

PETRONET LNG LIMITED

REPORT ON CORPORATE GOVERNANCE FORMING PART OF DIRECTORS' REPORT

A Brief Statement on Company's Philosophy on Code of Corporate Governance

The Philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organization with primary objective of enhancing shareholders value while being a responsible corporate citizen. Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in the executive management are used with care and responsibility to meet shareholders and stakeholders aspirations. The company is committed to attain the highest standards of Corporate Governance.

Board of Directors:

The total strength of the Board as on 31st March, 2014 was twelve Directors as detailed herein below:

S No	Name	Designation	Category (Whole-time / Non-executive / Independent)
1	Shri Saurabh Chandra	Chairman, Secretary, Govt. of India, (MOP&NG)	Independent
2	Dr. A. K. Balyan	Managing Director & CEO	Whole-time
3	Shri R. K. Garg	Director (Finance)	Whole-time
4	Shri Rajender Singh	Director (Technical)	Whole-time
5	Shri B. C. Tripathi	Director, Nominee of GAIL	Non-executive
6	Shri S. Varadarajan	Director, Nominee of BPCL	Non-executive
7	Shri D.K. Sarraf	Director, Nominee of ONGC	Non-executive
8	Shri A. M. K. Sinha	Director, Nominee of IOCL	Non-executive
9	Shri Tapan Ray	Director, Nominee of GMB/GOG	Independent
10	Shri B. C. Bora	Director	Independent
11	Shri Ashok Sinha	Director	Independent
12	Shri R. Ram Mohan	Director, Nominee of Lenders	Independent

Board Meetings

During the year, four Board Meetings were held on 30th April, 30th July, 18th October, 2013 and 31st January, 2014. The attendance of each Director in the Board Meetings and the last Annual General Meeting is detailed herein below:

Name of Directors	Designation	Number of Board Meetings held during the year 2013-14	Number of Board Meetings attended during the year 2013-14	Attendance at last Annual General Meeting held on 4 th July, 2013
Executive Directors				
Dr. A. K. Balyan	Managing Director & CEO	4	4	Yes
Shri R. K. Garg	Director (Finance)	4	4	Yes
Shri Rajender Singh	Director (Technical)	4	4	Yes
Non-Executive Directors				
Shri B. C. Tripathi	Nominee Director of GAIL	4	4	No
Shri R. K. Singh (up to 30 th September, 2013)	Nominee Director of BPCL	4	1	No
Shri S. Varadarajan (w.e.f 11 th October, 2013)			2	NA
Shri Sudhir Vasudeva (up to 28 th February, 2014)	Nominee Director of ONGC	4	2	No
Shri D. K. Sarraf (w.e.f 10 th March, 2014)			NIL	NA
Shri A. M. K. Sinha	Nominee Director of IOCL	4	1	Yes
Shri Dominique PELLOUX-PRAYER* (up to 15 th March, 2014) *(One Board Meeting and Annual General Meeting attended by Shri Eric Ebelin as an Alternate Director)	Nominee Director of GDF International	4	4	Yes
Non-Executive Independent Directors				
Shri Vivek Rae (up to 28 th February, 2014)	Chairman	4	4	Yes
Shri Saurabh Chandra (w.e.f 25 th March, 2014)			NIL	NA
Shri Tapan Ray	Independent Director	4	1	No
Shri B. C. Bora	Independent Director	4	4	Yes
Shri Ashok Sinha	Independent Director	4	4	Yes
Shri R. Ram Mohan	Independent Director	4	4	No

PETRONET LNG LIMITED**Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies as on 31.03.2014**

Name	No. of other Companies in which Directorship / Chairmanship is held		No. of Membership / Chairmanship held in Committees of Board of other Companies		No. of Shares held in the Company
	Directorship	Chairmanship	Membership	Chairmanship	
Shri Saurabh Chandra	Nil	1	NIL	NIL	NIL
Dr. A. K. Balyan	2	NIL	NIL	NIL	400
Shri R. K. Garg	2	NIL	NIL	NIL	5300
Shri Rajender Singh	1*	NIL	NIL	NIL	NIL
Shri B. C. Tripathi	NIL	3	NIL	NIL	NIL
Shri S Varadarajan	1	4	2	1	NIL
Shri D.K. Sarraf	NIL	8	NIL	NIL	NIL
Shri A. M. K. Sinha	3	2	NIL	NIL	600
Shri Tapan Ray	10	4	3	2	NIL
Shri B. C. Bora	1	NIL	NIL	NIL	NIL
Shri Ashok Sinha	3	NIL	2	1	NIL
Shri R. Ram Mohan	NIL	NIL	NIL	NIL	NIL

*Alternate Director

Note: -

As per Clause 49 the above details are required to be disclosed only for the following three committees:

- 1 Audit Committee
- 2 Shareholders/Investors Grievance Committee
- 3 Remuneration Committee

Remuneration paid to Whole-time Directors and to Non - executive Directors during the year ended 31st March, 2014

Remuneration to Whole-time Directors is being paid as per terms of their appointment. The company pays remuneration by way of salary, perquisites, allowances and commission to Whole-time Directors. Commission is calculated with reference to profits of the Company in a particular year and is determined by the Board and Shareholders, subject to overall ceiling as prescribed in the Companies Act, 1956.

The details of remuneration paid to the Whole-time Directors during the year are stated herein below:

(In ₹)

S No	Name	Designation	Salaries & Allowances	Contribution to PF & Gratuity Fund	Other Benefits & Perks	Commission payable on Profit for the year 2013-14	Total
1	Dr. A. K. Balyan	Managing Director & CEO	57,98,331	3,04,027	6,75,994	15,00,000	82,78,352
2	Shri R. K. Garg	Director (Finance)	41,04,183	2,11,795	7,50,755	15,00,000	65,66,733
3	Shri Rajender Singh	Director (Technical)	39,67,499	1,90,512	5,42,989	15,00,000	62,01,000

The details of the sitting fees paid to Non-executive Directors or their nominated Organization / Company during the year ended 31st March, 2014 is as detailed below:

S. No.	Name	Sitting Fees paid/payable during 2013-14 (₹)
1	Shri Dominique Pelloux – Prayer	60,000
2	Government of India	1,00,000
3	Bharat Petroleum Corporation Ltd.	60,000
4	Oil & Natural Gas Corporation Ltd.	80,000
5	Indian Oil Corporation Ltd.	60,000
6	GAIL (India) Ltd.	1,00,000
7	Gujarat Maritime Board	20,000
8	Shri B. C. Bora	2,00,000
9	Shri Ashok Sinha	2,40,000
10	Shri R. Ram Mohan	1,60,000
11	Shri Eric Ebelin*	60,000

*Alternate Director to Shri Dominique Pelloux – Prayer

In addition to the above, Commission on Profits is also payable to the following Independent Directors:

S. No.	Name	Commission payable on Profit for the year 2013-14 (₹)
1	Shri Ashok Sinha	5,00,000
2	Shri B. C. Bora	5,00,000

Terms of appointment of Whole-time Directors

The Company has the following Whole - time Directors as on 31st March, 2014:

1. Dr. A. K. Balyan, Managing Director & CEO
2. Shri R. K. Garg, Director (Finance)
3. Shri Rajender Singh, Director (Technical)

The initial tenure of Whole - time Director(s) is for a period of five years w.e.f. their respective date of appointment. However, the tenure of Whole - time Directors may further be extended by re-appointing them, subject to approval by Members in the Annual General Meeting.

The appointment of Whole-time Directors is subject to termination by a three months notice in writing by either party.

Audit Committee

The Audit Committee comprises of the following Directors as on 31st March, 2014:

- 1 Shri Ashok Sinha, Chairman
- 2 Shri B. C. Bora, Member
- 3 Shri A. M. K. Sinha, Member
- 4 Shri R. Ram Mohan, Member

All the Members of Audit Committee are Non-executive Directors and three out of four Members are Independent Directors namely Shri Ashok Sinha, Shri B. C. Bora and Shri R. Ram Mohan. The quorum of the Audit Committee is two Members.

PETRONET LNG LIMITED

The Chairman of the Audit Committee also attended the last Annual General Meeting held on 4th July, 2013 of the Company.

The Company Secretary is the Secretary of the Audit Committee.

Detail of Meetings of Audit Committee held during the year

Member	No. of Meetings Held	No. of Meetings Attended
Shri Ashok Sinha	4	4
Shri B. C. Bora	4	4
Shri A. M. K. Sinha	4	1
Shri R. Ram Mohan, Independent Director	4	4

Brief Terms of Reference of Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any Government Body or to the investors or the public; the company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established.

The terms of reference of Audit Committee include inter-alia the followings:

- Oversight the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct sufficient and credible.
- Recommending the appointment and removal of statutory and internal auditors (wherever required), fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly/ half yearly and the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by Management.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange(s) and Legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with Promoters or the Management, or relatives etc. that may have potential conflict with the interest of the Company at large.
- Reviewing with the management, statutory and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where they are suspected about any fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors about the scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the lenders, shareholders (in case of non payment of declared dividends) and other creditors.

Shareholders / Investors Grievance Committee

As on 31st January, 2014, the Shareholders/Investors Grievance Committee comprises of the following Directors:

- 1 Shri Ashok Sinha, Chairman
- 2 Shri A. M. K. Sinha, Member
- 3 Shri R. K. Garg, Member
- 4 Shri Rajender Singh, Member

Company Secretary is the Compliance Officer of the Company.

Detail of Meeting of Shareholders / Investors Grievance Committee

Date of Meeting	Members	Meeting attended
31.01.2014	Shri Ashok Sinha	Yes
	Shri A. M. K. Sinha	No
	Shri R. K. Garg	Yes
	Shri Rajender Singh	Yes

Details of Complaints received and redressed during the year ended 31st March, 2014

5 complaints were pending as on 1st April, 2013. 1202 complaints were received and 1206 complaints were resolved during the year. Only 1 complaint was pending as on 31st March 2014.

Share Transfer Committee

Share Transfer Committee was constituted to deal with the cases like re-materialization of shares, transfer, transposition & splitting of shares in physical mode. Share Transfer Committee consists exclusively of Whole-time Directors namely;

- 1 Dr. A. K. Balyan, Managing Director & CEO
- 2 Shri R. K. Garg, Director (Finance)
- 3 Shri Rajender Singh, Director (Technical)

Dr. A. K. Balyan, Managing Director & CEO is the Chairman of the Committee.

Remuneration Committee

The Remuneration Committee was constituted by the Board to determine the Remuneration Package for Executive Directors. Following Directors are the Members of the Remuneration Committee as on 31st March, 2014:

1. Shri Ashok Sinha, Chairman
2. Shri B. C. Bora, Member
3. Shri D.K. Sarraf, Member

Two Meetings of the Remuneration Committee were held on 29th April, 2013 and 4th October, 2013.

Risk Assessment & Minimisation Procedure

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. A Risk Management Committee consisting Whole-time Directors periodically reviews the procedures to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system.

Legal Compliance Reporting

As required under Clause 49 of Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

PETRONET LNG LIMITED
Annual General Meetings (AGMs)

The details of last three Annual General Meetings are as mentioned below:

Year	2010-11	2011-12	2012-13
Date & Time	30 th June, 2011 at 10:00 AM.	4 th July, 2012 at 10:00 AM	4 th July, 2013 at 10:00 AM
Venue	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010
Details of Special Resolutions	1) Appointment of Statutory Auditors 2) Approval for payment of Commission on profit to Directors	1) Appointment of Statutory Auditors 2) Approval for Employee Stock Option Scheme	1) Appointment of Statutory Auditors
Resolutions passed through Postal Ballot	Nil	Nil	Nil

Extra Ordinary General Meeting(s) (EGMs)

During the year, no Extra-ordinary General Meeting of the Members of the Company was held.

Disclosure

During the year no material transactions with the Directors or the Management, their subsidiaries or relatives etc. have taken place, which have potential conflict with the interest of the Company.

Compliance

There has been no non-compliance of the provisions/requirements of Stock Exchanges/SEBI. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to Capital Market.

Means of Communication

The Company has its web site having updated details about the Company, its project status, Shareholding pattern on quarterly basis, etc. The financial results are being posted on the Company's web site. i.e. www.petronetlng.com. The Company also has exclusive e-mail ID i.e. investors@petronetlng.com for investors to contact the Company in case of any information and grievances. The financial results were also published in National Daily Newspapers in terms of Listing Agreement.

General Shareholders Information
Annual General Meeting (AGM)

Day & Date	18 th September, 2014
Time	10:00 AM
Venue	FICCI, K. K. Birla Auditorium, 1, Tansen Marg, New Delhi 110001
Date of Book Closure	8th September, 2014 to 18th September, 2014 (Both days inclusive)

Dividend Payment Date

The dividend, if approved by the Members of the Company will be paid on or after 29th September, 2014.

Financial Calendar

Petronet LNG Ltd. follows the financial year from April to March. The Un-audited Financial Results for the first three quarters and the Audited Financial Results for the year ended 31st March, 2014 were taken on record and approved by the Board in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April – June, 2013	30 th July, 2013
July - September, 2013	18 th October, 2013
October-December, 2013	31 st January, 2014
Year Ended	
31 st March, 2014	30 th April, 2014

Listing on Stock Exchange(s)

Name of Stock Exchanges	Stock Code
The Stock Exchange, Mumbai (BSE)	532522
The National Stock Exchange of India Limited (NSE)	PETRONET

Market Price Data: High and Low during each month in last financial year

Month	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
April, 2013	145.70	132.25	145.90	132.25
May, 2013	146.00	138.00	146.50	138.15
June, 2013	143.15	116.90	143.50	116.80
July, 2013	133.20	106.10	134.00	106.20
August, 2013	133.40	112.60	133.60	112.90
September, 2013	126.80	115.50	127.00	115.00
October, 2013	131.30	117.60	131.50	117.50
November, 2013	133.00	119.25	133.00	119.10
December, 2013	136.95	116.50	136.90	116.45
January, 2014	126.40	102.50	126.30	102.60
February, 2014	121.90	108.20	122.20	108.30
March, 2014	141.15	119.85	141.20	119.70

Distribution Schedule as on 31st March, 2014

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in ₹	% of Amount
Upto – 5000	3,09,012	89.67	4,75,80,621	47,58,06,210	6.34
5001 – 10000	23,280	6.75	1,82,51,546	18,25,15,460	2.43
10001 – 20000	7,744	2.25	1,13,78,122	11,37,81,220	1.52
20001 – 30000	1,823	0.53	46,74,841	4,67,48,410	0.62
30001 – 40000	736	0.21	26,32,388	2,63,23,880	0.35
40001 – 50000	539	0.16	25,53,545	2,55,35,450	0.34
50001 – 100000	747	0.22	53,63,551	5,36,35,510	0.72
100001 & Above	707	0.21	65,75,65,430	6,57,56,54,300	87.68
TOTAL	3,44,588	100.00	75,00,00,044	7,50,00,00,440	100.00

PETRONET LNG LIMITED
Shareholding Pattern of the Company as on 31st March, 2014

	Category	No. of Shares Held	% of Shareholding
A	Promoter's holding		
1	Promoters		
	- Indian Promoters	37,50,00,000	50.00
	- Foreign Promoters	Nil	Nil
	Sub- Total (A)	37,50,00,000	50.00
B	Non- Promoters holding		
1	Institutional Investors	Nil	Nil
a	Mutual Funds and UTI	3,23,97,061	4.32
b	Banks, Financial Institutions	2,29,042	0.03
c	Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	1,40,000	0.02
d	FII's (Including ADB holding)	14,92,52,421	19.90
	Sub-Total (B1)	18,20,18,524	24.27
2	Others		
a	Private Corporate Bodies	1,50,30,428	2.00
b	Indian Public including HUF and Foreign Nationals	9,77,20,275	13.03
c	NRI's / OCB's (Including GDFI)	7,85,65,056	10.48
d	Any other (Clearing Members & Trusts)	16,65,761	0.22
	Sub-Total (B2)	19,29,81,520	25.73
	GRAND TOTAL (A+B1+B2)	75,00,00,044	100.00

List of Shareholders Holding More than 1% of Equity Capital as on 31st March, 2014

Name	No. of Shares Held	% of Shareholding
Promoter's Holding		
Bharat Petroleum Corporation Ltd.	9,37,50,000	12.50
GAIL (India) Ltd.	9,37,50,000	12.50
Indian Oil Corporation Ltd.	9,37,50,000	12.50
Oil & Natural Gas Corporation Ltd.	9,37,50,000	12.50
Non-promoters Holding		
GDF International	7,50,00,000	10.00
Asian Development Bank	3,90,00,000	5.20
T. Rowe Price International Growth and Income Fund	1,91,31,904	2.55
Fidelity Investment Trust Fidelity Series Emerging	1,52,65,641	2.04
Government Pension Fund Global	1,28,00,886	1.71
ICICI Prudential Focused Bluechip Equity Fund	78,84,160	1.05

Detail of Unclaimed Shares as on 31st March, 2014 issued pursuant to Initial Public Offer (IPO)

S No	Particulars	Cases	No. of shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account (i.e. KCL ESCROW ACCOUNT PETRONET LNG IPO-OFFER) lying at the beginning of the year i.e. 1 st April, 2013.	648	1,32,500
2	Number of shareholders who approached for transfer of shares from suspense account during the year.	5	1,600
3	Number of shareholders to whom shares were transferred from suspense account during the year.	5	1,600
4	Aggregate number of shareholders and outstanding shares in the suspense account at the end of year i.e. 31 st March, 2014.	643	1,30,900

Code of Conduct for Board Members & Senior Management Personal

The Board of Directors of the Company approved Code of Conduct for Board Members & Senior Management Personnel and the same was made effective from 1st April, 2006. Copy of the same has also been hosted/ placed at the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliances with the said Code for the year ended 31st March, 2014.

CEO/CFO Certification

A certificate from the Managing Director & CEO and Director (Finance) on the financial Statements of the Company in terms of Clause 49 of Listing Agreement was placed before the Board, who took the same on record.

Related Party Transactions

The details of all significant transactions with related parties are periodically placed before Audit Committee.

Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out a Reconciliation of Share Capital Audit on quarterly basis to reconcile the total Share Capital with National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with total number of shares in physical forms and total number of dematerialized shares held with NSDL & CDSL.

Status of Corporate Governance Voluntary Guidelines 2009

The voluntary guidelines issued by Ministry of Corporate Affairs in December, 2009 pertaining to Corporate Governance are complied with to the extent found feasible.

Major Plant / Unit Location(s)

Dahej Plant Location

LNG Terminal, Dahej
GIDC Industrial Estate,
Plot No 7/A, Dahej Talukavagra
Distt. Bharuch, GUJARAT – 392130
Tel : 02641-253182/257004-257007
Fax: 02641-253179/300310

Kochi Plant Location

Survey No. 347,
Puthuvypu (Puthuypeen SEZ)
P.O. 682508, Kochi
Tel: 0484-2502259
Fax : 0484-2502264

Address for Correspondence

Registered & Corporate Office:

Petronet LNG Limited World Trade Centre, First Floor,
Babar Road, Barakhamba Lane,
New Delhi – 110 001
Tel: 011- 23472525, 23411411
Fax: 011- 23472550
Email: investors@petronetlng.com

Registrar & Share Transfer Agent

M/s Karvy Computershare Pvt. Limited
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur,
HYDERABAD – 500081
Tele: 040-23312454,23320751/52
Fax: 040-23311968,23323049
Email: mailmanager@karvy.com



PETRONET LNG LIMITED

Auditors' Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreements

To the Shareholders of Petronet LNG Limited

1. We have examined the compliance of conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31, 2014 as stipulated in clause 49 of the Listing Agreements of the said with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company or ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
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 T. R. Chadha & Co.

Firm Registration No. 006711N

Chartered Accountants

Sd/-

Neena Goel

Partner

Membership No. 057986

Place: New Delhi

Date: 24th July 2014