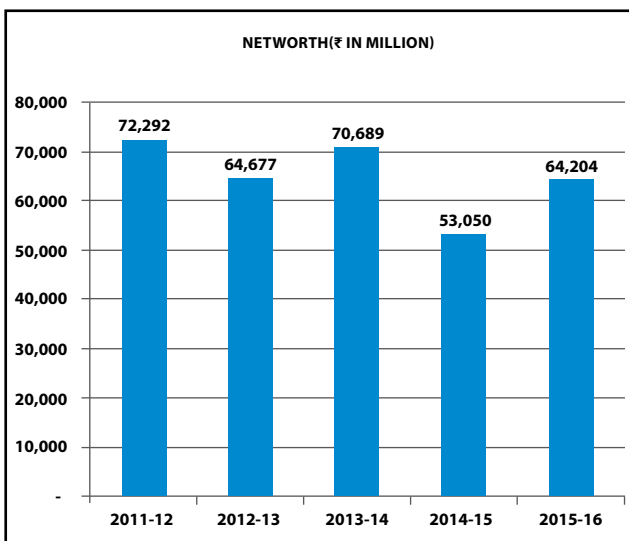
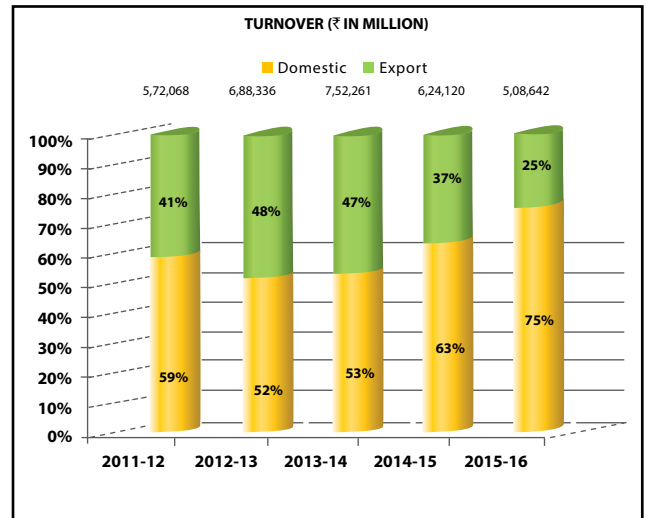
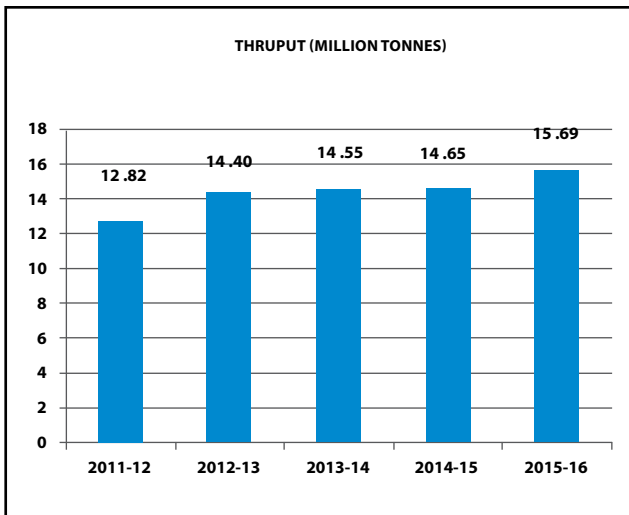
Mangalore Refinery and Petrochemicals Limited

THREE YEAR PERFORMANCE AT A GLANCE (IN US \$)

(in million)			
	2015-16	2014-15	2013-14
What We Owe			
Share Capital	267.77	286.57	289.83
Reserves	713.14	580.83	879.13
Net Worth	980.91	867.40	1,168.96
Borrowings	1,237.95	1,476.87	1,619.40
Deferred Tax Liability	12.32	-	77.77
TOTAL	2,231.18	2,344.27	2,866.12
What We Own			
Fixed Assets (Including Capital WIP)	3,467.10	3,649.33	3,440.06
Less : Depreciation	1,159.44	1,117.13	1,035.13
	2,307.66	2,532.19	2,404.93
Investments			
Net Current Assets	(282.69)	(408.61)	458.71
TOTAL	2,231.18	2,344.27	2,866.12
Income			
Sales (Net Of Excise Duty)	5,981.74	9,190.10	11,985.40
Other Income	131.69	129.62	54.15
Exchange Fluctuation (net) : Gain	-	-	-
Increase/ (Decrease) in stocks	(103.11)	(301.78)	112.51
TOTAL	6,010.32	9,017.95	12,152.06
Expenditure			
Raw Materials	5,229.86	8,941.77	11,806.83
Sales Tax & Excise Duty on Stocks (net)	23.98	14.67	3.33
Salaries & Other Expenses	46.21	38.52	35.96
Exchange Fluctuation (net) : Loss	179.65	109.36	0.32
Other Expenses	158.77	113.66	65.68
Interest	87.21	65.13	53.65
Depreciation	107.52	79.78	117.90
Miscellaneous Expenditure Written off			
TOTAL	5,833.20	9,362.89	12,083.68
Profit Before Tax	177.12	(344.94)	68.38
Provision for Taxation	3.83	(70.99)	(31.96)
Profit After Tax	173.29	(273.96)	100.34
Dividend	-	-	-
Dividend Distribution Tax	-	-	-
GRM (\$/bbl)	5.20	(0.64)	2.67

(Figures are regrouped and rearranged wherever required)

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