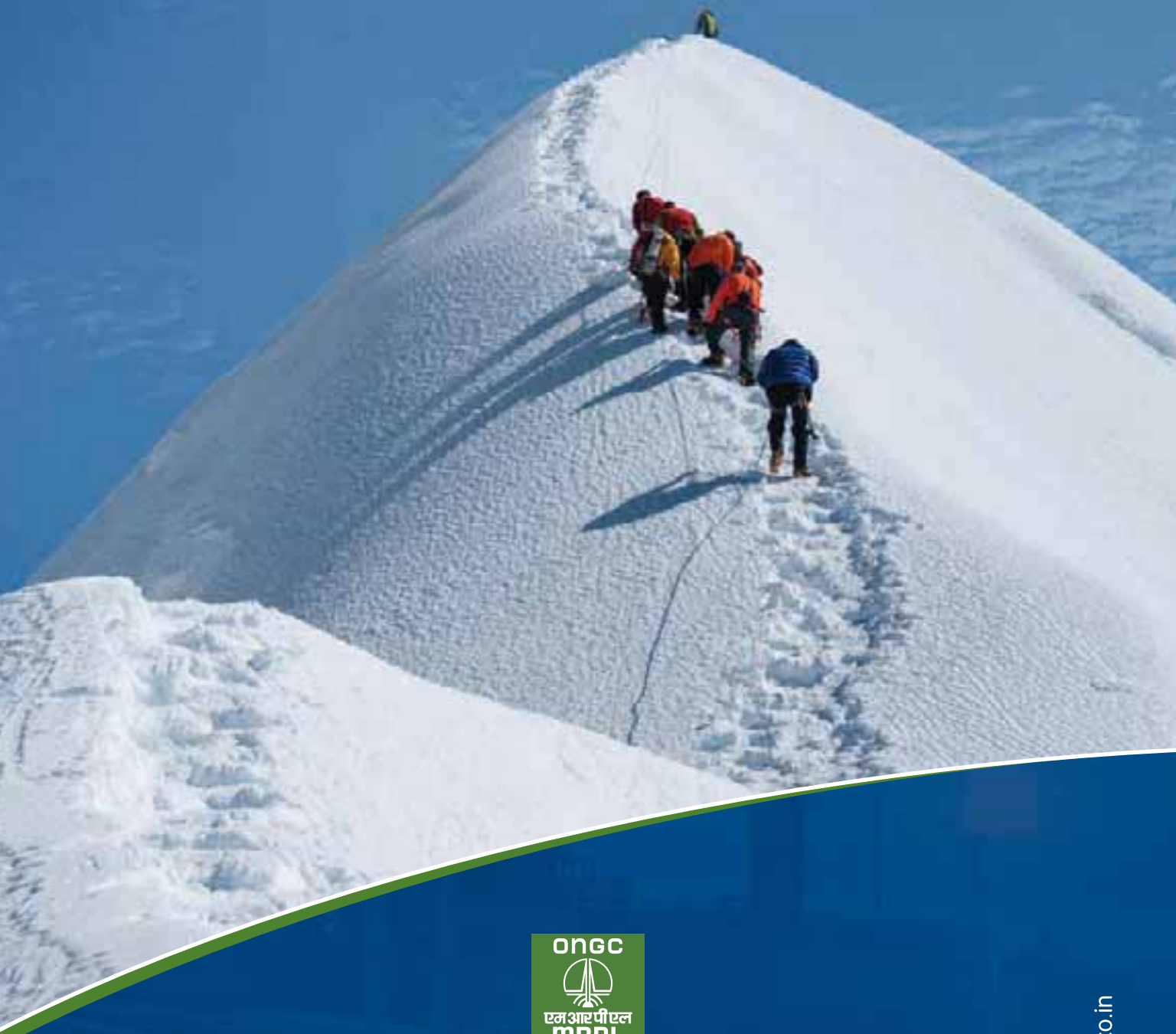


29TH ANNUAL REPORT 2016 - 2017
TOWARDS THE PINNACLE



Mangalore Refinery and Petrochemicals Limited
(A Govt. of India Enterprise and a subsidiary of ONGC Ltd.)



Mangalore Refinery and Petrochemicals Limited

(A Government of India Enterprise and Subsidiary of ONGC)

CIN : L23209KA1988GOI008959

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

CONTENTS	PAGE NO
Vision and Mission	1
Chairman's message to stakeholders	2
Board's Report	9
C & AG's Comments	42
Management Discussion and Analysis Report	43
Corporate Governance Report	51
Annual Business Responsibility Report (ABRR)	67
Auditors' Report on Standalone Financial Statements ...	76
Standalone Balance Sheet	82
Standalone Statement of Profit & Loss	83
Standalone Cash Flow Statement	84
Notes to Standalone Financial statements	86
Auditors' Report on Consolidated Financial Statements	146
Consolidated Balance Sheet	154
Consolidated Statement of Profit & Loss	155
Consolidated Cash Flow Statement	156
Notes to Consolidated Financial Statements	158
Past Performance	231

COMPANY SECRETARY

Shri Dinesh Mishra

JOINT STATUTORY AUDITORS

M/s. A. Raghavendra Rao & Associates,
Chartered Accountants, Mangaluru

M/s. Shreedhar, Suresh & Rajagopalan,
Chartered Accountants, Chennai

COST AUDITORS

M/s Bandyopadhyaya Bhaumik & Co,
Cost Accountants, Kolkata

SECRETARIAL AUDITORS

M/s Kumar Naresh Sinha & Associates,
Practicing Company Secretaries, Noida

REGISTERED OFFICE AND INVESTOR RELATION CELL:

Mudapadav, Post. Kuthethoor, Via Katipalla
Mangaluru- 575030, Karnataka
Tel. No.: 0824-2270400 Fax No.: 0824-2273300
E-mail : investor@mrpl.co.in

INVESTOR RELATION CELL:

DELHI :

SCOPE COMPLEX
7th Floor, Core-8, Lodhi Road
New Delhi – 110003
Tel : 011-24306400 Fax : 011-24361744

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-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai- 400 083
Tel.: 022-49186270 Fax No.: 022-49186060
E-mail: mrplirc@linkintime.co.in

BOARD OF DIRECTORS



Shri Dinesh K. Sarraf
Chairman



Shri H. Kumar
Managing Director



Shri M Venkatesh
Director (Refinery)



Shri A. K. Sahoo
Director (Finance)



Shri Vinod S. Shenoy
Director (HPCL Nominee)



Smt. Perin Devi
Govt. Director



Shri Diwakar Nath Misra
Govt. Director



Ms. Manjula C.
Independent Director

VISION AND MISSION

Vision	Mission
To be a world-class Refining and Petrochemicals Company, with a strong emphasis on Productivity, Customer Satisfaction, Safety, Health and Environment Management, Corporate Social Responsibility and Care for Employees.	<ul style="list-style-type: none"> ● Sustain Leadership in energy conservation, efficiency, productivity and innovation. ● Capitalise on emerging opportunities in the domestic and international market. ● Strive to meet customers' requirements to their satisfaction. ● Maintain global standards in health, safety and environmental norms with a strong commitment towards community welfare. ● Continuing focus on employee welfare and employee relations. ● Imbibe highest standards of business ethics and values.

Chairman's Message to Stakeholders



Dear Stakeholders,

It gives me immense pleasure to share my views with our valued stakeholders and present the 29th Annual Report for the year 2016-17.

I am pleased to report that during the year 2016-17, MRPL has shown outstanding financial and operational performance. Let me highlight some of the major accomplishment during the year 2016-17, which would not have been possible without your support.

- During the year 2016-17, your Company achieved turnover of ₹ 59,415 Crore against a turnover of ₹ 50,864 Crore during 2015-16.
- During the financial year 2016-17, your Company earned a profit after tax (PAT) of ₹ 3,644 Crore against ₹ 1,148 Crore during 2015-16 and the reported loss of ₹ 1,712 Crore during 2014-15.
- The Board has recommended a dividend of ₹ 6 per equity share of ₹ 10 each which is the highest-ever in MRPL's history.
- Highest-ever crude throughput of 16.27 MMT during the year 2016-17, against the previous highest of 15.69 MMT during 2015-16 - an increase of 3.69%. This could be achieved by optimal crude mix, better equipment reliability, timely shutdown adherence and commendable operational discipline.

- Highest-ever Gross Refining Margin (GRM) of 7.75\$/bbl during 2016-17 as against 5.20 \$/bbl during 2015-16.
- Market capitalisation of your Company has grown three-and-a-half times during last four years - on 17th July 2017 market capitalisation was ₹ 21,556 Crore as against ₹ 6,073 Crore on 17th July 2013.
- Your Company achieved 294 accident free days as on 31st March, 2017 with 4.75 million man hours worked.
- The highest Corporate Credit Rating has been reaffirmed by both CRISIL and ICRA in March, 2017.

During 2016-17, direct marketing sales volume, including Polypropylene, has been 1,858 TMT with a sales value of ₹ 5,132 Crore compared to sales volume of 1,610 TMT with a sales value of ₹ 3,308 Crore during 2015-16. Your company has already achieved dominant market share for its MANGPOL branded Polypropylene in its marketing zone in a very short time attaining the reputation of exceptional quality for its Polypropylene brand. MRPL also continues to maintain leadership position for sales of Bitumen, Sulphur, Pet Coke and Xylol in its marketing zone.

Lower oil price environment continues to drive strong demand growth across key markets. Global oil demand for 2016 grew by 1.6 mb/d, led by China and India. India's oil demand grew 5.2% during the year. India has now become a major force in driving global oil demand growth and is now the world's third largest oil consumer.

According to IMF World Economic Outlook Update, Indian economy has grown at 7.1 % during FY 2016-17, supported by strong consumption growth and government spending. The introduction of GST is a significant reform measure and will help India in simplifying tax structure and compliance, facilitating Indian businesses to remain globally competitive. India has emerged as the fastest growing major economy globally. Indian economy's growth rate is expected to accelerate to over 8 per cent, driven by the implementation of structural reforms, higher disposable income and improvement in economic activity. India's growth has been impressive in the recent years which along with expectations of better tax compliances in future, makes room for reduction in tax rates by the government. Elimination of fuel subsidies and direct transfer of social benefit to the bank accounts of beneficiaries would lead to better union budget management. Current account deficit at 0.7% of GDP and government's commitment to fiscal consolidation reinstated investor confidence in the economy, resulting in record Net Foreign Direct Investment of US\$35.9 billion in FY 2016-17.

Mangalore Refinery and Petrochemicals Limited

In terms of supplies, renewable energy has made rapid strides in the last few years. 2016 produced a new record for global investment in renewable energy. However, as per most industry outlooks, oil and gas would continue to account for majority of global energy requirement in the next 20-30 years.

On 08/11/2016, the Government announced a historic measure, with profound implications for the economy. The high value currencies were "demonetized" with immediate effect, which ceased to be legal tender except for a few specified purposes. The objective of demonetization was to eliminate black money, curb corruption, counterfeiting and eliminate fake currency being used for funding terrorism. The implications of demonetization are many, far and favourable to economy. The measure would certainly improve tax compliance and inspire confidence of international community that India is serious about its commitment to fight corruption. This will enhance India's ranking in ease of doing business as well as in various global indices on corruption.

A strong governance framework has been the most essential element of the company in supporting long term sustainable growth of the refinery business. The focus of the company has not just been on the products we make, but also about how responsibly we make them. Responsible production starts with respecting and ensuring a clean environment for the benefit of the employees and neighbouring communities in the areas where we operate. As business grows, investments must not only serve business interests but should also contribute to local development and community needs.

Our exceptionally skilled and dedicated employees have been instrumental in making the financial year 2016-17, the most successful year in MRPL's history. They continue to be the most important anchor in achieving the vision of the company i.e., "To be a world-class Refining & Petrochemicals Company, with a strong emphasis on Productivity, Customer Satisfaction, Safety, Health & Environment Management, Corporate Social Responsibility and Care for Employees".

Your Company continues to remain focused on employee welfare and employee relations and continues to enjoy cordial and harmonious relations with all the employees. As a result, the company takes pride in reporting that not a single man-hour was lost on account of any industrial disturbance.

We at MRPL are committed towards providing a healthy and safe work environment to our employees, contractors and all the visitors

to the Refinery. We have adopted the best industry practices and built robust systems and standards for continuously reducing the risks in the refinery associated with Health, Safety and Environment (HSE).

Safety is an integral part of our culture, and several awareness programs are undertaken in the refinery to ensure safety of people, processes and assets. Emphasis has been given on Safety of contractor's staff. Your Company is committed to continuing excellence in petroleum refining in harmony with Nature. The product portfolio comprises quality products, eco-friendly grades and the processing itself is carried out in an eco friendly and safe environment using sound/efficient technologies. All efforts have been made for efficient use of resources such as raw material, water and energy. Mangalore Refinery is a certified ISO 14001: 2004 for Environment Management Systems with several initiatives being taken for environment protection and continual improvement.


















































We at MRPL believe that businesses that address the needs and aspirations of consumers as well as social and environmental challenges will thrive in the long term. This is the foundation of what it means to be future ready. MRPL embraces environmental and social responsibility by creating value for its stakeholders. Your refinery remains focused on maximizing the use of clean energy and higher energy efficiency in refinery operations.

During the year, MRPL has contributed ₹ 1.45 Crore towards various community development initiatives focused in the areas of rural transformation, health, education, and sanitation. Your Company remains deeply committed to socially inclusive sustainable development, aimed at improving the living conditions of under-privileged people.














I would like to place on record my sincere appreciation to the Board of Directors for their expertise and guidance. On behalf of the Board, I would also like to express my gratitude to all our stakeholders including the Government of India, Government of Karnataka and the promoter companies - ONGC & HPCL for their continued support, patronage, trust and confidence


(Dinesh K. Sarraf)
Chairman

Place: New Delhi
Date: 19/07/2017

Board and Committee Composition as on 31 st March, 2017										
Name	Board	Audit	CSR	Nomination/ Remuneration Committee	Stakeholders Relationship Committee	Human Resource Management Committee	Project Appraisal and Execution Committee	Marketing Business Committee	Committee of Director	Operation Review Committee
Shri Dinesh K. Sarraf										
Shri H. Kumar										
Shri M. Venkatesh										
Shri A. K. Sahoo										
Shri Vinod S. Shenoy										
Shri Diwakar Nath Misra										
Smt. Perin Devi										
Ms. Manjula C.										

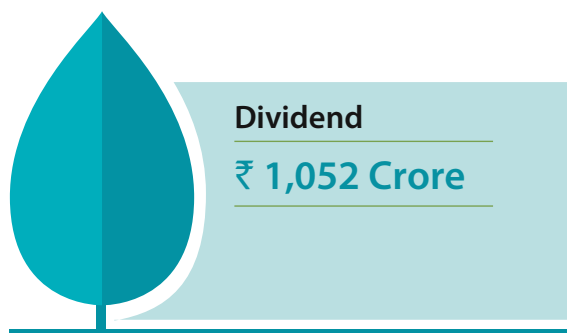
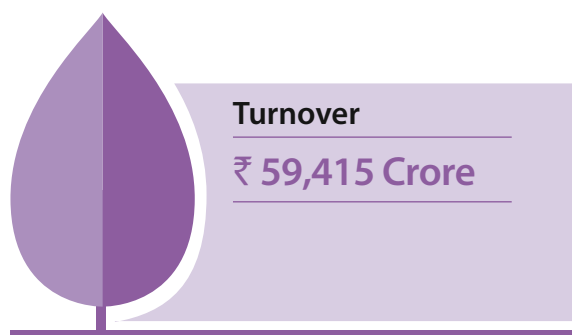
Below Board level Committees

Sl No.	Composition	Executive Committee (EC)	Risk Management Committee (RMC)
1.	Shri H. Kumar, Managing Director		
2.	Shri M. Venkatesh, Director (Refinery)		
3.	Shri A. K. Sahoo, Director (Finance)		
4.	Shri Vijay Bhatnagar, GGM (Marketing & BD)		
5.	Shri Vinayakumar M, GGM (I/c), TS & BD		
6.	Shri Sanjay Varma, GGM (HSE)		
7.	Shri Sushilchandra, GGM (CS & Project)		
8.	Shri Pankaj Agarwal, GGM (Materials)		
9.	Shri S. Bandyopadhyay, GGM (Finance)	Special invitee	

Chairperson - 

Member - 

Highlights





Shri H. Kumar (Managing Director) and Shri A. K. Sahoo, Director (Finance) along with Shri S. Bandyopadhyay, GGM (Finance) and Shri S. Raviprasad, GM (Finance) receiving Highest Excise Duty award from Shri Subramanya, Commissioner of Excise Department (ED), Karnataka.



World environment day celebration Plantation of trees by MRPL employees.



World Environment Day Celebration
Display of Models prepared DPS-MRPL
School Children



Shri H. Kumar, MD along with Shri Nalin Kumar Kateel, Hon'ble MP and Shri A. K. Sahoo, Director (Finance) & Shri M. Venkatesh, Director (Refinery) Launching of MRPL Kausal Vikas Kendra



Swachh Bharat: Pledge by MRPL Employees