

**PETRONET LNG LIMITED**
**Board of Directors**

Shri K. D. Tripathi	Chairman
Shri Prabhat Singh	Managing Director & CEO
Shri R. K. Garg	Director (Finance)
Shri Rajender Singh	Director (Technical)
Shri D. K. Sarraf	Director
Shri S. Varadarajan	Director
Shri Debasis Sen	Director
Shri Subir Purkayastha	Director
Mr. Philip Olivier	Director
Shri Arun Kumar Misra	Director
Shri Sushil Kumar Gupta	Director
Dr. Jyoti Kiran Shukla	Director

**Bankers and Financial Institutions**

Axis Bank Ltd.  
Asian Development Bank  
Bank of Baroda  
Bank of Tokyo – Mitsubishi UFJ  
BNP Paribas  
Canara Bank  
Citi Bank N.A.  
Credit Agricole Corporate and Investment Bank  
DBS Bank Ltd.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
International Finance Corporation  
SA Proparco  
State Bank of India  
State Bank of Patiala  
The Hongkong & Shanghai Banking Corporation Ltd.

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**Company Secretary**

Shri K. C. Sharma

**Statutory Auditors**

M/s T. R. Chadha & Co. LLP.

**Cost Auditor**

M/s K.L. Jaisingh & Co.

**Secretarial Auditor**

M/s A.N. Kukreja & Co.

**Debenture Trustee**

SBICAP Trustee Company Ltd.

**Registrar & Share Transfer Agent**

M/s Karvy Computershare Pvt. Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
Tele: 040- 67162222, Fax: 040- 23420814  
Toll Free No.:1800-345-4001  
Email: inward@karvy.com

**Registered Office**

World Trade Centre, 1st Floor,  
Babar Road, Barakhamba Lane,  
New Delhi - 110 001  
Tel. : 011-23411411,011-23472525  
Fax : 011-23472550  
Website: www.petronetlng.com

**Dahej LNG Terminal**

GIDC Industrial Estate, Plot No.7/A,  
Dahej,  
Taluka: Vagra, Distt. Bharuch  
Gujarat - 392130  
Tel. : 02641- 300300/301/305  
Fax : 02641- 300306/300310

**Kochi LNG Terminal**

Survey No. 347,  
Puthuvypu (Puthuypeen SEZ)  
P.O. 682508, Kochi  
Kerala  
Tel. : 0484-2502259/60  
Fax : 0484-2502264

**PETRONET LNG LIMITED  
NEW DELHI**

Regd. Office: 1<sup>st</sup> Floor, World Trade Centre,  
Barakhamba Lane, Babar Road, New Delhi- 110 001  
Tele: +91 11 23411411, 23472525 Fax: +91 11 23472550  
Email: investors@petronetlng.com, Website: www.petronetlng.com  
CIN: L74899DL1998PLC093073

**NOTICE OF 18TH ANNUAL GENERAL MEETING – 2016**

**N**OTICE is hereby given that the 18th (Eighteenth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Wednesday, the 21st day of September, 2016 at 10:00 A.M. at Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi, 110010 to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt Financial Statements and Report of Board of Directors and Auditors thereon for the financial year ended 31st March, 2016.
2. To declare a dividend for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Shri D. K. Sarraf (DIN 00147870) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Philip Olivier (DIN 06937286) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made there under M/s T. R. Chadha & Co. LLP, Chartered Accountants (Regn. No.006711N), New Delhi, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of ₹ 12 Lakh (Rupees Twelve Lakh) plus out of pocket expenses and applicable service tax.”

**SPECIAL BUSINESS**

**To consider and if thought fit, to pass with or without modification(s) the following resolution(s) as Ordinary Resolution(s)-**

6. **“RESOLVED THAT** pursuant to provisions of Article 106 of Articles of Association and Section 149,

152, 160 and other applicable provisions, If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Other Rules, if any, Shri Subir Purkayastha (DIN 06850526), Nominee Director of GAIL, who has been appointed on 1st December, 2015 as Additional Director of the Company by Board of Directors under Section 161 of Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

7. **“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and Other Rules, if any, remuneration of ₹ 99,990/- plus out of pocket expenses and applicable service tax to M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182), New Delhi, Cost Auditor of the Company for the financial year 2016-17, as recommended by the Audit Committee and approved by the Board, be and is hereby ratified.”
8. **“RESOLVED THAT** pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force), Rules made thereunder and Related Party Transactions Policy of the Company, approval of the Members of the Company be and is hereby accorded to the Board of Directors for contracts/arrangements/transactions entered/to be entered with the related parties i.e. Promoter(s)/ Associate(s)/Joint Venture(s) (viz IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd. etc.) during the financial year 2016-17 for supply of goods or service in the Ordinary Course of Business and on Arm's Length Basis, which may exceed the materiality threshold limit i.e. exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.



**PETRONET LNG LIMITED**

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution."

9. **"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, consent of the Members of the Company be and is hereby accorded for the payment and distribution of a sum not exceeding 1% per annum of the profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013, by way of commission to and amongst the Directors of the Company such amount or proportions and in such manner and in all such respects as may be determined by the Board of Directors from time to time and such payments shall be made for a further period of five years commencing from Financial Year 2016-17.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be desirable or expedient to give effect to this resolution."

10. **"RESOLVED THAT** pursuant to provisions of Article 111 of Articles of Association of the Company and Section 149, 152, 196, 197, Schedule V and all other applicable provisions, If any, of the Companies Act, 2013 and Rules made thereunder subject to the approval of the Central Government, if required and such alterations/modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members of the Company be and is hereby accorded to the extension of tenure of Shri R. K. Garg (DIN 00784953) as Director (Finance) for a further period of one year, w.e.f. 20th July, 2016 on the existing terms and conditions, with liberty to the Board of Directors to alter and vary the terms and conditions of extension and/or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

By Order of the Board  
For Petronet LNG Limited



(K. C. Sharma)  
Company Secretary

**Place :** New Delhi  
**Date :** 19th August, 2016

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Item No. 6, 7, 8, 9 and 10 set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL. A PERSON APPOINTED AS PROXY SHALL ACT ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.**
3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
4. The Company had issued a Postal Ballot Notice dated 22nd December, 2015 for obtaining Shareholder's approval by way of Special Resolution(s) in respect of the following item:

Alteration of Object Clause in Memorandum of Association by incorporating the following new clause in its Main Object Clause –

**"To promote, organize or carry on business of consultancy services and training including consultancy and training in human resource capability building or any field of activity in which the Company is engaged in or connected therewith either on its own or through collaboration or Joint Venture."**

The Result of the Postal Ballot were declared on 12th February, 2016 and Special Resolution(s) as set out in the Postal Ballot Notice have been passed by the Members with an overwhelming majority as more than 90% of votes were casted in favour of Resolution(s) as per Scrutnizer's Report and the results of Postal ballot were also hosted at the website of the Company.

5. In case of Joint holders attending the Meeting, only such Joint holder, who is higher in the order of names will be entitled to vote.
  6. All documents referred to the accompanying Notice and the Explanatory Statement(s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
  7. Members/Proxies should bring the Attendance Slip duly filled for attending the Meeting.
  8. Members are requested to bring their copies of the Annual Report to the Meeting.
  9. Members holding Shares in physical mode are requested to notify the change in their Address/Bank Account/update e-mail ID to M/s Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
  10. Members holding shares in De-mat mode are requested to notify the change in their address/ Bank Account/update E-mail ID to their respective Depository Participant(s) (DPs).
  11. Members must quote their Folio Number/De-mat Account No. in all correspondence with the Company/ R&T Agent.
  12. **No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in term of Clause 14 of Secretarial Standard (SS) 2 pertaining to distribution of Gifts at Annual General meeting.**
  13. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2016 to 21st September, 2016 (Both days inclusive). The dividend on equity shares, as recommended by the Board of Directors, subject to the approval of Members in the Annual General Meeting, will be paid on and after 3rd October, 2016 to the Members or their Mandates whose name appear on the Company's Register of Members on 14th September, 2016 in respect of physical Shares and in respect of Dematerialized Shares, the dividend will be payable to the beneficial owner of the shares whose name appear in the statement of beneficial ownership furnished by NSDL and CDSL at close of business hours on 14th September, 2016.
  14. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of Dividend to his/their respective account with Bank(s), the Members holding Equity Shares in Physical Mode are requested to provide their Bank Account details to M/s Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
  15. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
  16. Any briefcase/bags/eatables will not be allowed to be taken inside the Auditorium.
  17. Annual Listing Fee and Custody fee for the year 2016-17 have been paid to all Stock Exchanges, wherein Shares of the Company are Listed, as well as Custodian i.e. NSDL & CDSL respectively.
  18. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf in the Meeting.
- NOTE ON TRANSFER OF DIVIDEND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**
19. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has deposited the amount lying in Unpaid/Unclaimed Dividend account for the financial year 2006-07, 2007-08 & 2008-09 to Investor Education and Protection Fund.
- E-voting Facility**
20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering a facility to its Members to cast their vote by electronic means in respect of the above mentioned businesses to be transacted at the Eighteenth Annual General Meeting.
- Notice of Annual General Meeting together with E-voting process has been sent to all the Shareholders separately. A Shareholder can apply for duplicate E-voting instruction Form together with AGM Notice through an **e-mail at [raju.sv@karvy.com](mailto:raju.sv@karvy.com)**, if so required.



**PETRONET LNG LIMITED**
**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**
**ITEM NO: 6**

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013 and Rules made thereunder, Shri Subir Purkayastha Nominee Director of GAIL, was appointed as Additional Director w.e.f. 1st December, 2015 on the Board of the Company and he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri Subir Purkayastha as Director of the Company.

A brief resume of Shri Subir Purkayastha as required in terms of Regulation 36 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders.

Shri Subir Purkayastha is interested in the resolution to the extent of his appointment as Director.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 7**

M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182), were appointed as the Cost Auditors of the Company by Board of Directors in its meeting held on 8th July, 2016 in terms of Section 148 of the Companies Act, 2013 for the financial year 2016-17.

Further, in terms of the provisions of Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors were recommended by the Audit Committee and approved by the Board of Directors and are to be ratified by the Shareholders. In view of the above, your Directors recommend the resolution for approval of Shareholders.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 8**

As per provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and Related Party Transactions Policy of the

Company, all material Related Party Transactions shall require approval of the Shareholders of the Company and the Related Party shall abstain from voting on such resolutions.

Further, a transaction with a Related Party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds ten percent of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company.

Further, in terms of provisions Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also the relevant Accounting Standard, the Promoter(s)/Associate(s)/Joint Venture(s) (viz. IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd. etc. ) and KMPs qualify as Related Party(s) of the Company and the Company has existing and continuing contracts/arrangements in the Ordinary Course of Business and on Arm's Length Basis with the Related Parties which will continue to exist beyond 31st March, 2016 in addition to the new Contract(s)/transaction(s) to be entered into. It is difficult to specifically assess the total value of such transactions at this stage, however, it is expected that the aggregate value of all such transactions together would be beyond the threshold limit of materially as specified above.

Therefore, the approval of the Shareholders is being sought in respect of the proposed material transactions with related parties in a proactive manner.

Your Directors recommend the resolution for approval of the Shareholders of the Company.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 9**

In 13th Annual General Meeting, the Members of the Company accorded their approval that the Directors may be paid Commission upto 1% of Profit for a period of five years w.e.f. 2011-12 in such manner and in all such respects as may be determined by the Board of Directors from time to time. The period of five years has already been completed on 31st March, 2016. Therefore, it is proposed to extend the same for further period of five years.

Your Directors recommend the resolution for approval of the Shareholders as Ordinary Resolution as per requirement of Companies Act, 2013 and Rules made thereunder.

All Directors of the Company are concerned or interested in the proposed resolution to the extent, the Commission on profits of the Company payable to them.

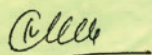
#### ITEM NO: 10

Shri R. K. Garg was appointed as Director (Finance) on 20th July, 2011, for a period of five years. The Board of Directors in its meeting held on 8th July, 2016, extended the tenure of Shri R. K. Garg for a further period of one year w.e.f. 20th July, 2016 on the existing terms and conditions as approved by the Shareholders in the 14th Annual General Meeting held on 4th July, 2012. As per the requirement of the Companies Act, 2013, the appointment or re-appointment of Whole-time Director is required to be approved by the Shareholders in the General Meeting. Your Directors recommend the resolution for approval of the Shareholders.

Shri R. K. Garg is interested in the resolution to the extent of extension of his appointment as Director (Finance).

No other Directors or Key Managerial Personnel(s) or their relatives have any concern or interest, financial or otherwise, in passing of the said resolution.

By Order of the Board  
For Petronet LNG Limited



Place : New Delhi  
Date : 19th August, 2016

(K. C. Sharma)  
Company Secretary

#### BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED/REAPPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT

##### Shri D. K. Sarraf

Shri D. K. Sarraf is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC) and a nominee Director of ONGC on the Board of Petronet LNG Ltd. Shri D. K. Sarraf graduated in Commerce from the prestigious Shri Ram College of Commerce, Delhi University and holds a post graduate degree in Commerce from the same University. He is an Associate Member of the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India.

He has experience of over three decades in the oil and gas industry, having started his career in India's second largest upstream Oil Company – Oil India Limited and worked there till 1991. He joined ONGC in 1991 and handled various key assignments at corporate offices and became Director (Finance) in 2007.

In September 2011 Shri D.K. Sarraf was appointed as Managing Director of ONGC Videsh Ltd. (OVL). In March, 2014, he joins back ONGC once again and takes over as its Chairman & Managing Director.

In recognition of his excellence in financial management and contributions, he has been conferred with several accolades including the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011.

Shri D. K. Sarraf holds NIL share in the Company.

Shri D. K. Sarraf holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Oil and Natural Gas Corporation Limited	Chairman & Managing Director
ONGC Videsh Limited	Chairman
Mangalore Refinery and Petrochemicals Limited	Chairman
ONGC Petro Additions Limited	Chairman
ONGC Mangalore Petrochemicals Limited	Chairman
Mangalore SEZ Ltd.	Chairman
ONGC Tripura Power Company Limited	Chairman

Shri D. K. Sarraf is not a Member/Chairman of Committees of Board of Directors in any other Company.

##### Mr. Philip Olivier

Mr. Philip Olivier is the President of Engie (erstwhile GDF Suez) and a nominee Director of GDF International on the Board of Petronet LNG Limited.

Mr. Philip Olivier holds Electromechanical and Nuclear Engineering Degrees as well as Management Degrees from Gent and Fontainebleau. He has over 26 years of experience in the electricity and gas industry.

The first twelve years of his career, he spent working for Electrabel holding various positions in electricity and gas distribution operations. Since 1995 he has worked for SUEZ Energy International, contributing to its expansion worldwide, predominantly in electricity and gas distribution and transportation. From 2002 to 2007 he held the position of Chief Business Developer at Suez Global LNG Ltd. In 2007 he was appointed to the position of President & CEO of Suez Global LNG.

After the merger with Gaz de France, he became President of GDF SUEZ LNG, the business unit responsible for the management of all Group's LNG supply and vessel chartering contracts, for optimization of the Group's LNG portfolio, and for LNG business development including new markets, new supplies and investments in liquefaction plants.



**PETRONET LNG LIMITED**

Mr. Philip Olivier holds NIL share in the Company.

Mr. Philip Olivier holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
GDF SUEZ LNG SUPPLY SA (Luxemburg)	Chairman
MED LNG & GAS Ltd SA	Chairman
GNL SAINT - LAURENT INC (Canada)	Chairman
RABASKA INC (Canada)	Director
ENGIE E&P AUSTRALIA PTY LTD. (Australia)	Director

Mr. Philip Olivier is not a Member/Chairman of Committees of Board of Directors of any other Company.

**Shri Subir Purkayastha**

Shri Subir Purkayastha is Director (Finance) in GAIL (India) Limited and a nominee Director of GAIL on the Board of Petronet LNG Ltd. Shri Subir Purkayastha is a Chartered Accountant and Company Secretary by professional qualification and having a rich experience of nearly 30 years in the areas of Corporate Finance and Treasury including Forex Risk Management, Capital Budgeting, Corporate Budgets, Corporate Accounts, Finalization of Long Term LNG and Gas Agreements, Liquefaction and Regasification Terminal Service Agreement, Shareholders Agreements and Joint Ventures Agreement etc.

Prior to his appointment as Director (Finance), he held the position of Executive Director (Finance & Accounts) in GAIL. He joined GAIL in 1985 as a Finance Officer and rose to the position of Director (Finance). Having joined in the early stages of the Company, he was part and parcel of the growth trajectory of the Company.

Shri Subir Purkayastha holds 100 shares in the Company.

Shri Subir Purkayastha holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
GAIL Global (Singapore) Pte. Ltd.	Chairman
GAIL China Gas Global Energy Holding Limited	Director
Brahmaputra Cracker & Polymer Ltd.	Director
GAIL Gas Ltd.	Director
GAIL (India) Ltd.	Director

Shri Subir Purkayastha is the Member/Chairman of Committees of Board of Directors of the following other Companies –

Name of the Companies	Name of Committee (s)	Position Held
GAIL Gas Ltd.	Audit Committee	Chairman
Brahmaputra Cracker & Polymer Ltd.	Audit Committee	Chairman

**Shri R. K. Garg**

Shri R. K. Garg has taken over the charge of Director (Finance) of Petronet LNG Limited on 20th July, 2011. He possesses rich experience of over three decades in the areas of Finance, Commercial, Legal, Compliance etc. He is a Post Graduate in Commerce and Member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He joined the Company in its initial formative years in 2001 as Vice President (Finance) & Company Secretary and has been a part of the key senior management team involved in its strategic decisions, purchase and sales agreements, construction and financing of LNG terminals etc.

Shri Garg started his career with SAIL in the year 1979 as Junior Finance Officer and after working for over two decades in various disciplines in Finance and Corporate Planning, became the Company Secretary of SAIL. He moved from SAIL to Petronet LNG Limited in 2001.

Shri R. K. Garg holds 5300 shares in the Company.

Shri R. K. Garg holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Adani Petronet (Dahej) Port Pvt. Ltd.	Director
India LNG Transport Co. (No. 3) Ltd., Malta	Director

Shri R. K. Garg is the Member/Chairman of Committees of Board of Directors of the following other Company-

Name of the Company	Name of Committee	Position Held
Adani Petronet (Dahej) Port Pvt. Ltd.	• Nomination and Remuneration Committee	Member
	• Corporate Social Responsibility Committee	Member

## DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is our privilege and honour to present the Eighteenth Annual Report and the Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### PHYSICAL PERFORMANCE

The financial year 2015-16 saw the Company operate its Dahej Terminal at 111% capacity utilization inspite of the challenges faced in the long term supply agreements. The demand for LNG was robust, albeit at the current market prices, which led to a discussion and reworking of the pricing under the long term LNG Contract. The Company was successfully able to feed the market by processing LNG under spot/short term deals inspite of the reduction in volumes under the long term Contract.



Employee at work at Dahej Terminal.

During the financial year 2015-16, the Dahej Terminal handled 170 LNG Cargoes and supplied 566 TBTUs of RLNG. 2224 LNG Road Tankers were also loaded and dispatched.

The utilisation of Kochi Terminal remained extremely low in the absence of pipeline network for gas evacuation. 10 Cargoes (including reload) were handled at the Kochi Terminal during the full year.

### FINANCIAL PERFORMANCE

During the year, your Company achieved a turnover of ₹ 27,133 Crore as against ₹ 39,501 Crore in 2014-15. Inspite of an increase in quantity, the reduction of turnover in value term is primarily due to reduction in LNG prices and increase in regas service cargoes. The net profit during the year stood at ₹ 914 Crore as against ₹ 883 Crore

in the previous year. A summary of the comparative financial performance in the fiscal 2015-16 and 2014-15 is presented below:

(₹ in crore)

Particulars	2015-16	2014-15
Revenue from operations	27,133	39,501
Other Income	170	155
<b>Total Revenue</b>	<b>27,303</b>	<b>39,656</b>
Cost of LNG imports	25,076	37,611
<b>Gross Margin</b>	<b>2,227</b>	<b>2,045</b>
Salary & other operating expenses	466	452
Finance charges	239	293
Depreciation	322	315
<b>Profit before Tax</b>	<b>1,200</b>	<b>985</b>
Tax expenses, including deferred tax	286	102
Profit after Tax	914	883
Amount Transferred to Reserves:-		
General Reserve	92	89
Debenture Redemption Reserve	78	78
<b>Earnings (₹) per Share</b>	<b>12.19</b>	<b>11.77</b>

### DIVIDEND

Keeping in view the performance and dividend policy of the Company, the Directors are pleased to recommend a dividend of 25% on the paid-up share capital of the Company for the year ending 31<sup>st</sup> March, 2016.

### FINANCING OF PROJECTS

The Company managed its finances well during the financial year 2015-16. The strong cash flows helped your Company to fund the ongoing capital expenditure from its internal accruals without any need to draw on the credit lines approved by the banks and financial institutions.

Your Company continues to enjoy good rapport with the lending agencies.

The credit rating of your Company continues to remain unchanged both from domestic as well as international agencies.

### LNG SOURCING

Your Company has long-term supply contracts for LNG imports with RasGas, Qatar and Mobil Australia Resources Company (MARC), Australia for 7.5 MMTPA & 1.44 MMTPA respectively. While the LNG supplies from Qatar commenced in 2004, the Australian LNG from Gorgon is expected to hit the Indian shores by the end of 2016 or early 2017.



## PETRONET LNG LIMITED

Due to sharp decline in crude prices, the price of LNG under RasGas long term contract was on the higher side vis-a-vis other term LNG and spot LNG, leading to lower off-take by consumers. With a view to mitigate the impact of high priced LNG, your Company along-with off-takers GAIL, IOCL and BPCL, under the guidance of Ministry of Petroleum & Natural Gas, undertook the task of price restructuring with RasGas, Qatar. After a series of meetings,



Execution of LNG SPA between Rasgas, Qatar & PLL.



Execution of LNG SPA between Rasgas, Qatar & PLL.

a new pricing mechanism was agreed to between the parties. Your Company worked relentlessly to accomplish the goal within a pre-defined time frame and executed the amendments to the upstream and downstream sale and purchase agreements with the revised price formula. New prices have become effective w.e.f. January, 2016. In fact, such price restructuring under a long term contract is a very unique accomplishment, which your Company could achieve with its very own strong team as well as guidance from the Government. Such price reopening is very rarely done in the global LNG trade.



Execution of GSPA between PLL & GSPC.

In the middle of difficulty lies opportunity, as part of the price restructuring exercise your Company signed another long term deal with RasGas, Qatar for 1 MMTPA, for a period of about 12 years from 2016 to 2028. The volumes under this contract have been sold to GAIL, IOCL, BPCL and GSPC and supplies have started w.e.f. January, 2016.

Besides the long-term LNG contracts, your Company also buys LNG on spot and short-term basis from many international players. It is in touch with the major suppliers and producers to secure LNG at a competitive price for the Indian markets.

### EXPANSION OF DAHEJ TERMINAL

Your Company is further expanding the regasification capacity of its Dahej Terminal from 10 MMTPA to 15 MMTPA. As on 31<sup>st</sup> March, 2016, the expansion project



Expansion of Dahej Terminal from 10 MMTPA to 15 MMTPA.

achieved a progress of 94%. Subsequently, the expansion project is on track and in August, 2016, the Company has started commissioning activities of the project with certain incremental send-out of RLNG to its customers, though the full commissioning of the expanded facility would be completed in the last quarter of 2016.





Expansion of Dahej Terminal.

### **FURTHER EXPANISON OF DAHEJ TERMINAL**

Your Company is looking at further expansion of Dahej terminal from 15.00 MMTPA to 17.50 MMTPA with addition of one LNG Storage Tank and 2.5 MMTPA Regasification facilities. The Company is in the process of awarding EPC contracts for both Regasification facilities and LNG Storage Tank Project.

### **SHIPPING ARRANGEMENTS**

Three LNG ships, namely 'Disha', 'Raahi' and 'Aseem' carry the entire LNG volume from RasGas under a long-term contract to Dahej. Shipping Corporation of India (SCI) is an equity partner in the ship-owning companies and all three ships are manned, managed, maintained and operated by SCI. The ships operate on a long-term time charter basis.

During FY 2015-16, the overall shipping operations at Dahej LNG terminal have run smoothly and the jetty utilization has been very good without any downtime. However, due to low offtake under long-term contract for certain period during 2015-16, the ship(s) remained underutilized and consequently, the Company was not able to fully recover the charter hire payments under the long term contract as of now. Time Charter costs being pass-through cost to offtakers in the long run, the Company would be able to



LNG Ship "Raahi".

recover fully such costs which would not be recovered this year due to low LNG offtake.

Construction of a ship to carry LNG from Australia under a long-term agreement is in progress as per schedule. A consortium of companies, namely, MOL, NYK, K-Line and The Shipping Corporation of India (SCI), will jointly own this ship. PLL has a right to subscribe upto 26% equity in this LNG ship. The ship will be delivered to PLL in November 2016 and will be used primarily to transport LNG from Gorgon, Australia to Kochi.

As is the case with the first three ships, the fourth ship will also be manned, managed, maintained and operated by SCI.

### **LNG TERMINAL AT KOCHI**

During the year Kochi terminal operated at very minimul levels due to lack of evacuation pipelines to Bangalore and Mangalore. Only Phase I pipeline was operational and for most part of the year, BPCL-Kochi Refinery was the only major consumer.



LNG Terminal at Kochi.

The average capacity utilization during the year was only 3%. Some value added services like storage & reloading, GUCD (Gassing Up and Cooling Down) as well as LNG bunkering services were also provided during this year. There has been very little physical progress in KKB MPL Phase II pipeline activities in the year as the pipeline to connect to Bangalore via Tamil Nadu was under litigation and the pipeline to connect to Mangalore, which is to be laid entirely within Kerala by GAIL, is under re-tendering stage.

### **NEW BUSINESS INITIATIVES**

Having gained extensive experience in LNG handling capabilities, the Company is taking steps to develop a small scale LNG market in the Country. The initiatives undertaken by your Company towards this new concept are briefly explained below:



## PETRONET LNG LIMITED

- (a) **LNG Bunkering:** Your Company has already showcased its ability for providing LNG as bunker fuel to LNG powered ships from the Kochi LNG terminal.



LNG Bunkering at Kochi Terminal.

- (b) **LNG through trucks:** Your Company is supplying LNG through trucks from Dahej as well as Kochi. Your Company is in further discussions with various potential industrial customers who are not connected with pipeline for supplies of LNG by road tankers.



LNG through trucks at Kochi Terminal.

- (c) **LNG as automotive fuel:** For land transportation, your Company plans to provide LNG as automotive fuel for heavy duty trucks by setting up LNG dispensing stations on major highways.
- (d) **LNG as marine fuel:** In relation to water transportation, PLL plans to provide LNG as marine fuel to LNG powered inland waterway barges, especially for National Waterway 1.



MOU signing between PLL and Inland Waterways Authority of India.

- (e) **LNG powered locomotive:** Your Company is also in discussion with railway authorities to introduce LNG powered locomotive in India.

Possibility of utilizing the cold energy by setting up cryogenic ware house for refrigerated storage of various products is being worked out. Your Company has also initiated pre-project activities in this regard and has made provision in process plant to install equipment in future.

The Company has prepared a Feasibility Report for setting up a satellite LNG regasification terminal, alongwith a power generation plant, at Port Blair. The facility may also have provision to supply regasified LNG for city gas distribution and industrial ancillary units. An MoU in this regard has been signed with Andaman & Nicobar Administration.



MOU signing between PLL and Andman & Nicobar Administration.

The Company is also exploring possibility of setting up of LNG Terminal outside India and is in discussion with a few of our neighboring countries viz. Srilanka and Bangladesh.



India-Bangladesh 1st Energy Dialogue.

### Training Center at Kochi

LNG is expanding its footprint as a fuel of choice in the Indian sub-continent and, going forward, there will be a huge demand for skilled and trained manpower in this niche



technological area. Therefore, your Company is planning to use infrastructure at Kochi Terminal for setting up a Centre of Excellence in LNG Training, one of its kind in this part of World to develop a talented skilled pool of professionals. The Company has already completed several activities like Training Curriculum, Faculty Development, Infrastructure Planning etc. and it is expected to commission the Training Centre during the next financial year.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has developed adequate internal control systems commensurate to its size and business. PLL has appointed M/s Ernst & Young as Internal Auditors, who conduct regular audits for various activities. The reports of the Internal Auditors are submitted to the Management and the Board's Audit Committee. There is a thorough review of the adequacy of internal control system.

## DETAILS OF JOINT VENTURES/ASSOCIATE COMPANIES

A Solid Cargo Port through a Company namely Adani Petronet (Dahej) Port Private Ltd., had commenced its operations in August 2010 at Dahej Port. Solid Cargo Port Terminal has facilities to import/export bulk products like coal, steel and fertilizer. PLL has 26% equity in this Solid Cargo Company and the balance equity is held by the Adani Group.

## PERFORMANCE AND FINANCIAL POSITION OF SOLID CARGO JOINT VENTURE (JV) COMPANY

The financial highlights of solid cargo JV Company for the year ended 31<sup>st</sup> March, 2016 are as under:

Particulars	₹ In Crore)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Revenue from Operations	344.31	484.68
Other Income	8.36	6.44
<b>Total Income</b>	<b>352.67</b>	<b>491.12</b>
Operating Expenses	104.05	154.27
Employee benefits expenses	11.98	10.50
Depreciation and amortization expense	67.91	52.70
Finance Cost	63.35	55.14
Other expenses	15.89	17.33
<b>Total Expenses</b>	<b>263.18</b>	<b>289.94</b>
<b>Profit Before Tax</b>	<b>89.49</b>	<b>201.18</b>
Tax expenses	33.72	115.54
<b>Net Profit for the year</b>	<b>55.77</b>	<b>85.64</b>

The cargo handling operations at the port are fairly mechanized and port is well connected with road and railway. The cargo handled comprises steam coal, rock phosphate and project cargo etc. Due to challenging developments in the domestic coal mining sector, there has been a major decrease in import of coal into the Country. This has affected the throughput of the port which has experienced a decline.

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

All possible measures have been undertaken successfully by your Company to achieve the desired objective of energy conservation and technology upgradation. In order to ensure optimum conservation of energy and absorption of technology, your Company's engineers have been interacting with industry peers, technology providers and EPC Contractors. They have also been nominated to important national and international seminars. A team has closely worked with Project Consultant and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has incurred outgo in foreign exchange to the extent of ₹ 23,165 Crore during the year under review. Foreign exchange earnings during the year were ₹ 350 Crore.

## EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is attached herewith as **Annexure A** and is a part of the Board's report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company fully understands its responsibility towards the society and has been constantly contributing its bit towards various causes. In its endeavour to be more focused towards its social goals, the Company is developing a more structured approach to enhance access to quality healthcare, enrich the lives of people in the rural communities, environmental causes and enhance the educational quotient in the country.

The Company is in process of finalizing short-term, medium-term and long-term strategy to channelize the resources in manner so as to derive maximum socio-economic impact from targeted approach. In line with its social goals as enumerated above, the Company has already identified several projects in the areas of Healthcare, Education, Environment, River Surface Cleaning, Agriculture, Swatch Bharat etc. where your Company will spend the annual CSR budget in a progressive manner.



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Tree Plantation during Swatch Bharat Pakhwada.

In terms of provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, an amount of ₹ 25.06 Crore was required to be utilized on CSR activities. However, only ₹ 5.96 Crore was utilized on account of CSR activities during the financial year. The guidelines for the expenditure on CSR activities are fairly recent and the



Clean Ganga project.

Company has been transitioning and adopting the new CSR policies/guidelines which lead to the lower expenditure. The disclosure as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith as Annexure B and form part of Board Report.

### DIRECTORS

#### A) Changes in Directors and Key Managerial Personnel

During the year under review, following are the changes among the Directors:

Directors Resigned	
Name	Date of Resignation
Dr. A. K. Balyan	15 <sup>th</sup> July, 2015
Shri B. C. Tripathi, Nominee of GAIL	19 <sup>th</sup> November, 2015
Shri Atanu Chakraborty, Nominee of GMB	11 <sup>th</sup> April, 2016

The Board placed on record its appreciation for the contributions made by Dr. A. K. Balyan, Shri B. C. Tripathi and Shri Atanu Chakraborty.

Directors Appointed	
Name	Date of Appointment
Shri Prabhat Singh	14 <sup>th</sup> September, 2015
Shri Subir Purkayastha, Nominee of GAIL	1 <sup>st</sup> December, 2015

#### B) Declaration by Independent Directors

Three Independent Directors namely Shri Arun Kumar Misra, Shri Sushil Kumar Gupta and Dr. Jyoti Kiran Shukla were appointed to the Board. Declaration by all the Independent Director(s) has been obtained stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

An Independent Director may hold office for a term up to a period of three years on the Board of a Company from their respective date of appointment.

#### C) Formal Annual Evaluation of the Board

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including Chairman of the Board. The exercise would be carried out through a structured evaluation process considering various aspects of the Board's functioning such as composition of Board and Committees, experience and competencies, performance of specific duties and obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc. The Independent Directors evaluated the performance of the entire Board. However, the Company is in process of adopting all the requirements as stated in the SEBI (LODR) Regulations, 2015.

#### D) INDEPENDENT DIRECTOR'S MEETING

A meeting of the Independent Directors was held on 28<sup>th</sup> March, 2016 without the attendance of Non-Independent Directors and members of the management. The Independent Directors reviewed the performance of the non-independent Directors and the Board as a whole, the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### KEY MANAGERIAL PERSONNEL

Shri Prabhat Singh, MD&CEO, Shri R. K. Garg, Director (Finance) and Shri K. C. Sharma, Company Secretary are

the Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013.

### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year, six Board Meetings were held on 25th April, 2015, 30th July, 2015, 19th October, 2015, 10th December, 2015, 10th February, 2016 and 28th March, 2016. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and also as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **AUDIT COMMITTEE**

The Company has duly constituted an Audit Committee of the Board. The Audit Committee comprises the following Directors as on 31<sup>st</sup> March, 2016:

- 1 Shri Arun Kumar Misra, Chairman
- 2 Shri D. K. Sarraf, Member
- 3 Shri Sushil Kumar Gupta, Member

All the Members of the Audit Committee are non-executive Directors and two out of three Members are Independent Directors namely Shri Arun Kumar Misra and Shri Sushil Kumar Gupta. The quorum of the Audit Committee is two Members.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 24th September, 2015.

### **NOMINATION AND REMUNERATION COMMITTEE**

In terms of provisions of Section 178 of the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted a Nomination and Remuneration Committee. As on 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee comprises of the following Directors:

1. Shri Arun Kumar Misra, Chairman
2. Shri D. K. Sarraf, Member
3. Shri Sushil Kumar Gupta, Member

All the Members of Nomination and Remuneration Committee are non-executive Directors and two out of three Members are Independent Directors namely Shri Arun Kumar Misra and Shri Sushil Kumar Gupta.

### **Policy on Whole-time Directors' Appointment and Remuneration**

Pursuant to Article no. 109 and 111 of the Articles of Association of the Company, the Board may appoint Managing Director & CEO and other whole-time Directors

subject to provisions of Section 203 and other applicable provisions of the Companies Act, 2013.

The Search Committee, as constituted by the Board from time to time, finalizes the qualification, age, experience and other relevant criteria for the position under consideration and the notification for the vacant position is circulated in advance. Based on the suitability of the candidates, the Search Committee of the Board shortlists candidates for personal interaction and recommends potential candidates in order of merit to Nomination and Remuneration Committee which in turn makes its recommendations to the Board. The final recommendation, with suitable compensation and other terms for appointment, is then approved by the Board, subject to confirmation by the Shareholders in the General Meeting.

Such appointment is for an initial term not exceeding five years at a time, upon such terms and conditions as approved by the Shareholders.

### **Compensation Policy**

A Compensation Benchmarking Survey is periodically done to assess the competitiveness of total remuneration which is being paid to Directors, Key Managerial Personnel and Senior Management.

The outcome of the same is presented before the Nomination and Remuneration Committee to assess the reasonableness to attract, retain and motivate Directors and other senior managerial personnel. Based on the latest exercise conducted during this year, a revised compensation structure has been implemented w.e.f 01.04.2015 for all the employees including Directors, Key Managerial Personnel and Senior Management Team.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

No loans, investment / guarantee have been given by the Company under Section 186 of the Companies Act, 2013.

### **Insurance**

The Company has taken appropriate insurance for all assets against foreseeable perils.

### **Significant and Material orders passed by or courts**

There are no significant and material orders passed by the Regulators, courts or Tribunals which would impact the going concern status and the Company's future operations.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in



## PETRONET LNG LIMITED

sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto is disclosed in Form No. AOC -2 attached as **Annexure C**.

### PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013

Pursuant to provisions of Section 197 of the Companies Act, 2013, read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in **Annexure D** to the Directors' Report.

### SECRETARIAL AUDIT REPORT

A Secretarial Audit Report submitted by M/s A. N. Kukreja, a Company Secretary in practice, is annexed with the report as **Annexure E**. Regarding inadequate number of Independent Directors as stated in the Secretarial Audit Report, it is stated that the Company is in the process of finding suitable candidates to be appointed as Independent Directors and the requisite number of Independent Directors will be appointed shortly.

### DISCLOSURES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

The ratio of remuneration of each Director to the median employees remuneration and such other details in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of Directors' Report and is attached herewith as **Annexure F**.

### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

During the year ended 31st March, 2016, no complaint(s) of Sexual Harassment has been received by the Company.

### CORPORATE GOVERNANCE CERTIFICATE

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance, together with Auditors' Certificate regarding Compliance of the SEBI Code of Corporate Governance, is annexed herewith.

### MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report contains a separate section on Management Discussion and Analysis which is a part of the Directors' Report.

### INDUSTRIAL RELATIONS

Your Company continued to enjoy cordial and smooth relations amongst all its employees at Dahej and Kochi terminals.



Employees working in Control Room at Dahej Terminal.

### RISK MANAGEMENT POLICY

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

### DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Board of Directors of the Company has approved the Vigil Mechanism in terms of provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and employees of the Company to report, to the management, concerns about unethical behavior, actual or suspected fraud or violation of the policy. The same has also been hosted on the website of the Company. During the year ended 31<sup>st</sup> March, 2016 no complaint has been received under Vigil Mechanism.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the Company for that period;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 are 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.

#### **DEPOSITS**

During the year, your Company did not accept any deposits from the public under Section 73 of the Companies Act, 2013.

#### **STATUTORY AUDITORS**

M/s T. R. Chadha & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting (AGM) of your Company and being eligible, offer themselves for re-appointment. The re-appointment, if made, for the financial year 2016-17, will have to be approved by Ordinary Resolution as required under Section 139 of the Companies Act, 2013.

#### **AUDITORS' REPORT**

Auditor has submitted an unqualified report for the financial year 2015-16.

#### **COST AUDITOR**

The Board of Directors has appointed M/s K. L. Jaisingh & Co. as the Cost Auditor of the Company for the Financial Year 2016-17.

The Cost Audit Report for the year 2014-15 has been filed under XBRL mode on 6<sup>th</sup> October, 2015.

#### **ACKNOWLEDGEMENTS**

The Board of Directors sincerely thanks and wishes to place on record its appreciation of the Ministry of Petroleum and Natural Gas, Government of India, State Governments of Gujarat and Kerala, Promoters of the Company, Engie (erstwhile GDF Suez), RasGas, Exxon Mobil and other LNG suppliers, gas off-takers and consumers of re-gasified LNG, Auditors, Lenders and the Employees of the Company for their whole-hearted co-operation and unstinted support. The Directors want to express their deep-felt thanks and best wishes to all the Shareholders for the continued support and the trust they have reposed in the Management. The Directors look forward to a better future and further growth of your Company.

**For and on behalf of the Board of Directors**



**Place :** New Delhi

**Date :** 19th August, 2016

(K.D. Tripathi)  
Chairman



**PETRONET LNG LIMITED****Annexure A****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31<sup>st</sup> March, 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	<b>CIN</b>	L74899DL1998PLC093073
ii	<b>Registration Date</b>	2 <sup>nd</sup> April, 1998
iii	<b>Name of the Company</b>	Petronet LNG Limited
iv	<b>Category / Sub-Category of the Company</b>	Company Limited by Shares
v	<b>Address of the Registered office and contact details</b>	World Trade Centre, First Floor, Babar Road, Barakhamba Lane, New Delhi - 110001  Tel : 011-23472527 Fax : 011-23472550 Email : kcsharma@petronetlng.com
vi	<b>Whether Listed Company Yes / No</b>	Yes
vii	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	M/s Karvy Computershare Pvt. Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032  Tele: 040- 67162222 Fax: 040- 23420814 Toll Free No.:1800-345-4001 Email: inward@karvy.com

**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:-

<b>S. No.</b>	<b>Name and Description of Main Products / Services</b>	<b>NIC Code of the Product/ Service</b>	<b>% to Total Turnover of the Company</b>
1.	Sale of RLNG	1110	96.74%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

<b>S. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of Shares held</b>	<b>Applicable Section</b>
1.	Adani Petronet (Dahej) Port Pvt. Ltd.	U63012GJ2003PTC041919	Associate	26%	2(6)

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

##### i) Category-wise Share Holding

Category code	Category of Shareholder	No. of Shares held as on 31 <sup>st</sup> March, 2016			No. of Shares held as on 31 <sup>st</sup> March, 2015			% Change during the year (XI)	
		Demat	Physical	Total	% of Total Shares (VI)	Demat	Physical		Total
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(A)	Promoter and promoter group								
(1)	Indian								
(a)	Individual /HUF	0	0	0	0	0	0	0	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00
(c)	Bodies Corporate	375000000	0	375000000	50.00	375000000	0	375000000	50.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(1) :	375000000	0	375000000	50.00	375000000	0	375000000	50.00
(2)	Foreign								
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00
	Total A=A(1)+A(2)	375000000	0	375000000	50.00	375000000	0	375000000	50.00
(B)	Public Shareholding								
(1)	Institutions								
(a)	Mutual Funds /UTI	45793438	0	45793438	6.11	32487097	0	32487097	4.33
(b)	Financial Institutions /Banks	135925	0	135925	0.02	66703	0	66703	0.01
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00
(f)	Foreign Institutional Investors	161706752	0	161706752	21.56	169790908	0	169790908	22.64
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total B(1) :	207636115	0	207636115	27.68	20344708	0	20344708	26.98
									0.70



**PETRONET LNG LIMITED**

Category code	Category of Shareholder	No. of Shares held as on 31 <sup>st</sup> March, 2016				No. of Shares held as on 31 <sup>st</sup> March, 2015				% Change during the year (XI)
		Demat	Physical	Total	% of Total Shares (VI)	Demat	Physical	Total	% of Total Shares (X)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(2)	Non-Institutions									
(a)	Bodies Corporate	12171163	1	12171164	1.62	9314060	1	9314061	1.24	0.38
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	67906700	62132	67968832	9.06	75632840	64132	75696972	10.09	-1.03
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	6388714	0	6388714	0.85	8256537	0	8256537	1.10	-0.25
(c)	Others - NBFC	64645	0	64645	0.01	0	0	0	0.00	0.01
	Clearing Members	3267531	0	3267531	0.44	240027	0	240027	0.03	0.41
	Non Resident Indians	2219236	0	2219236	0.44	2772542	105000	2877542	0.38	-0.06
	Overseas Corporate Bodies	0	75000000	75000000	10.00	0	75000000	75000000	10.00	0.00
	Trusts	178807	0	178807	0.02	1270197	0	1270197	0.17	-0.15
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>92196796</b>	<b>75167133</b>	<b>167363929</b>	<b>22.32</b>	<b>97486203</b>	<b>75169133</b>	<b>172655336</b>	<b>23.02</b>	<b>-0.70</b>
	<b>Total B=B(1)+B(2) :</b>	<b>299832911</b>	<b>75167133</b>	<b>375000044</b>	<b>50.00</b>	<b>299830911</b>	<b>75169133</b>	<b>375000044</b>	<b>50.00</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>674832911</b>	<b>75167133</b>	<b>750000044</b>	<b>100.00</b>	<b>674830911</b>	<b>75169133</b>	<b>750000044</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand total (a+b+c) :</b>	<b>674832911</b>	<b>75167133</b>	<b>750000044</b>	<b>100.00</b>	<b>674830911</b>	<b>75169133</b>	<b>750000044</b>	<b>100.00</b>	

## ii) Shareholding of Promoters

S. No.	Shareholder's Name	No. of Shares held as on 1 <sup>st</sup> April, 2015			No. of Shares held as on 31st March, 2016			% 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.	Indian Oil Corporation Limited	9,37,50,000	12.50	-	9,37,50,000	12.50	-	NIL
2.	Bharat Petroleum Corporation Ltd	9,37,50,000	12.50	-	9,37,50,000	12.50	-	NIL
3.	Gail (India) Limited	9,37,50,000	12.50	-	9,37,50,000	12.50	-	NIL
4.	Oil and Natural Gas Corporation Limited	9,37,50,000	12.50	-	9,37,50,000	12.50	-	NIL
	<b>Total</b>	<b>37,50,00,000</b>	<b>50.00</b>	<b>-</b>	<b>37,50,00,000</b>	<b>50.00</b>	<b>-</b>	

## iii) Change in Promoters' Shareholding ( please specify, if there is no change)

There is no change in Promoters' Shareholding.

## iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

S. No.	Name of the Share Holder	Shareholding at the beginning of the year (April 1, 2015)		Shareholding at the end of the year (March 31, 2016)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	GDF International*	7,50,00,000	10.00	7,50,00,000	10.00
2	T. Rowe Price International Growth and Income Fund*	2,57,16,449	3.43	2,71,25,383	3.62
3	Government Pension Fund Global*	2,48,85,247	3.32	1,47,28,406	1.96
4	Franklin Templeton Investment Funds#	1,09,34,992	1.46	0	0.00
5	Smallcap World Fund Inc*	1,04,60,000	1.39	1,04,60,000	1.39
6	CLSA (Mauritius) #	90,10,479	1.20	0	0.00
7	Fidelity Investment Trust Fidelity Series Emerging*	71,92,069	0.96	73,77,096	0.98
8	ICICI Prudential Value Discovery Fund*	67,15,637	0.90	67,15,637	0.90
9	Db International (Asia) Ltd#	48,30,802	0.64	19,34,241	0.26



**PETRONET LNG LIMITED**

S. No.	Name of the Share Holder	Shareholding at the beginning of the year (April 1, 2015)		Shareholding at the end of the year (March 31, 2016)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
10	Swiss Finance Corporation (Mauritius) Limited*	39,60,487	0.53	51,13,406	0.68
11	Fil Investments(Mauritius)Ltd @	28,49,108	0.38	44,65,587	0.60
12	Credit Suisse (Singapore) Limited @	17,29,301	0.23	45,07,437	0.60
13	HDFC Trustee Company Ltd @	0	0.00	50,95,000	0.68

\* Common top 10 shareholders as on 1<sup>st</sup> April, 2015 and as on 31<sup>st</sup> March, 2016.

# Top 10 shareholders as on 1<sup>st</sup> April, 2015.

@ Top 10 shareholders as on 31<sup>st</sup> March, 2016.

**v) Shareholding of Directors and Key Managerial Personnel:**

S.No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2015)		Shareholding at the end of the year (March 31, 2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri R. K. Garg (KMP)	5300	0.00071	5300	0.00071
2	Shri Subir Purkaystha	100	0.00001	100	0.00001

**V. INDEBTEDNESS**

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

₹ In Lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,35,411	1,30,000	Nil	2,65,411
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	33	5,832	Nil	5,865
<b>Total (i+ii+iii)</b>	<b>1,35,444</b>	<b>1,35,832</b>	<b>Nil</b>	<b>2,71,276</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	Nil	Nil	Nil	Nil
• Reduction	(28,027)	Nil	Nil	(28,027)
<b>Net Change</b>	<b>(28,027)</b>	<b>Nil</b>	<b>Nil</b>	<b>(28,027)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,07,384	1,30,000	Nil	2,37,384

₹ In Lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	26	5,857	Nil	5,882
<b>Total (i+ii+iii)</b>	<b>1,07,410</b>	<b>1,35,857</b>	<b>Nil</b>	<b>2,43,266</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTM/ Manager					Total Amount
		Prabhat Singh	Dr. A. K. Balyan	R. K. Garg	Rajender Singh	K. C. Sharma	
		MD & CEO and KMP w.e.f. 14 <sup>th</sup> September, 2015	MD & CEO and KMP Upto 15 <sup>th</sup> July, 2015	Director and KMP	Director	Company Secretary & KMP	
1.	Gross salary	28,27,868	55,15,063	50,77,131	47,71,831	33,00,272	<b>2,14,92,165</b>
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,98,536	13,54,879	7,15,276	7,87,272	5,01,500	<b>37,57,463</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission Payable	8,21,918	4,31,507	15,00,000	15,00,000	-	<b>42,53,425</b>
5.	Others, please specify	-	-	-	-	-	-
	<b>Total</b>	<b>40,48,322</b>	<b>73,01,449</b>	<b>72,92,407</b>	<b>70,59,103</b>	<b>38,01,772</b>	<b>2,95,03,053</b>
	Ceiling as per the Act*						

\* The remuneration is well within the limits prescribed under the Companies Act, 2013.



**PETRONET LNG LIMITED**
**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount
Independent Directors	Arun Kumar Misra	Sushil Kumar Gupta	Jyoti Kiran Sukla	
• Fee for attending board / committee meetings	4,60,000	4,40,000	2,00,000	<b>11,00,000</b>
• Commission	5,00,000	5,00,000	5,00,000	<b>15,00,000</b>
• Others, please specify	-	-	-	-
<b>Total (1)</b>				
<b>Other Non-Executive Directors</b>				
• Fee for attending board/ committee meetings	-	-	-	-
• Commission	-	-	-	-
• Others, please specify	-	-	-	-
<b>Total (2)</b>	-	-	-	-
<b>Total (B)=(1+2)</b>	-	-	-	-
Total Managerial Remuneration	-	-	-	-
Overall Ceiling as per the Act*				

\* The remuneration is well within the limits prescribed under the Companies Act, 2013.

\*\* Sitting fee pertaining to Nominee Directors has been paid to their respective Organisation.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**
**NIL**

**ANNEXURE B**

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

[Pursuant to Clause (o) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

**1. A brief outline of the Company's CSR 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.**

Petronet Limited Ltd., as a responsible Corporate has been undertaking Socio-Economic Development Projects/ Programs and also supplementing the efforts of the local institutions/NGOs/local Government/implementing agencies in the field of Education, Healthcare, Community Development, Entrepreneurship etc. to meet priority needs of the marginalized and underserved communities with the aim to help them become self-reliant. These efforts are being undertaken preferably in the local area and areas around our work centers/ project sites.

CSR Project or Programs undertaken are as per the list of activities specified in Schedule VII of the Companies Act 2013, and amendments thereof. The website of the Company is [www.petronetlng.com](http://www.petronetlng.com).

2. The Composition of the CSR Committee : Shri Arun Kumar Misra, Chairman - Independent Director, Shri Prabhat Singh - M.D. & CEO, Shri Sushil Kumar Gupta- Independent Director, Shri R.K. Garg - Director (Finance), Shri Rajender Singh – Director (Technical).
3. Average net profit of the Company for last three financial years : ₹ 1,253.30 crore
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 25.06 crore
5. Details of CSR spent during the financial year: ₹ 5.96 crore
  - (a) Total amount to be spent for the financial year : ₹ 25.06 crore
  - (b) Amount unspent, if any : ₹ 19.10 crore
  - (c) Manner in which the amount spent during the financial year is detailed below.

Details attached at **Annexure - 1**.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.
  - (i) In terms of provisions of the Companies Act 2013 the amount of ₹25.06 Crore is required to be spent on CSR activities. However, only ₹5.96 Crore was utilized on account of various CSR activities during the financial year. The guidelines for the expenditure on CSR activities are fairly recent and the Company had been transitioning and undertaking some CSR projects/activities which lead to lower expenditure. The Company has already identified and positioned people to ensure that CSR areas receive its due attention and form a strong basis for its effectiveness.
  - (ii) The Company has been finalizing short term, medium term and long term CSR strategies to channelize the resources in a manner so as to drive maximum socio-economic impact from the targeted approach. The Company is designing integrated framework for the development, implementation, monitoring and impact assessment of CSR Projects/Programs to contribute to the sustainable development of the society and the environment.
  - (iii) The Company has already identified several projects in the areas of health care, education, environment sustainability, river surface cleanliness, sanitation, swachh Bharat etc. where Company will spend CSR budget in a progressive manner.
7. 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.

The CSR projects/activities are being implemented and monitored in compliance with the CSR Policy of the Company.

**Sd/-**  
**(Managing Director & CEO)**

**Sd/-**  
**(Chairman, CSR Committee)**



**PETRONET LNG LIMITED**
**Details of CSR Expenditure incurred during 2015-16**

S. No.	CSR Project or Activity Identified	Sector in which Project is covered	Projects or Programs (1) Local Area or other (2) Specify the State and District where Projects or Programs undertaken	Amount spent on the Project or Programs ₹ in Lac	Amount spent : Direct or through Implementing Agency
1	Infrastructure upgradation of schools, Education for specially challenged children, BPL students, Skill development with assured employment, educational lab equipments, computer peripheral repairs/ internet connection to schools	Promoting education/ enhancing vocational skills/ livelihood enhancing projects	Luvara, Lakhigam, Dahej, Ambheta, Jageshwar, Vagra Taluka, Distt. Bharuch Por, Vadodara, Lakarpur (Faridabad), Dehradun, Faridabad, Delhi, Vypeen, Ernakulam	56	Direct, Centum Foundation, Elamkunnappuzha Gram Panchayat through District Collector, IL &FS, M/s. Luminous Infoways Pvt. Ltd, Yuva Bharat Rachnatmak Yahini, Deserving Students Support Society, Social Empowerment & Economic Development Society, District Collector
2	Tree / mangrove plantation, Solar lights, Water harvesting, Cleanliness drive	Ensuring Environment Sustainability	Kantiyajal, Luvara, Ambheta, Lakhigam, Ambheta, Jageshwar Distt. Bharuch	23	Direct
3	Promotion of sports & Art	Promotion of Rural Sports	Kottayam	2	Direct, Kotayam West Club
4	Medical equipments for Civil Hospital, Bharuch and Primary Health Centres, Luvara and its operation by PLL, Supply of potable water and packed lunch to drought hit areas, Construction of toilets blocks in schools, Garbage Collection Vehicles	Eradicating hunger, poverty, malnutrition, Promoting Preventive Healthcare and sanitation	Luvara, Jageshwar, Ambheta, Lakhigam, Taluka Vagra Distt. Bharuch, Jaghdiya Dist. Bharuch, Tahirpur (Delhi), Sitapur (U.P), Nand Nagari (Delhi), Tahirpur (Delhi), Ernakulam - Vazhakula, Anandamkudi, Anjikudi, Elamblassery, Medanapara, Talavalichipara, Kunjipara, Meenukulam, Poikattuserry, Chengamanad, 15 District of Assam - Baksa, Barpeta, Bongaigaon, Chirang, Darrang, Dhubri, Dibrugarh, Golaghat, Kamrup-Rural, Karbianglong, Lakhimpur, Nagaon, Nalbari, Sivasagar	298	Direct, Anugraha Drishtidaan, Rogi Kalyan Samiti, Bluefrog Mobile Technologies Pvt. Ltd., Wockhardt Foundation, Inner Wheel Club of Parur, Rashtriya Madhyamik Siksha Abhijan (Assam)
5	Enhancement of road infrastucture, Housing for homeless tribes	Rural Development Projects	Elmkunnappuzha Gram Panchayat, Ernakulam, Lakhigam Village, Dahej, Bharuch	217	Direct, Elamkunnappuzha Gram Panchayat through District Collector, Direct through Lakhigam Panchayat
	<b>Total</b>			<b>596</b>	

**ANNEXURE C**
**Form No. AOC-2**

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 arms length transactions under third proviso thereto

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

None

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

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

Name of Related Party	Nature of Relationship
Bharat Petroleum Corporation Limited	Promoter
GAIL (India) Limited	Promoter
Indian Oil Corporation Limited	Promoter
Oil and Natural gas Corporation Ltd.	Promoter

**(b) Nature of contracts/arrangements/transactions**

Sale of LNG/RLNG/Regasification Services, other services etc.

**(c) Duration of the contracts/arrangements/transactions**

Long term, Short Term and spot basis.

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

Long Term Sale Contract are materially back to back in terms of quantity, price etc. with long-term LNG Purchase Contract. In addition, Petronet provides Regasification services on long term commitment basis, Spot/Short Term, sale and service, which are based on market prices on arms length basis.

**(e) Date(s) of approval by the Board, if any:**

10th December, 2015

**(f) Amount paid as advances, if any**

Nil

**For & on behalf of the Board of Directors**

**Place:** New Delhi  
**Date :** 19th August, 2016

**Sd/-**  
**(R. K. Garg)**  
**Director (Finance)**

**Sd/-**  
**(Prabhat Singh)**  
**Managing Director & CEO**



## PETRONET LNG LIMITED

## ANNEXURE D

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 AND READ WITH RULE NO. 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Name of the Employee S/Sh	Remuneration Received in ₹	Nature of Employment whether Permanent or Contractual	Whether such and Employee is a Relative of any Director of the Company	Designation	Qualification & Experience of the Employee	Date of Commencement Employment	Age of the Employee	% of Equity Shares held i.e. 2% and above of Paid up Share Capital	The Last Employment held by such Employee before Joining the Company
Prabhat Singh*	43,36,388	Contractual (Five years w.e.f. 14th September, 2015)	No	MD & CEO	B.Tech. (IIT, Kanpur) Exp. – 36 years.	14 <sup>th</sup> September, 2015	59	No	GAIL (India) Ltd.
A. K. Balyan**	75,18,231	Contractual (Five years w.e.f. 16th July, 2010)	No	MD & CEO	Ph. D. (Germany), M. Tech., IIT, Delhi Exp. – 43 years.	16 <sup>th</sup> July, 2010	65	No	ONGC Ltd.
R. K. Garg	76,72,645	Contractual (Five years w.e.f. 20th July, 2011)	No	Director (Finance)	Chartered Accountant and Company Secretary Exp. – 37 years.	27 <sup>th</sup> September, 2001	60	No	Steel Authority of India Ltd.
Rajender Singh	74,11,175	Contractual (Five years w.e.f. 14 <sup>th</sup> November, 2012)	No	Director (Technical)	B.Sc. (Engineering) - Civil Exp. – 35 years.	10 <sup>th</sup> March, 2006	56	No	ONGC Ltd.
Pushp Khetarpal	58,25,869	Permanent	No	President (O & M)	B.E. (Chemical) Exp. – 34 years.	22 <sup>nd</sup> February, 2007	56	No	Kribhco Shyam Fertilizers

Name of the Employee S/Sh	Remuneration Received in ₹	Nature of Employment whether Permanent or Contractual	Whether such and Employee is a Relative of any Director of the Company	Designation	Qualification & Experience of the Employee	Date of Commencement Employment	Age of the Employee	% of Equity Shares held i.e. 2% and above of Paid up Share Capital	The Last Employment held by such Employee before Joining the Company
Avnit Kumar Chopra	53,09,712	Permanent	No	Sr. VP (HR & CC)	MBA, LLB Exp. – 35 years.	1 <sup>st</sup> September, 2006	57	No	IOCL
Rajeev Agrawal	52,46,402	Permanent	No	President (Projects)	B.E. (Mechanical) Exp. – 31 years.	30 <sup>th</sup> April, 2012	55	No	ONGC
Sanjay Gupta	50,94,857	Permanent	No	Sr. VP (Shipping)	Master F.G. Exp. – 37 years.	1 <sup>st</sup> December, 2006	56	No	The Shipping Corp. Of India
Samar Bahadur Singh	46,53,201	Permanent	No	VP (Plant Head), Dahej	B.E. (Chemical) Exp. – 28 years.	19 <sup>th</sup> March, 2003	52	No	Indo Gulf Fertilizers Limited
Sudarshan Baitalik	44,44,058	Permanent	No	VP (Projects), Dahej	AMIE (Chemical) Exp. – 39 years.	22 <sup>nd</sup> March, 2003	59	No	Reliance Industries Ltd

\* Shri Prabhat Singh was partly employed during the year as he took over as Managing Director & CEO on 14th September, 2015.

\*\*Dr. A. K. Balyan was partly employed during the year as he superannuated on 15<sup>th</sup> July, 2015, therefore, the remuneration includes Superannuation Benefits i.e. Gratuity and Leave Encashment of ₹ 25,84,960/-.

**Note** – No employee of the Company was in receipt of remuneration of ₹ 8.50 Lakh per month or ₹ 1.02 Crore per annum.



**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016**

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

To,

The Members of

Petronet LNG Limited.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Petronet LNG Limited (CIN: L74899DL1998PLC093073)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Petronet LNG Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31<sup>st</sup> March, 2016** complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Petronet LNG Limited for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (d) 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;
    - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009\*;

- (g) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014\*;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*.

\*SEBI Regulations listed at sub-Para (v) Sl. Nos. (f), (g), (h) and (i) above are not applicable, as there were no corporate decisions/actions attracting these regulations.

(vi) Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(vii) The Other Laws applicable specifically to the Company are:

- (a) The Explosives Act, 1884
- (b) Petroleum and Natural Gas Regulatory Board Act, 2006
- (c) The Petroleum Act, 1934
- (d) The Oil Industry (Development) Act, 1974
- (e) Indian Boilers Act, 1923.
- (f) The Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976
- (g) Merchant Shipping Act, 1983
- (h) The Electricity Act, 2003
- (i) Essential Commodities Act, 1955

2. We have also examined the compliances with the applicable Regulations/Standards of the following:

- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (ii) Secretarial Standards issued by the Institute of Company Secretaries of India.

3. 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:

- (a) The requirement of Section 149(4) of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not met as regards Independent Directors. The composition of the Board should comprise of 5 Independent Directors as against the number of 3 for the financial year 2015-16.
- (b) The Company spent ₹ 5.96 crore as against the eligible amount of ₹ 25.06 crore on Corporate Social Responsibility measures during the year 2015-16.

4. We further report that:

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

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

Majority decision is carried through while dissenting members' views are captured and recorded as part of the minutes.

5. We 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.



## PETRONET LNG LIMITED

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6. We further report that during the audit period, no major decisions having a bearing on Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines were taken by the members except the following:
- (i) Approval through Postal Ballot for amendment of the main Objects Clause of the Memorandum of Association of the Company;
  - (ii) Approval for increase in the limit for FIIs shareholding from 24% up to aggregate sector cap/statutory ceiling of 30% of the paid up equity of the Company in accordance with the provisions of Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable Acts, Regulations/Rules/Directions (including any statutory modifications or enactment thereof from time to time).

This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

For A.N.Kukreja & Co  
Company Secretaries

Sd/-  
(A.N.Kukreja)  
Proprietor  
FCS 1070; CP 2318.

Place: New Delhi

Date: 11th August, 2016

Annexure 'A'

To,  
The Members of  
Petronet LNG Limited

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

For A.N. Kukreja & Co.  
Company Secretaries

Sd/-  
A.N. Kukreja  
(Proprietor)  
FCS 1070; CP 2318

Place: New Delhi

Date: 11th August, 2016



**PETRONET LNG LIMITED****ANNEXURE F****DISCLOSURES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013**

- (i) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;**

S. No.	Name	Ratio
1	Dr. A. K. Balyan (upto 15 <sup>th</sup> July, 2015)	6.4:1
2	Shri Prabhat Singh (w.e.f. 14 <sup>th</sup> September, 2015)	3.7:1
3	Shri R. K. Garg	6.5:1
4	Shri Rajender Singh	6.3:1

- (ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

The percentage increase in remuneration of each Whole Time Director, CFO, CEO and Company Secretary ranges between 11% to 20%.

- (iii) **The percentage increase in the median remuneration of employees in the financial year;**

The percentage increase in the median remuneration of the employees in the Financial Year is around 19.3%, excluding the remuneration paid to the three Whole Time Directors.

- (iv) **The number of permanent employees on the rolls of Company;**

The total number of employees on the rolls of the Company as on 31<sup>st</sup> March, 2016 was 466 excluding three Whole Time Directors.

- (v) **Average percentile increase in the salaries of employees and its comparison with the percentile increase in the managerial remuneration;**

- Average percentage increase in remuneration of Key Managerial Personnel during the Financial Year has been in the range of 11% to 20%.
- Average percentage increase in remuneration of all employees other than Key Managerial Personnel has been around 17.8%.

Every year, Company grants to each employee, including the three Whole Time Directors, an annual increment of 5% on the basic salary. However, the average change in remuneration on all active employees is higher due to increase in the compensation to all the employees w.e.f. 1<sup>st</sup> April, 2015.

- (vi) **Affirmation that the remuneration is as per the remuneration policy of the company.**

The remuneration to all the employees is as per the remuneration policy of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### World LNG Market: 2015

#### Overview

#### Role of Natural Gas in energy consumption

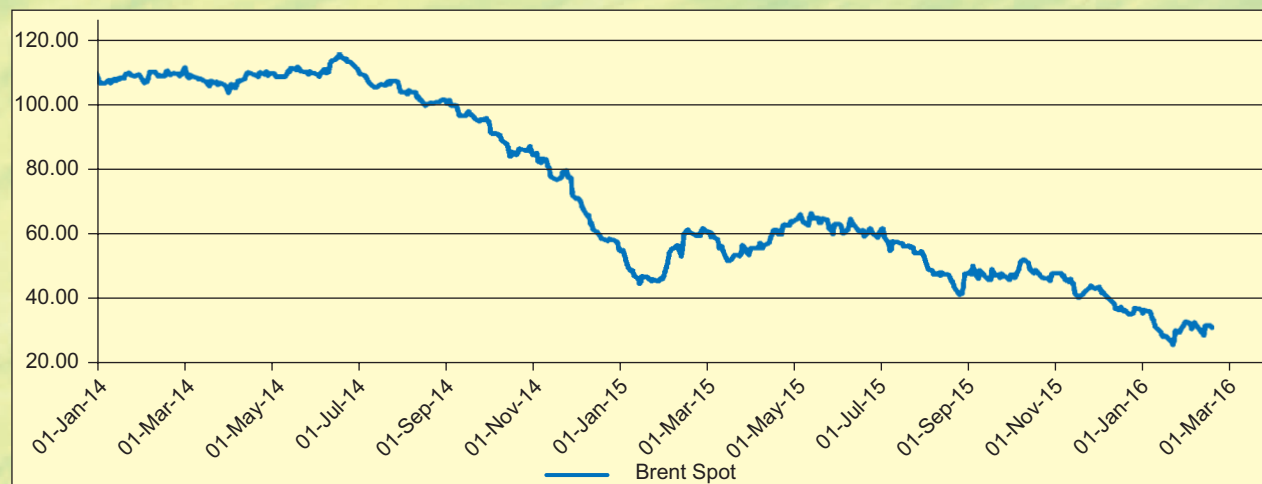
Globally natural gas consumption remains steady at about 24% of primary energy consumption from 2014, however, in India it has declined from 7.8% in 2014 to 7.1% in 2015. The main reason for this decline was contraction of domestic gas production due to no new discoveries coming online and aging gas fields going through a declining production profile and low imports of long term LNG. As the Indian economy grows steadily above 7% per annum and is predicted to continue growing above the 7% level for the next few years, energy consumption as a consequence will keep rising. This, therefore, leaves a huge scope for gas use in the country and if the Paris Agreement to limit green house gases is ratified then increasing the use of natural gas in the primary energy mix in India at large will become even more essential.

Globally oil and coal's share of the primary energy consumption is above 60% and that needs to be reduced in order to reign in carbon and emissions of other pollutants.

This is where renewable energy will have to play a vital role, but it will have to be developed and supplemented with natural gas. This is due to the very nature of renewable energy sources like solar and wind energy, which have intermittent supply due to weather conditions and back up will be required to insure continuous supply of power. Gas based generation with quick start up and shut down ability will be ideal for filling in the gaps left by the intermittent renewable energy supply system. Gas as an industrial fuel will also help to reduce emissions as compared to liquid fuels and the carbon foot print of industrial activity.

It is not only the LNG industry which has been undergoing a dramatic change due to the rapid development of shale assets in the US, the oil industry has also been impacted as shale oil production has also increased dramatically. According to the IEA, 4.3 million barrels a day of shale oil was produced in 2015, which was 10 times the level seen in 2010. That sudden ramp up in production has been cited as the biggest single supply-side contributor to the crude glut plaguing the market. In 2015 US total oil production from conventional and non conventional was 9.4 million bbl/day and overtook Russia as the biggest oil and natural-gas producer in the world.

#### 2015: Plunging oil price



Source EIA

#### Oil's Supply Demand Balance

The above graph shows oil reaching highs of \$115/bbl in June of 2014 to below \$30/bbl in January 2016. In 2016, it is unlikely that Europe will repeat its relatively strong oil-demand growth as it had in 2015. Higher fuel efficiency standards in US and reduction of subsidies in the Middle East as oil revenue declines, will also add to constraining demand.

#### Review of Global LNG Supply in 2015

LNG supply during 2015 had grown and production reached 250 mmtpa, a 4 mmtpa increase over 2014.

In 2015, the declines were offset with new supplies which came from countries like Australia, Indonesia and ramp up by existing projects like PNG LNG and increased supply from Qatari LNG projects. Australia has two coal seam



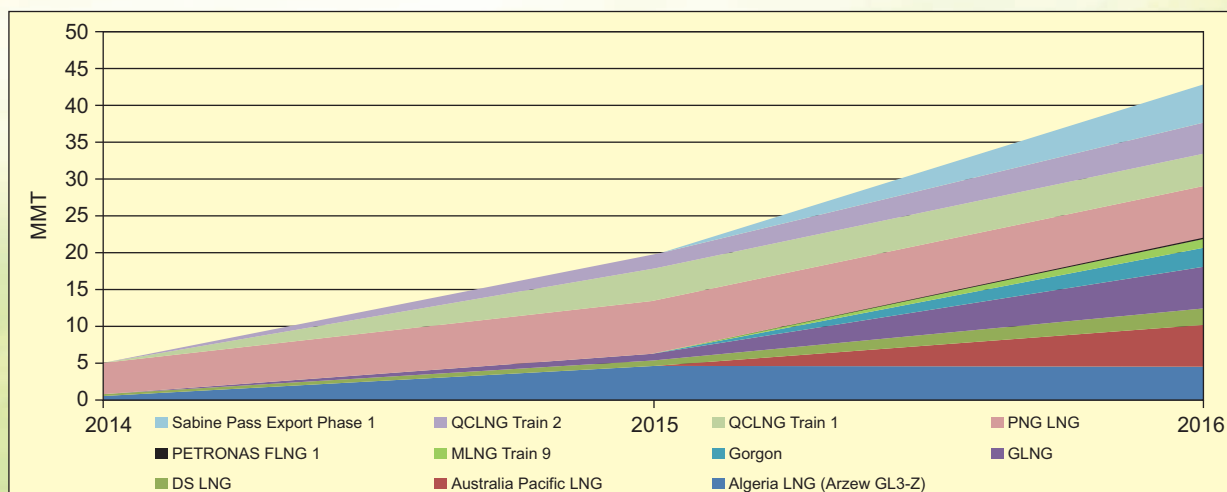
## PETRONET LNG LIMITED

gas to LNG projects - QCLNG and GLNG, which were commissioned in January and August, 2015, respectively, increasing Australia's export by 6.5 mmtpa from 24 mmtpa to 31 mmtpa.

The first LNG cargo from the LNG export facility in Sabine Pass has been exported to Petrobras in Brazil LNG in February 2016 and marks the beginning of US LNG exports which will be a game changer in the LNG industry.

It is US LNG exports linkage to the Henry Hub that led buyers to demand that LNG pricing be linked to gas hubs by other LNG exporting country or to adopt a hybrid pricing system, which is a mixture of oil and gas hub linked pricing. As oil prices have dropped to all time lows, gas hub pricing now has lost its appeal and there is a concern that gas hub based pricing may not remain competitive to oil linked LNG prices.

**Cumulative Additional LNG Output from New Supply Projects Starting up Since End 2014**



Source Wood Mac LNG Tool

These new projects were sanctioned in a much higher oil price environment and the decline in oil prices may result in reduced production rates. This applies to projects with relatively higher operating costs such as eastern Australian coal-seam-gas-to-LNG projects (QCLNG, APLNG, and GLNG) and US projects which have the flexibility of not producing LNG without onerous penalties being applied. The ramp-up of new projects that started-up since end 2014, including the start-up of new projects in 2016, will add almost 43 mmt of new LNG into the market over the course of 2016.

It can be seen from the developments on the LNG supply side that more than sufficient LNG will be entering the market in spite of low oil prices.

### Global LNG Demand: 2015

#### LNG Market in Decline

The main buyers of LNG in the world have been Japan and South Korea, but their share in the LNG world trade has been steadily declining as more buyers enter the market and their own LNG demand has declined in the past few

years, due to sluggish economic growth and low power and industrial demand. Also, an increased dependency on coal for power generation for cost reasons also further depressed LNG imports.

In Japan, due to restarts of nuclear power plants ( two nuclear reactors at Sendai in August and November have been restarted in 2015) coupled with economic stagnation and growing renewable power generation like solar, has led to a 4% year on year decline in demand to 85 mmtpa. While the South Korean LNG demand also declined sharply falling 11% to 33 mmtpa, due to weaker power demand overall, but also because of stronger nuclear and coal power output.

While markets which traditionally have recorded strong growth in LNG demand like China, are now facing a slowing in LNG demand growth. China's economy is now shifting into a more moderate rate of economic growth where demand for commodities will slow down. Additionally as oil prices touched record lows in 2015, liquid fuel prices become competitive with domestic gas prices in China leading to lower gas consumption.

### LNG imports 2015 vs 2014 in key markets



### Emerging Markets

As the traditional markets in Asia faced declining imports, new markets opened up in 2015 to offset some of the contraction in LNG trade. Three countries – Egypt, Jordan and Pakistan started importing LNG in the first half of 2015 via FSRU ships.

A forth new buyer, Poland, joined at the end of 2015 and imported its first LNG cargo, a commissioning cargo, from Qatar gas into the Polskie LNG terminal.

In 2015, Egypt, Jordan and Pakistan awarded more than 350 cargoes which amount to just less than 20 MMT for delivery through 2020. Pricing was indexed to Brent crude oil ranging from high 12% to low 14%.

Meanwhile demand from South America has remained robust and LNG imports were estimated to be 21 MMT in 2015. Brazil experienced a drought that saw water levels in its dams decline which caused hydro power generation to fall, thereby increasing the demand for power from for gas based power plants. This resulted in demand from more LNG to fuel the gas based power capacity. Argentina LNG imports were in line with its yearly import profile, peaking in mid-2015 as power demand increased due to cooler temperatures resulting in increased demand for LNG.

In Europe, the UK's LNG imports grew by 1.8 mmt from 2014, mainly because of un-contracted LNG volumes from

Qatar which were diverted from Asia into Europe, following weak demand in Asia.

### Global LNG Trade: 2015

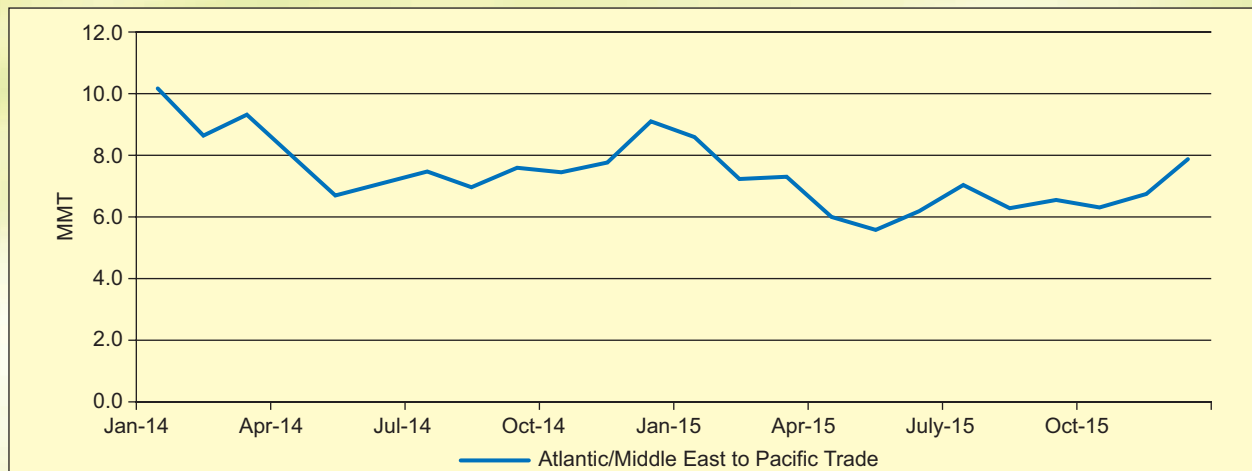
Generally Asian markets, due to high demand and lack of piped gas supply as well as limited or no domestic production, specially in the North East Asian countries like Japan and South Korea, always paid a premium as compared to their European counterparts who had the advantage of domestic as well as piped gas imports from gas rich countries like Russia. But as the market turned surplus and traditional center of LNG demand (Japan, South Korea and China) faced a contraction in demand, leading to the spread between the Asian LNG price and European Gas Hub prices to decline and with new LNG projects in the Asia Pacific Basin supplying additional volumes from Australian as well as Papua New Guinea in 2015, European LNG exports to Asia Pacific got displaced and stayed in Europe. As a consequence there was a reduction in 2015 as compared to 2014 in cross basin trade. The table below shows the decline in the intra-basin trade from above 10 MMT in January 2014 to below 8 MMT in December 2015.

European imports for 2015 were up by 14% to 37 mmt from 2014. This was due to high level of LNG imports to Europe in the first half of 2015. Main areas for rise in imports



## PETRONET LNG LIMITED

### Atlantic/Middle East to Asia LNG trade 2014 vs 2015



were the North Western European LNG importers and UK markets, coupled with a decline of re-exports from Spain which kept the imported LNG in Europe as intra-basin trade was down.

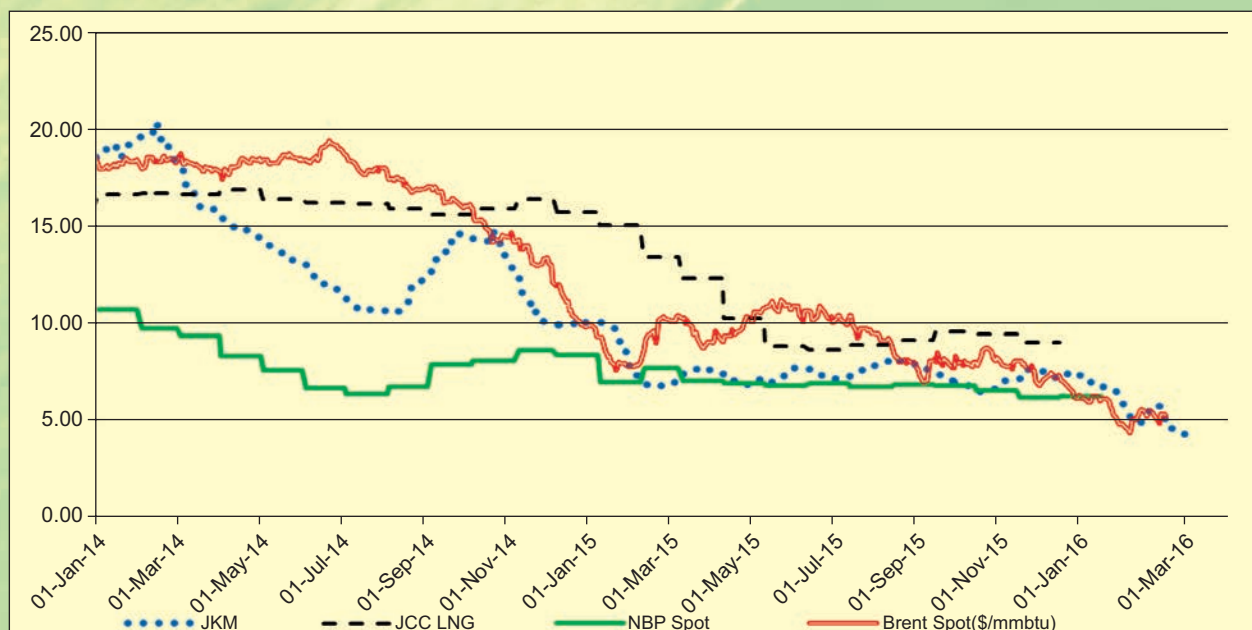
In the absence of demand from these traditional markets, suppliers looked towards marketing spot/short-term

volumes into emerging markets like Egypt, Pakistan, India, Brazil, Argentina and in Europe.

As mentioned before, weak global demand for oil and increased shale oil supply from the US as well Saudi Arabia's refusal to give up market share and trying to drive out US shale oil producers by pulling prices down, led to oil prices

### Global LNG Price: 2015

### Oil and Gas/LNG Prices 2014 to 2015/16



falling from about \$55/bbl at the start of 2015 to below \$40/bbl by December 2015. In 2016 the downward trajectory of oil continued as it fell below \$30/bbl. This decline in prices in 2015 pales in comparison to the 40% fall in the Brent spot prices in 2014 from \$100/bbl to \$60/bbl.

Sluggish demand and oversupply led to decline in LNG prices especially spot, as it is more dependent on demand and supply fundamentals in the market as compared to long term LNG contracts which are linked to lagged oil prices and cannot respond to immediate market changes. If spot prices drop in response to ongoing market events, the long term prices will take time to respond depending on the pricing formula. The Platts JKM marker which assesses the spot prices in the North East Asian which is still the largest import market in the world for LNG volumes, showed a precipitous decline in prices from January 2014 when it was about \$18/mmbtu to beginning of 2015 when it was about \$10/mmbtu. By end 2015 it was between the \$6 to \$7/mmbtu range and in March of 2016 fell further to \$4.25/mmbtu. Low spot prices in North East Asia also depressed intra-basin trade from the Atlantic to the Pacific as reloads and other cargo diversions were not as profitable for traders as before. Additionally crude oil prices like Brent were declining to such low levels that the spread between Asian LNG spot prices and crude oil narrowed and low oil prices became the upper limit that spot LNG prices could rise to. Since 2014 buyers have begun to ask for lower slopes in long term contracts with linkage to oil and in some cases it is reported that Buyers have asked for slopes ranging between 12 to 13%.

### Global Outlook: 2016 And Beyond

In 2016, on the demand side, the main North East Asian buyers like Japan will continue to experience declining LNG imports. One major contributing factor will be the nuclear restarts which are expected to range anywhere between 5 GW to 9GW. This power generation is equivalent to 3 to 5.50 MMTA of LNG consumption for gas based generation. While in South Korea, the Shin Kori 1.4 GW nuclear reactor is expected to start operations in 2016 and additionally, 6.5-9 GW of new coal fired generation capacity is scheduled to be added by end 2016. In 2016 itself the LNG demand in South Korea is expected to decline by 1 MMT. China may have some increase in LNG imports as there will be long term contracts that will commence delivery in 2016 and due to environmental concerns there will coal to gas switching for power generation, heating purposes and industrial use, which will increase gas imports into the country.

For Europe, it is expected that LNG imports will go up as US LNG will have to find a home there due the Asian market being in surplus as Australian LNG volumes

increase in Asia. New buyers that entered the LNG market, namely, Egypt, Jordan, Pakistan, and Poland are also expected to buy more LNG as these buyers become more experienced with the LNG market and spot LNG prices continue to decline.

On the supply front in 2016, supply from US will by second quarter, coupled with other supply projects from Australia and South East Asia like Malaysia and Indonesia, will lead to 18 MMTA of LNG projects commencing operations. It is estimated that the ramp-up of new projects that started-up since end 2014, including the start-up of new projects in 2016, will add almost 25 mmt of new LNG into the market over the course of 2016. Spot demand will decline in 2016 in Asia as long term contracts from US and Australia push out spot volumes.

According to analysts for the spot market in 2016, it is expected that spot prices may remain around \$5/mmbtu throughout 2016 and may climb above that level during the winter season at the end of 2016. Due to depressed demand from Japan, Korea and China and with increasing supply from Australia and US, LNG spot prices will keep facing downward pressure. Additionally low oil prices will also keep a lid on how high the spot prices can go.

For 2016, three main factors will change in LNG contracting. They are the term of the contracts signed, indexation of the LNG price and slopes of the pricing formula (percentage linkage to oil).

### Natural Gas Scenario in India

#### Overview

According to the Economic Survey of 2015-16, India is projected to have a growth rate above 7% for the next few years. Even though this growth is considered moderate by Indian standards, but taking into account the current economic slowdown in the global economy, the sluggish growth in Europe and USA, as well as the slowing of the Chinese economy, India as compared to other nations on the economic growth front is doing rather well.

The world average for natural gas is 24% of total primary energy consumption, while in gas rich countries like USA, gas has a share of up to 30%. In industrializing economies like China it is still about 5%, meaning that there is a lot of scope for expansion of gas use. In India, gas has about 7% of the share in the primary energy consumption. The below chart shows the primary energy consumption of various fuels in India. Coal being the most dominant, accounts for more than 50% of energy consumption in the country. For gas to replace coal the government has to enact some carbon tax on coal usage, as gas will not be able to compete with the low cost of coal.

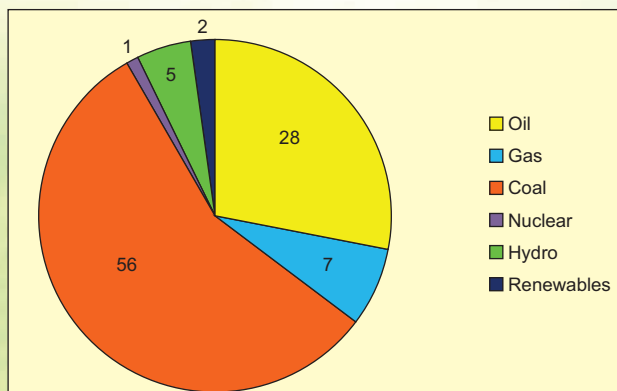


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The next biggest share is of oil and this is what gas is basically competing with. As pipeline infrastructure increases, gas will have more market penetration and more consumption as a result. The existing pipeline network in India is about 16200 kms with a capacity of 430 MMSCMD. The plan is to add another 15000 kms, while 8000 kms is under construction with a capacity of 400 MMSCMD. Only increasing gas pipeline penetration will add to more gas consumption.

Therefore, gas will pay a major role as a green fuel, as environmental pressures become more severe in India. Like China, there is huge scope for expansion of gas use, which will grow in tandem with gas pipeline expansion.

### PRIMARY ENERGY CONSUMPTION (mtoe) - INDIA

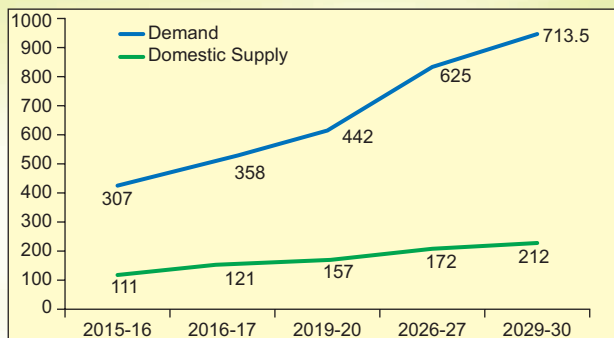


Source BP statistics 2015

### Supply Deficit

As shown in the chart below the supply deficit is expected to expand from 196 mmscmd in 2015-16 to 285 mmscmd in 2020. This gap can only be filled by imports of gas either in the form of transnational pipeline or LNG imports. Transnational pipeline have a lot of complications in terms of geopolitics. The Turkmenistan-Afghanistan-Pakistan-India (TAPI) which has been under a lot of discussions, face serious concerns about security of the pipeline running from Afghanistan and Pakistan. It is expected that the pipeline will be completed by 2019. India's import of gas from this pipeline will be about 40 MMSCMD. But there are significant financial and technical challenges the project has to overcome before supply can commence. On the other side, LNG imports which started in 2004 in India have now helped bridge the demand supply gap for more than 12 years. They are tried and tested model around the world for markets which cannot have pipeline imports or exports and are less subject to geopolitical risks.

### Gas Demand & Domestic Supply Scenario - A Supply Deficit

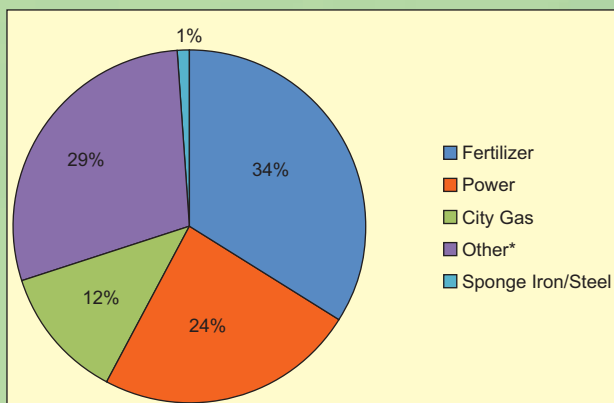


Source: Vision 2030, Natural Gas Infrastructure in India

### Natural gas and Regasified LNG status

The table below shows the split between R-LNG and domestic supply. It can be seen from this table that gas consumption from 2014-15 has gone up from 118 MMSCMD and has reached 130 MMSCMD by the end of the financial year 2015-16. In 2014-15, LNG had a share of 38% of the total gas consumption, which rose to 47% in 2015-2016. The chart given below shows that fertilizer and power sector will remain the biggest consumers of gas in the country, accounting for almost 60% of the total gas consumed. For domestic gas, fertilizer and power sector account for about 70% of the total domestic gas consumed in the country, while for R-LNG they are about 40%. R-LNG being more expensive is consumed alongside with cheaper domestic gas to reduce the average gas price for the individual power and fertilizer plants. Due to declining domestic production and technical issues at the KG Basin, R-LNG is plugging the supply deficit.

### 2015-16 (April to March) Percentage share of total gas consumed



Source Infraline

## Sector wise consumption and Source wise supply

Qty. in MMSCMD	2014-15 (April-March)			2015-16 (April-March)		
Sector	Domestic	LNG	Total	Domestic	LNG	Total
Fertilizer	26.86	15.05	41.91	25.86	18.24	44.11
Power	24.61	3.43	28.04	22.90	8.44	31.35
City Gas	8.85	7.45	16.3	9.26	5.98	15.24
Other*	12.43	17.16	29.59	11.08	27.37	38.45
Sponge Iron/Steel	0.74	1.46	2.2	0.08	0.84	0.92
Total	73.49	44.55	118.04	69.17	60.89	130.06

\*Petrochemicals/ Refineries/Internal consumption/LPG Shrinkage/ Manufacture

## Pricing of gas

On the gas pricing front, there have been major changes in government policy. The financial year 2015/16 started with government introduced the new gas pricing formula for the second time, which was altered from the one originally suggested by the Rangarajan Committee in 2012 and reduced gas prices for the first time. The new government made changes to the formula by excluding LNG imports into the country and LNG imports by gas deficit countries like Japan and added gas surplus countries like Russia and Canada into the formula. Therefore from 1 April, 2015, on a net calorific value basis, the price was \$5.18/mmbtu, a drop of 0.43 cents/mmbtu from \$5.61/mmbtu, which was valid from 1 November 2014 to 31 March 2015. The gas price would be calculated on 6 monthly rests. From 1 October, 2015 to 31 March, 2016, the gas prices was further reduced to \$4.24/mmbtu on a NHV basis. For the next 6 month period from 1 April to 30 September, 2016, on a NHV basis, the price is \$3.40/mmbtu. The declining gas prices due to an internationally depressed oil and gas market is putting more pressure on oil and gas companies in India as the gas production is becoming increasingly less profitable and further discouraging additional E&P activity in the Country due to poor economics.

In an attempt to encourage increased hydrocarbon production in the Country and to reduce import dependency, the government has proposed to revamp the gas pricing for new fields which have not entered in production yet. This new pricing system formulated by the government will apply to all fields which have not started commercial production by 1 January 2016. The new price will be based on alternative fuel prices unlike the one for existing fields which is linked to gas hubs in other countries.

The new pricing system will apply only to difficult to develop offshore gas fields. According to the new pricing system in place, the price of gas will be the lesser of i) imported fuel oil, ii) weighted average price of 3 substitute

fuels:- Coal, Fuel oil and Naphtha with a weight age of 30% for coal, 40% for Fuel Oil and 30% for Naphtha (0.3x coal + 0.4x fuel oil + 0.3x naphtha) or iii) LNG import price. This will be the price cap of gas sold from new fields which start production after 1 January 2016. Like the existing pricing regime for producing fields, this pricing for gas from new fields will be calculated one every six months and be applicable for next six months. The prices for all the fuels considered will be based on a 12 month average. The prices under this pricing regime will be issued by the government from 1 April, 2016 and is \$6.61/mmbtu on a GHV basis. According to the MoPNG, about 6.75 Tcf in difficult to produce areas will become economically viable and this may eventually lead to about 35 mmscmd of gas being produced.

The issue with this new pricing mechanism is that it does not fully liberalize gas prices and allow buyers to bid for the supplies that will be made available. Secondly, including the coal prices in the gas price formula will keep the gas price depressed, as coal prices are the lowest out of any hydrocarbon fuel and natural gas in Indian does not compete with coal for power generation. Domestic gas had traditionally always competed with liquid fuels and imported LNG. Refusing to recognize the ground reality that coal and gas are not in competition with each other will lead to a lower pricing of gas than otherwise is required and may dampen E&P activity for gas.

## Government Policies

The government being concerned about the supply deficit for gas and oil in the Country, as well as India's significant import dependency, wanted to boost oil and gas production. In view of this it has issued a new hydrocarbon E&P policy called HELP.

## Hydrocarbon Exploration and Licensing Policy (HELP)

In March, 2016, the government approved a new oil and gas exploration and licensing policy called HELP as the



## PETRONET LNG LIMITED

previous policy called NELP approved in 1999 had met with limited success. Out of the 254 oil and gas blocks auctioned in 9 NELP rounds, commercial production has commenced in only three blocks so far, adding precious little to the domestic oil and gas supply. Additionally gas prices were fixed by the government and have undergone revamp a few times and this control over gas pricing as well as gas sellers being ordered by government to sell gas to certain designated sectors, took away both pricing and marketing freedom from them. This was a disincentive for oil and gas companies when it came to gas exploration and development in India as profitability was reduced.

Another issue was that under NELP, the exploration Company was allowed to recover the costs which they had incurred in developing and producing the gas. After full recovery of the exploration costs, the government would then take a share of the profits. This led to the risk that the explorer will have incentive to pad up the cost incurred by it in E&P activity and deny the government its fair share of the profits from the gas fields. In order to prevent that a great deal of government scrutiny was required to make sure that the explorer was not unnecessarily gold plating the E&P costs it had incurred. This led to excessive government interference in the development of gas block and delays in getting government sanctions to carry out E&P work on the gas fields.

In addition to this, a bidder under NELP could get a license for exploiting oil and gas from a single type of source. For example, the explorer who has won the block in bidding will be entitled to get oil and gas from the conventional reserves, but not allowed to develop shale or CBM reserves.

The HELP policy approved and announced by the government has now shifted to a revenue sharing model where government will get a share of the oil and gas produced after production begins. So the explorer will be spared the government examination of costs incurred by him in the developing of the field and also any delays in execution of the development plans that are associated with it. Additionally HELP also provides a multi-license regime, in which the explorer can exploit shale gas and CBM also in the same block and does not have to bid under a different auction or apply for a separate license.

HELP also now allows bidding under the open acreage system where the bidder for the blocks can bid for any block of oil and gas at any time and will not have to wait for the government to put up the block for auction as it did under the previous NELP policy.

Lastly the most critical aspect of HELP is that the government is allowing marketing and pricing freedom to

the oil and gas companies for the new blocks under HELP. While for marketing the gas, the explorer is allowed to sell gas to the highest bidder, unlike NELP where government would allocate gas produced to various sectors. As far as pricing is concerned, it is linked to the prices of alternate fuels including coal and will be the lesser of the three pricing benchmarks which the government will calculate on a six monthly basis as explained above in the gas pricing section. So the government has put a ceiling on gas prices for the benefit of the end users and has not allowed the free auction of the gas to be supplied by sellers to buyers.

### Marginal Field Policy

In addition to HELP in October 2015, Government of India announced the Marginal Field Policy (MFP), under which government will auction 69 marginal fields initially discovered by ONGC and Oil India to other E&P companies, as they have not been exploited yet. Of the 69 fields, 36 are offshore and 33 are onshore fields. The fields are located in Arunachal Pradesh, Assam, Gujarat, Tamil Nadu, Rajasthan and Nagaland. The aim of the MFP is to increase oil and gas supply in the Country by letting other players get involved in the development of these blocks.

These 69 marginal fields are fields that were allotted to ONGC and OIL under various NELP rounds in 90s. But since ONGC and OIL found marginal amounts of oil and gas in these fields making E&P activity uneconomical, these fields remained unexploited. Under the new Marginal Field Policy these fields will be auctioned and they will be given pricing and marketing freedom for the oil and gas produced.

The MFP will adopt the new revenue sharing method for these marginal fields as in HELP, as well as the Uniform Licensing Policy in which the E&P Company can exploit conventional and unconventional oil and gas reserves like shale oil and gas and CBM. MFP shares some of the same policy features of HELP in order to encourage E&P activity.

### Power and Fertilizer Sectors

The government, in order to increase generation in the power sector and utilize the stranded assets of gas based power plants, has come out with a innovative scheme to subsidise power generation and mingle domestic supplies with R-LNG imports. In addition to that, the government was also targeting increased urea production and launched a scheme to pool gas prices for urea plants so they can have a uniform pricing.

### Gas subsidy for stranded power plants

In March 2015, the government announced a policy for reviving utilisation of stranded gas-based power plants



whereby these plants are allowed to bid for producing power at 30% PLF with no return on equity. Under this policy, the difference between their Power Purchase Agreement tariff and generation cost will be subsidised by the Power System Development Fund (PSDF). As per the government, 24,150MW of gas-based capacity was impacted due to supply issues and of this, almost 60% (14,305MW) was at zero PLF while the rest (9,845MW) was running sub-optimally. As per this policy, 11,489MW of gross capacities (about 48% of the ones impacted by low supplies) would be serviced. The policy estimates gas demand from these capacities at 10mmscmd during the monsoons (four months) and at 18mmscmd in the other months of the year, thereby averaging 16mmscmd of incremental gas. The policy was implemented effective June 2015 and the first round of bidding saw 6,860MW stranded capacity seeking 9 mmscmd of gas and 3,402MW of suboptimal capacity seeking 1 mmscmd of gas. Against 10 mmscmd of total gas being sought, the actual consumption is likely to have been 50-60%. From September 2015 to March 2016, total gas requirement under bidding is 14mmscmd and hence a 50-60% run-rate here could imply 7-8mmscmd of gas volume during this period. At US\$ 7/mmbtu spot LNG prices, this scheme can gain further ground and result in higher R-LNG flows into the country. The Power Ministry has announced its intention to source more gas at prevailing cheap prices.

#### **Gas-price pooling for fertilizers**

The government had announced gas-price pooling for the fertilizer (urea) sector in order to rationalise the subsidy structure and enhance efficiency. Currently, India's fertilizer demand is 30mmtpa, of which 23mmtpa is produced in India in 30 plants, 27 of which are gas-based and three are naphtha/FO based. The gas-based plants consumed 42 mmscmd of gas including about 15 mmscmd of R-LNG, in 2014-15. Current gas demand for the sector is assumed to be at 49 mmscmd.

After gas pooling, the fuel cost will even out for all urea manufacturers. So companies using a greater amount of imported LNG will have a reduction in their working capital requirement as the fuel cost becomes lower for all urea manufactures. Even though the government bears the difference in production cost and the urea selling price through subsidy, delays in payment by government to urea companies mean companies that use a higher proportion of imported gas are put at a disadvantageous position due to the delayed reimbursement they receive from government in the form of subsidy. They make up for the payment delays through short-term borrowing, which is putting pressure on their finances. If they all receive a

uniform price, then the government subsidy will remain the same, but the urea plants which were operating at lower capacity due to working capital constraints will now be able to produce more thereby leading to an overall increase in domestic urea production. This will in effect reduce the imports of urea and save the exchequer money on the fertilizer import bill.

#### **Threat from Competition**

All the major players in the Indian hydrocarbon business have plans to enter the natural gas business. The expected competition in the future scenario will not only be from Indian players, but also from several multinational companies that will extend their presence in the Indian market. As a result, the competition is expected across the gas value chain. PLL is prepared to face the competition from Indian as well as overseas players in the market through long term tie-up of LNG/Regas capacity.

In India, gas competes primarily with Coal (in Power sector) and with liquid fuels (in Industrial and Fertilizer sectors). As a result, gas demand is fairly price-sensitive for the Power sector, with low elasticity for the Fertilizer sector due to the existing Fertilizer policy.

The city gas distribution segment, where the competition is mainly with high-priced petroleum fuels (HSD, Petrol, LPG, etc.) faces challenges in terms of infrastructure and conversion costs.

#### **Segment wise or Product wise Performance**

Presently, PLL primarily deals only in one segment, i.e. Import and Re-gasification of Liquefied Natural Gas (LNG). During the year 2015-16, 566 TBTUs of re-gasified LNG was delivered to off-takers and customers.

#### **Risk and Concerns**

PLL considers good corporate governance to be a pre-requisite to meet the needs and aspirations of shareholders and other stake shareholders alike. As part of the company's efforts to strengthen corporate governance, the Board of Directors has formulated a Risk Management Policy. This policy puts a risk management structure in place that clearly defines roles and responsibilities. It also provides a risk portfolio that involves a continuous process of risk identification, assessment and monitoring, review and communication. The Company aims to:

Identify, assess and manage existing and new risks in a planned manner.

Increase the effectiveness of PLL's internal and external reporting structure.



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Develop and foster a 'risk' culture within the organization to encourage all employees to identify risk and associated opportunities and respond to them with appropriate actions.

### Risk of Competition

LNG competes with naphtha, coal, fuel oil and similar hydrocarbons. These alternate fuels are currently widely used by end-user industries like fertilizers and power. In addition to the above-mentioned fuels, LNG also competes with the domestic natural gas. LNG offers several advantages over the above-mentioned fuels.

PLL LNG sourced under long-term contract linked to crude oil prices, is currently facing price challenge from alternate fuels. Further, spot LNG prices moving away from crude linkage also puts the Long Terms crude linked contracts under threat. This may have an impact in the near growth of PLL.

Currently, the Company does not produce or market any products other than LNG/R-LNG. The sole activity is the import and re-gasification of LNG. PLL has sourced LNG under long-term contract from RasGas of Qatar and has sold re-gasified LNG mainly to three intermediate off-takers, namely, GAIL (India) Ltd., Bharat Petroleum Corporation Ltd., and Indian Oil Corporation Ltd. PLL has long-term gas sale and purchase agreements with these reputed companies. Even though this assures market for the entire product, there are risks involved due to limited customers base.

In addition to the contracts with RasGas of 8.50 MMTA, PLL has also another long-term contract with the Australian entity of Exxon Mobil for supply of around 1.44 MMTA of LNG from its Gorgon project. This will meet the requirement of the LNG Terminal in Kochi.

PLL also provide regas services to third parties who import LNG directly. PLL has executed 8.25 MMTA equivalent contracts to provide long-term regas services to GAIL, IOCL, BPCL GSPC/GSPL and Torrent from for existing and expansion plans of Dahej.

### Internal Control Systems and their Adequacy

The Company has developed adequate internal control systems commensurate to its size and business. PLL has appointed Ernst & Young as Internal Auditors, who conduct regular audits for various activities. The reports of the Internal Auditors are submitted to the Management and the Board's Audit Committee. There is a thorough review of the adequacy of internal control system.

### Financial Performance

The turnover during the financial year ended 31st March, 2016, was ₹ 27,303 Crore including other income as against ₹ 39,656 Crore in FY 15-16. The net profit during the financial year ended 31st March, 2016, was ₹ 914 Crore as against ₹ 883 Crore in 2014-15.

### Human Resources

The Company maintained harmonious and cordial industrial relations. No man days were lost due to strike or lock-out. As on 31st March, 2016, there were 466 employees excluding three Whole-time Directors.

### Disclosure by Senior Management Personnel, i.e. One Level below the Board including all HODs:

None of the senior management personnel has financial and/ or commercial transactions with the company. They do not have any personal interest that would have a potential conflict with the interest of PLL at large.

## 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, 2016 was thirteen Directors as detailed herein below:

S. No.	Name	Designation	Category (Whole-time / Non-executive / Independent)
1	Shri K. D. Tripathi	Chairman, Secretary, Govt. of India, (MOP&NG)	Non-executive
2	Shri Prabhat Singh	Managing Director & CEO	Whole-time
3	Shri R. K. Garg	Director (Finance)	Whole-time
4	Shri Rajender Singh	Director (Technical)	Whole-time
5	Shri D. K. Sarraf	Director, Nominee of ONGC	Non-executive
6	Shri S. Varadarajan	Director, Nominee of BPCL	Non-executive
7	Shri Debasis Sen	Director, Nominee of IOCL	Non-executive
8	Shri Subir Purkayastha	Director, Nominee of GAIL	Non-executive
9	Shri Atanu Chakraborty	Director, Nominee of GMB/GOG	Non-executive
10	Mr. Philip Olivier	Director, Nominee of GDFI	Non-executive
11	Shri Arun Kumar Misra	Director	Independent
12	Shri Sushil Kumar Gupta	Director	Independent
13	Dr. Jyoti Kiran Shukla	Director	Independent

The Company is in process of appointing two more Independent Directors to have the requisite number of Independent Directors on the Board of the Company in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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**Board Meetings**

During the year, six Board Meetings were held on 25th April, 30th July, 19th October, 10th December 2015, 10th February, 2016 and 28th March, 2016. 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 2015-16	Number of Board Meetings attended during the year 2015-16	Attendance at last Annual General Meeting held on 24th September, 2015
<b>Executive Directors</b>				
Dr. A. K. Balyan (upto 15-07-2015)	Managing Director & CEO	6	1	NA
Shri Prabhat Singh (w.e.f 14-09-2015)			4	Yes
Shri R. K. Garg	Director (Finance)	6	6	Yes
Shri Rajender Singh	Director (Technical)	6	6	Yes
<b>Non-Executive Directors</b>				
Shri Saurabh Chandra (upto 30-04-2015)	Chairman	6	1	NA
Shri K. D. Tripathi (w.e.f 15-05-2015)			5	Yes
Shri B. C. Tripathi (upto 19-11-2015)	Nominee Director of GAIL	6	2	No
Shri Subir Purkayastha (w.e.f 01-12-2015)			2	NA
Shri D. K. Sarraf	Nominee Director of ONGC	6	5	No
Shri S. Varadarajan	Nominee Director of BPCL	6	4	No
Shri Debasis Sen	Nominee Director of IOCL	6	4	No
Mr. Philip Olivier *(Three Board Meeting and Annual General Meeting attended Shri Eric Ebelin as Alternate Director)	Nominee Director of GDF International	6	5	Yes
Shri Atanu Chakraborty	Nominee Director of GMB/ GOG	6	4	No
<b>Non-Executive Independent Directors</b>				
Shri Arun Kumar Misra	Independent Director	6	6	Yes
Shri Sushil Kumar Gupta	Independent Director	6	6	Yes
Dr. Jyoti Kiran Shukla	Independent Director	6	6	Yes

**Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies as on 31st March, 2016**

Name	No. of other Companies in which Directorship / Chairmanship is held		No. of Membership / Chairmanship held in Committees in other Companies*		No. of Shares held in the Company
	Directorship	Chairmanship	Membership	Chairmanship	
Shri K. D. Tripathi	NIL	1	NIL	NIL	NIL
Shri Prabhat Singh	1	NIL	NIL	NIL	NIL
Shri R. K. Garg	2	NIL	NIL	NIL	5300
Shri Rajender Singh	NIL	NIL	NIL	NIL	NIL
Shri Subir Purkayastha	4	1	NIL	2	100
Shri S. Varadarajan	1	3	NIL	1	NIL
Shri D.K. Sarraf	NIL	7	NIL	NIL	NIL
Shri Debasis Sen	3	NIL	NIL	NIL	NIL
Shri Atanu Chakraborty	6	2	2	3	NIL
Shri Philip Olivier	2	5	NIL	NIL	NIL
Shri Arun Kumar Misra	NIL	NIL	NIL	NIL	NIL
Shri Sushil Kumar Gupta	1	NIL	NIL	NIL	NIL
Dr. Jyoti Kiran Shukla	NIL	NIL	NIL	NIL	NIL

\* As per Regulation 26 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the above details are required to be disclosed only for the Audit Committee and Stakeholders' Relationship Committee.

**Remuneration paid to Whole-time Directors and to Non - executive Directors during the year ended 31st March, 2016**

Remuneration to MD & CEO and other 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, 2013.

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 2015-16	Total
1	Shri Prabhat Singh	Managing Director & CEO	28,27,868	1,88,066	4,98,536	8,21,918	<b>43,36,388</b>
2	Dr. A. K. Balyan	Ex- Managing Director & CEO	38,68,123	7,88,263	24,30,338	4,31,507	<b>75,18,231</b>
3	Shri R. K. Garg	Director (Finance)	48,82,521	2,80,238	10,09,886	15,00,000	<b>76,72,645</b>
4	Shri Rajender Singh	Director (Technical)	50,34,406	2,52,072	6,24,697	15,00,000	<b>74,11,175</b>

The remuneration to Non-executive and Independent Directors is being paid in the form of sitting fee. However, Commission of Profits of the Company is also being paid to the Independent Directors as decided by the Board based on their performance.



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The details of the sitting fees paid to Non-executive Directors or their nominated Organization / Company during the year ended 31st March, 2016 is as detailed below:

S. No.	Name	Sitting Fees paid/payable during 2015-16 (₹)
1	Government of India	140000
2	Bharat Petroleum Corporation Ltd.	160000
3	Oil & Natural Gas Corporation Ltd.	320000
4	Indian Oil Corporation Ltd.	80000
5	GAIL (India) Ltd.	120000
6	GMB	80000
7	GDFI	60000
8	Mr. Eric Ebelin*	60000
9	Shri Arun Kumar Misra	460000
10	Shri Sushil Kumar Gupta	440000
11	Dr. Jyoti Kiran Shukla	200000

\* As Alternate Director to Mr. Philip Oliver

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 2015-16 (₹)
1	Shri Arun Kumar Misra	5,00,000
2	Shri Sushil Kumar Gupta	5,00,000
3	Dr. Jyoti Kiran Shukla	5,00,000

**Terms of appointment of Directors**

The Company has the following MD & CEO and other Whole - time Directors as on 31st March, 2016:

1. Shri Prabhat Singh, Managing Director & CEO (w.e.f. 14.09.2015)
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 of Board and 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.

The tenure of Nominee Directors is not certain as they are being nominated by their respective organizations. However, in case of Independent Directors, the initial tenure of appointment is three years.

**Disclosure of relationship amongst Directors**

There is no inter-se relationship amongst Directors of the Company.

**Succession for appointments to the Board**

The Company has well defined plans for orderly succession for appointment to the Whole-time Directors on the Board and senior management.

### Annual Evaluation of the Board

The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including Chairman of the Board. The exercise would be carried out through a structured evaluation process considering various aspects of the Board's functioning such as composition of Board and Committees, experience and competencies, performance of specific duties and obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc. The Independent Directors evaluated the performance of the entire Board. However, the Company is in process of adopting all the requirements as stated in the SEBI (LODR) Regulations, 2015.

### Audit Committee

The Audit Committee comprises of the following Directors as on 31st March, 2016:

1. Shri Arun Kumar Misra, Chairman
2. Shri D. K. Sarraf, Member
3. Shri Sushil Kumar Gupta, Member

All the Members of Audit Committee are Non-executive Directors and two out of three Members are Independent Directors namely Shri Arun Kumar Misra and Shri Sushil Kumar Gupta. The quorum of the Audit Committee is two Members.

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 Meeting Attended
Shri Arun Kumar Misra	6	6
Shri D. K. Sarraf	6	4
Shri Sushil Kumar Gupta	6	6

### 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.

### Role of Audit Committee

The role of the Audit Committee shall be the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report



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5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. The auditors of a Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
21. The Board's Report under sub-section (3) of Section 134 of the Companies Act, 2013 shall disclose the composition of an Audit Committee and where the Board had not accepted any recommendation of Audit Committee, the same shall be disclosed in such report along with reasons therefore.
22. Other matters:
  - a) To review Investment of Surplus Funds
  - b) To review Legal Compliances
  - c) To review Spot Purchases.

**Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **Nomination and Remuneration Committee (NRC)**

In terms of provisions of Section 178 of the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee comprises of the following Directors as on 31st March, 2016:

1. Shri Arun Kumar Misra, Chairman
2. Shri D. K. Sarraf, Member
3. Shri Sushil Kumar Gupta, Member

Detail of Meetings of Nomination and Remuneration Committee held during the year

Member	No. of Meetings Held	No. of Meeting Attended
Shri Arun Kumar Misra	5	5
Shri D. K. Sarraf	5	3
Shri Sushil Kumar Gupta	5	5

The terms of reference of NRC includes inter-alia identifying the person(s) who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down by NRC. NRC shall also recommend to the Board appointment and removal of Director and also shall carry out evaluation of every directors' performance. In addition, NRC shall also formulate the criteria for determining qualifications, positive attributes and independence of the Directors and also ensuring diversity of Directors and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

#### **Risk Management Committee**

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 and an Independent Director 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. As on 31st March, 2016, the Risk Management Committee comprises of the following Directors:

1. Shri Prabhat Singh, Chairman
2. Shri Sushil Kumar Gupta, Member - Independent Director
3. Shri R.K Garg, Member
4. Shri Rajender Singh, Member

Company Secretary is the Compliance Officer of the Company.

#### **Commodity Price Risk or Foreign Exchange Risk and hedging activities**

The Company sells majority of its LNG volumes on materially back to back basis with respect to price, quantity and foreign exchange, thereby, having no major risk. The Company has a Risk Management Policy in place duly approved by its Board in respect of Foreign Currency transactions.



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**Detail of Meeting of Risk Management Committee**

Date of Meeting	Members	Meeting Attended
4th February, 2016	Shri Prabhat Singh	Yes
	Shri Sushil Kumar Gupta	Yes
	Shri R. K Garg	Yes
	Shri Rajender Singh	Yes

**Stakeholders' Relationship Committee**

In terms of provisions of the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board of Directors has renamed Shareholders'/Investors' Grievances Committee as Stakeholders' Relationship Committee. As on 31st March, 2016, the Stakeholders' Relationship Committee comprises of the following Directors:

1. Dr. Jyoti Kiran Shukla, Chairman - Independent Director
2. Shri R. K. Garg, Member
3. Shri Rajender Singh, Member

**Detail of Meeting of Stakeholders' Relationship Committee**

Date of Meeting	Members	Meeting Attended
10th February, 2016	Dr. Jyoti Kiran Shukla	Yes
	Shri R. K. Garg	Yes
	Shri Rajender Singh	Yes

**Details of Complaints Received and Redressed during the year ended 31st March, 2016**

1 complaints was pending as on 1st April, 2015. 831 complaints were received and 832 complaints were resolved during the year. No complaint was pending as on 31st March, 2016.

**Dematerialization of Shares**

The shares of the Company are under compulsory demat list of SEBI and the Company has entered into Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of Company's shares. Shareholders can get their shares dematerialised with either NSDL or CDSL.

As on 31st March, 2016 the Company has following numbers of equity shares in physical and dematerialised form as per detail given here under:-

Nature of Holding	Records / No. of Shareholders	No. of Shares	Percentage
Physical	12,667	7,51,67,133	10.02
NSDL (Dematerialized)	2,11,232	28,41,66,851	37.89
CDSL (Dematerialized)	57,296	39,06,66,060	52.09
TOTAL	2,81,195	75,00,00,044	100.00

**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 only of Whole-time Directors namely;

1. Shri Prabhat Singh, Managing Director & CEO

2. Shri R. K. Garg, Director (Finance)
3. Shri Rajender Singh, Director (Technical)

Shri Prabhat Singh, Managing Director & CEO is the Chairman of the Committee.

Further, 89.98% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Registrar and Share Transfer Agent (R&TA) i.e. M/s Karvy Computershare Pvt. Ltd. Transfer of shares in physical form is normally processed within ten to fifteen days from the date of receipt, if the documents are complete in all respects.

### Legal Compliance Reporting

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board periodically reviews compliances of various laws applicable to the Company.

### Annual General Meetings (AGMs)

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

Year	2012-13	2013-14	2014-2015
<b>Date &amp; Time</b>	4th July, 2013 at 10:00 AM	18th September, 2014 at 10:00 AM	24th September, 2015 at 10.00 AM
<b>Venue</b>	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	FICCI, K. K. Birla Auditorium, 1, Tansen Marg, New Delhi 110001	FICCI, K. K. Birla Auditorium, 1, Tansen Marg, New Delhi 110001
<b>Details of Special Resolutions</b>	1). Appointment of Statutory Auditors	1). Increase in number of Director and amending Articles of Association	1). Approval to enter Related Party Transactions. 2). Approval to issue non-convertible debentures of ₹ 1000 crore. 3). To increase FII investment limit in equity shares of the Company upto an aggregate limit of 30% of the paid up equity share capital of the Company.
<b>Special Resolutions passed through Postal Ballot</b>	Nil	(i) Creation of Mortgage and / or Charge on all or any of the Movable and / or Immovable Properties of the Company. (ii) Increase in Borrowing Powers up to ₹ 20,000 Crore. (iii) Raising Funds up to ₹ 1,000 Crore through issue of Secured / Unsecured Non-convertible Debentures through Private Placement.	1). Alteration of Object Clause of Memorandum of Association of the Company.



**PETRONET LNG LIMITED**
**Postal Ballot**

Special Resolution was passed through Postal Ballot during the financial year ended 31st March, 2016 vide postal ballot notice dated 22nd December, 2015, under Section 110 of the Companies Act, 2013, pertaining to amendment to –

- (i) Object Clause of Memorandum of Association of the Company by incorporating the following new clause in its main object clause –

**“To promote, organize or carry on business of consultancy services and training including consultancy and training in human resource capability building or any field of activity in which the Company is engaged in or connected therewith either on its own or through collaboration or Joint Venture.”**

The Company followed the procedure as prescribed under the Companies (Management and Administration) Rules, 2014 and the Members were provided the facility to cast their votes through electronic voting or through postal ballot. The Board of Directors of the Company appointed M/s Savita Jyoti Associates, Company secretaries, as the Scrutinizer for conducting the postal ballot voting process. The Scrutinizer submitted its report to the Chairman after the completion of scrutiny of the postal ballot including e-voting. The combined results of the postal ballot was declared on 12th February, 2016. Special Resolution(s) as set out in the Postal Ballot Notice have been passed by the Members with an overwhelming majority as more than 90% of votes were casted in favour of Resolution as per Scrutinizer's Report and communicated to the Stock Exchanges and also displayed on the Company's website i.e. [www.petronetlng.com](http://www.petronetlng.com). The details of the voting pattern is given below:

Promoter / Public	Mode of Voting	No. of Shares Held (1)	No. of Votes Polled (2)	% of Votes Polled on Outstanding Shares (3) = $[2/1]*100$	No. of Votes in Favour (4)	No. of Votes Against (5)	% of Votes in Favour on Votes Polled (6) = $[4/2]*100$	% of Votes Against on Votes Polled (7) = $[5/2]*100$
<b>Promoter and Promoter Group</b>	<b>E-voting</b>	375000000	375000000	100	375000000	0	100	0
	<b>Poll</b>		0	0	0	0	0	0
	<b>Postal Ballot</b>		0	0	0	0	0	0
	<b>Total</b>	375000000	375000000	100	375000000	0	100	0
<b>Public Institutional Holders</b>	<b>E-voting</b>	208179952	177510848	85.2680	177510848	0	100	0
	<b>Poll</b>		0	0	0	0	0	0
	<b>Postal Ballot</b>		0	0	0	0	0	0
	<b>Total</b>	208179952	177510848	85.2680	177510848	0	100	0
<b>Public Non-Institutions</b>	<b>E-voting</b>	166820092	76556796	45.8918	76556316	480	99.9994	0.0006
	<b>Poll</b>		0	0	0	0	0	0
	<b>Postal Ballot</b>		2537	0.0015	2335	202	92.0378	7.9622
	<b>Total</b>	166820092	76559333	45.8933	76558651	682	100	0.0009
<b>Total</b>		<b>750000044</b>	<b>629070181</b>	<b>83.8760</b>	<b>629069499</b>	<b>682</b>	<b>99.9999</b>	<b>0.0001</b>

### 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.

### Vigil Mechanism

The Board of Directors of the Company has approved the Vigil Mechanism in terms of provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is hereby affirmed that no personnel has been denied access to the Audit Committee in connection with the use of the Vigil Mechanism

### Compliance

There has been no non-compliance of the provisions/requirements of Stock Exchanges/SEBI except as stated in the certificate issued by M/s T. R. Chadha, LLP. 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](http://www.petronetlng.com). The Company also has dedicated e-mail ID i.e. [investors@petronetlng.com](mailto: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 e.g. Hindustan Times, Mint etc. in terms of SEBI (LODR) Regulations, 2015. Press Releases made by the Company from time to time are also displayed on the Company's website. Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results, if any, are also displayed on the Company's website. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

### General Shareholders Information

#### Annual General Meeting (AGM)

<b>Day &amp; Date</b>	Wednesday, 21st day of September, 2016
<b>Financial Year</b>	2015-16
<b>Time</b>	10:00 AM
<b>Venue</b>	Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi - 110010
<b>Date of Book Closure</b>	15th September, 2016 to 21st September, 2016 (Both days inclusive)

#### Dividend Payment Date

The dividend, if approved by the Members of the Company will be paid on or after 3rd October, 2016.

### 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, 2016 were taken on record and approved by the Board in its meeting(s) held on the following dates:

<b>Quarter Ended</b>	<b>Date of Board Meeting</b>
April – June, 2015	25th April, 2015
July - September, 2015	19th October, 2015
October-December, 2015	10th February, 2016
<b>Year Ended</b>	
31st March, 2016	16th May, 2016



**PETRONET LNG LIMITED**
**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

The Company has paid the Listing Fee to all the Stock Exchanges, wherein the shares of the Company are listed.

**Share Price - High and Low during each month in Last Financial Year**

Month	BSE (in ₹)		NSE (in ₹)		BSE Sensex	
	High	Low	High	Low	High	Low
April, 2015	191.00	159.80	190.65	159.50	29,094.61	26,897.54
May, 2015	188.00	168.00	188.25	168.00	28,071.16	26,423.99
June, 2015	191.90	171.85	192.00	173.00	27,968.75	26,307.07
July, 2015	202.65	183.20	203.00	183.05	28,578.33	27,416.39
August, 2015	195.30	164.95	195.20	163.55	28,417.59	25,298.42
September, 2015	183.00	169.35	182.95	170.20	26,471.82	24,833.54
October, 2015	197.25	174.60	197.50	174.00	27,618.14	26,168.71
November, 2015	238.00	191.10	237.90	191.05	26,824.30	25,451.42
December, 2015	257.40	231.00	257.60	234.65	26,256.42	24,867.73
January, 2016	272.10	240.00	272.70	239.75	26,197.27	23,839.76
February, 2016	266.50	230.00	266.35	229.75	25,002.32	22,494.61
March, 2016	263.35	232.80	263.85	234.65	25,479.62	23,133.18

**Distribution Schedule as on 31st March, 2016**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in ₹	% of Amount
Upto – 5000	2,54,504	90.50	3,82,16,439	38,21,64,390	5.09
5001 – 10000	17,738	6.30	1,38,71,490	13,87,14,900	1.85
10001 – 20000	5,681	2.02	83,04,793	8,30,47,930	1.11
20001 – 30000	1,230	0.45	31,34,085	3,13,40,850	0.42
30001 – 40000	504	0.18	18,06,314	1,80,63,140	0.24
40001 – 50000	362	0.13	17,17,376	1,71,73,760	0.23
50001 – 100000	537	0.19	38,37,805	3,83,78,050	0.51
100001 & Above	639	0.23	67,91,11,742	6,79,11,17,420	90.55
<b>TOTAL</b>	<b>2,81,195</b>	<b>100.00</b>	<b>75,00,00,044</b>	<b>7,50,00,00,440</b>	<b>100.00</b>

**Shareholding Pattern of the Company as on 31st March, 2016**

	Category	No. of Shares Held	% of Shareholding
<b>A</b>	<b>Promoter's holding</b>		
1	Promoters		
	- Indian Promoters	37,50,00,000	50.00
	- Foreign Promoters	Nil	Nil
	<b>Sub- Total (A)</b>	<b>37,50,00,000</b>	<b>50.00</b>
<b>B</b>	<b>Non- Promoters holding</b>		
1	Institutional Investors		
a	Mutual Funds and UTI	4,57,93,438	6.10
b	Banks, Financial Institutions	1,35,925	0.02
c	Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	0	0.00
d	FII's	16,17,06,752	21.56
	<b>Sub-Total (B1)</b>	<b>20,76,36,115</b>	<b>27.68</b>
2	Others		
a	Private Corporate Bodies	1,21,71,164	1.62
b	Indian Public including HUF and Foreign Nationals	7,44,22,191	9.93
c	NRI's / OCB's (Including GDFI)	7,73,24,236	10.31
d	Any other (Clearing Members & Trusts)	34,46,338	0.46
	<b>Sub-Total (B2)</b>	<b>16,73,63,929</b>	<b>22.32</b>
	<b>GRAND TOTAL (A+B1+B2)</b>	<b>75,00,00,044</b>	<b>100.00</b>

**List of Shareholders Holding More than 1% of Equity Capital as on 31st March, 2016**

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
T. Rowe Price International Growth and Income Fund	2,71,25,383	3.62
Government pension fund global	1,47,28,406	1.96
Smallcap world fund, inc	1,04,60,000	1.39



**PETRONET LNG LIMITED**
**Detail of Unclaimed Shares as on 31st March, 2016 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. 1st April, 2015.	633	128900
2	Number of shareholders who approached for transfer of shares from suspense account during the year.	3	700
3	Number of shareholders to whom shares were transferred from suspense account during the year.	3	700
4	Aggregate number of shareholders and outstanding shares in the suspense account at the end of year i.e. 31st March, 2016.	630	128200

**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. A confirmation from the Managing Director & CEO regarding compliance with the said Code by all Board Members and Senior Management Personnel is as below:

**Compliance with Code of Conduct for Board Members & Senior Management Personal**

I confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board Members & Senior Management Personnel for the year ended 31st March, 2016.

(Prabhat Singh)  
MD & CEO

**Familiarisation Programme for Independent Directors**

Familiarization Program for Independent Directors of Petronet LNG Ltd aims to provide insights into the Company to enable the Independent Directors to understand its business in-depth and contribute significantly to the Company. Familiarization Program for Independent Directors is available at the following web link :

<http://petronetlng.com/PDF/FAMILIARISATION-PROGRAMME-FOR-INDEPENDENT-DIRECTORS.pdf>

**CEO/CFO Certification**

A certificate from the Managing Director & CEO and Director (Finance) on the financial Statements of the Company in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board, who took the same on record.

**Related Party Transactions**

The details of all materially significant transactions with related parties are periodically placed before Audit Committee. In terms of provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and also the relevant Accounting Standard, the promoters of the Company i.e. IOCL, BPCL, ONGC, and GAIL, PLL Joint Venture i.e. Adani Dahej Port Pvt. Ltd. and KMPs qualify as related party(s) of the Company. The Company enters in to transaction of sale of RLNG with BPCL, GAIL and IOCL, providing tolling capacity at a price which is at an arm's length basis. Therefore, Related Party Transactions have no potential conflict of interest with the Company. The Company has also obtained omnibus approval from Audit Committee for Related Party Transactions and all the related party transaction are placed before the Audit Committee on quarterly basis for its information. Related Party Policy is available at the following web link:

<http://petronetlng.com/PDF/Related-Party-Policy-26052015.pdf>

### 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.

### Non-Mandatory Requirements

The Company has complied with only mandatory requirements as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The provisions of the SEBI (LODR) Regulations, 2015 became applicable w.e.f. 1st December, 2015. Therefore, the Company is still in process of formulating various policies, procedures etc.

### Major Plant / Unit Location(s)

#### Dahej Plant Location

LNG Terminal, Dahej  
GIDC Industrial Estate,  
Plot No. 7/A, Dahej, Taluka : Vagra  
Distt. Bharuch, GUJARAT – 392130  
Tel : 02641-300300/301/305  
Fax: 02641-300306/300310

#### Kochi Plant Location

Survey No. 347,  
Puthuvypu (Puthuypee SEZ)  
P.O. 682508, Kochi  
Tel: 0484-2502259/60  
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](mailto:investors@petronetlng.com)  
Website: [www.petronetlng.com](http://www.petronetlng.com)

#### Registrar & Share Transfer Agent

M/s Karvy Computershare Pvt. Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tele: 040- 67162222  
Fax: 040- 23420814  
Toll Free No.: 1800-345-4001  
Email: [inward@karvy.com](mailto:inward@karvy.com)

#### Debenture Trustee

##### SBICAP Trustee Company Ltd.

6th Floor, Apeejay House,  
3, Dinshaw Wachha Road,  
Churchgate, Mumbai- 400 020  
Tel: 022- 43025521, 43025503  
Email: [ajit.joshi@sbicaptrustee.com](mailto:ajit.joshi@sbicaptrustee.com)  
Website: [www.sbicaptrustee.com](http://www.sbicaptrustee.com)



**PETRONET LNG LIMITED****AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS  
OF CORPORATE GOVERNANCE**

To the Shareholders of Petronet LNG Limited

1. We have examined the compliance of the conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31st 2016 as stipulated in clause 49 of the Listing Agreement for the period from 1st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 1 December 2015 to 31 March 2016.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of the 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 except for one condition given below, the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement/Listing Regulation as applicable :

The composition of Board of Directors was less than the required number as per clause the Listing Agreement/Listing Regulation.

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. LLP  
Chartered Accountants  
Firm Regn. No. 006711N / N500028

Sd/-  
Neena Goel  
(Partner)  
M.N. 057986

Date: 24th July 2016

## BUSINESS RESPONSIBILITY REPORT, 2015-16

### Section A: General Information about the Company

1. Corporate Identity Number (CIN):	L74899DL1998PLC093073
2. Name of the Company	Petronet LNG Ltd.
3. Registered Address	World Trade Centre, First Floor, Babar Road, Barakhamba Lane, New Delhi – 110 001
4. Website	<a href="http://www.petronetlng.com">http://www.petronetlng.com</a>
5. Email id	<a href="mailto:investors@petronetlng.com">investors@petronetlng.com</a>
6. Financial Year reported	April 2015 – March 2016
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Oil and Gas – LNG

#### Industrial Group

1110

#### Description

Extraction of petroleum and natural gas including liquefaction of natural gas for transportation

*As per National Industrial Classification – Ministry of Statistics and Programme Implementation*

8. List three key products / services that the Company manufactures / provides (as in balance sheet):	1. Regasified Liquefied Natural Gas
9. Total number of locations where business activity is undertaken by the Company	3. Corporate Office in New Delhi and Regasification Terminals in Dahej, Gujarat and Kochi, Kerala
Number of International Locations (Provide details of major 5)	--
Number of National Locations	3. Corporate Office in New Delhi and Regasification Terminals in Dahej, Gujarat and Kochi, Kerala
10. Markets served by the Company - Local / State / National / International	National

### Section B: Financial Details of the Company

1. Paid up capital (INR)	: 750 Crore
2. Total turnover (INR)	: 27,303 Crore
3. Total profit after taxes (INR)	: 914 Crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	During the year, an amount of INR 5.96 crore was spent on CSR activities. This represents 0.65% of profit after tax spend on CSR activities during the financial year 2015-16.
5. List of activities in which expenditure in 4 above has been incurred:	
1) Environment sustainability	
2) Education/ vocational skills/livelihood enhancement projects	
3) Preventative healthcare and sanitation	
4) Rural infrastructure development	



**PETRONET LNG LIMITED**
**Section C : Other Details**
**1. Does the Company have any Subsidiary Company / Companies?**

Petronet LNG Limited (PLL) does not have any subsidiary company.

**2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).**

NA

**3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?**

No, none of the entity / entities with whom Company does business participates in the BR initiatives of the company. Company's principle promoters and offtakers of gas i.e. GAIL, ONGC, IOCL and BPCL, are required to and undertake BR activities and release their own dedicated BR reports.

**Section D: BR Information**
**1. Details of Director / Directors responsible for BR:**
**a) Details of the Director / Directors responsible for implementation of the BR policy / policies:**

DIN Number : 00793181  
 Name : Shri Prabhat Singh  
 Designation : MD&CEO

**b) Details of the BR Head:**

Name : Shri Prabhat Singh  
 Designation : MD&CEO  
 Telephone no. : 011-23472503 / 04  
 e-mail id : md.ceo@petronetlng.com

**2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	N#	Y	N#	Y	Y	Y	Y	N#
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y*	NA	Y*	NA	Y*	Y*	Y*	Y*	NA
3.	Does the policy conform to any national / international standards? If Yes, specify? (50 words)	Y (Ref A)	NA	Y (Ref B)	NA	Y (Ref C)	Y (Ref D)	Y (Ref E)	Y (Ref F)	NA
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	NA	Y	NA	Y	Y	Y	Y	NA
5.	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy?	Y	NA	Y	NA	Y	Y	Y	Y	NA
6.	Indicate the link for the policy to be viewed online?	Ref \$	NA	Ref &	NA	Ref &	Ref &	Ref &	Ref &	NA
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	NA	Y	NA	Y	Y	Y	Y	NA
8.	Does the Company have in-house structure to implement the policy/policies?	Y	NA	Y	NA	Y	Y	Y	Y	NA
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	NA	Y	NA	Y	Y	Y	Y	NA
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	NA	Y	NA	Y	Y	Y	Y	NA

# PLL is in the niche business of transportation, storage and regasification of LNG, and supplies its product to a few select customers including GAIL, IOCL and BPCL. Considering the nature of company's business, these aspects are not as critical for us as probably for certain other sectors and industries. Hence, Company does not have dedicated policies regarding these aspects. However, PLL does not take these aspects lightly, and has sufficient focus on these aspects. The Company is taking appropriate actions as and when required to address them comprehensively.

\* Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies. Policies are signed by either MD&CEO or other senior management personnel such as Presidents, Senior Vice Presidents, and Vice Presidents or released as 'office orders' upon approval by the Board.

A: Code of Conduct for Board Members and Senior Management Personnel

B: Human Resources Policies including Recruiting and Employment Policy, Leave Policy, Medical and Hospitalization Policy

C: Sexual Harassment Policy

D: QHSE Policy

E: Insider Trading Policy

F: CSR Policy

\$: PLL Code of Conduct: <http://www.petronetlng.com/code-conduct.aspx>

&: Policy is not available in public domain. Policy is available on Company's internal intranet portal and can be accessed by Company employees.



**PETRONET LNG LIMITED**
**3. Governance related to BR:**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

PLL is committed to becoming a strong and sustainable organization. As part of our compliance and risk mapping exercises, Company ensures regular evaluation of the sustainability performance and risks as well, which are all presented to our leadership and Board for their consideration. Further, PLL's Board constitutes of representatives from all our promoter institutions, i.e. GAIL, ONGC, IOCL and BPCL, which all put sustainability high on the Board agenda. As a result, our Board reviews company's sustainability performance on continual basis, at least once annually.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Petronet LNG Limited is one of the fastest growing companies in the Indian energy sector. In our endeavours we are constantly striving to run a successful business, contribute towards nation building, support inclusive community growth model, and create a healthy work environment for our people. In this regard, PLL has been evaluating and publishing its sustainability performance through Annual Sustainability Report since FY 2012-13, highlighting upon company's triple bottom line performance. PLL developed and released its last Sustainability Report for the period FY 2014-15. FY 2015-16 Sustainability Report is under compilation and will be released shortly.

Since FY 2012-13, in line with the SEBI mandate, PLL has been releasing its Business Responsibility report. The previous report was released for FY 2014-15 and formed part of the Company's Annual Report 2014-15. The same can be accessed as standalone or as part of Annual Report at following links respectively:

[http://www.petronetlng.com/PDF/Business\\_Responsibility\\_Report\\_2014-15.pdf](http://www.petronetlng.com/PDF/Business_Responsibility_Report_2014-15.pdf)

<http://www.petronetlng.com/PDF/AR-2014-15.pdf>

Also, since the last 5 years PLL has been member of the Global Compact Network (GCN), and has been following and disclosing performance against GCN principles covering aspects of human rights, labour practices, and anti-corruption beside others.

**Section E: Principle-wise Performance**
**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. *Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

Company's Code of Business Conduct and Ethics are laid out for Board members and Senior Management personnel. Board members and Senior Management personnel affirm compliance to the code on annual basis, including during last financial year. This highlights PLL's commitment to ethical and transparent corporate governance practices. The philosophy of PLL 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 organisation with the primary objective of enhancing shareholders' value while being a responsible corporate citizen. However, beyond this as well, Company has checks and balances in place for ensuring ethical business conduct across its operations, including safeguards in place which discourages bidders to engage in any corrupt practices during tendering process.

Further, to strengthen company's commitment against workplace harassment, PLL has come out with sexual harassment order in line with the sexual harassment order in line with the sexual harassment order of women at workplace act 2013, which is strictly governed and enforced across the organization. Also, since the last 5 years PLL has been member of the Global Compact Network (GCN), and has been following and disclosing performance against GCN principles covering aspects of human rights, labour practices, and anti-corruption beside others. The most recent Communication on Progress (CoP) was released for FY 2014-15. The same can be accessed at: [https://www.unglobalcompact.org/system/attachments/cop\\_2015/161701/original/Petronet\\_LNG\\_Limited\\_2014-15.pdf?1432291693](https://www.unglobalcompact.org/system/attachments/cop_2015/161701/original/Petronet_LNG_Limited_2014-15.pdf?1432291693). The next CoP for FY 2015-16 is due to be released in 2016.

2. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.*

PLL received 831 shareholder complaints during the FY 2015-16, while 1 complaint was pending from previous financial year. 832 complaints were

successfully resolved during the year while NIL complaint was pending as on 31st March 2016.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. *List up to three of your products or services whose designs have incorporated social or environmental concerns, risks and/ or opportunities.*

At PLL, our primary and only product portfolio remains import, storage and regasification of Liquefied Natural Gas. During the FY 2015-16 period, no change has occurred in our product and services portfolio, neither has there been any significant change in our operational footprint. We are not involved in manufacturing of any product, and hence the environmental impacts emerging from our activities are minimal. Further, our product is transported through tanker ships and gas pipelines thus limiting the transport related environmental footprint. However, we are still committed to ensuring responsible handling and marketing of our product, and hence have in place state of the art product handling equipment at our facilities. Also, we closely monitor and ensure compliance with all existing and applicable regulations of the concerned land on our operations and at our primary locations.

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional):*

- i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.

PLL operates two terminals in India at Dahej, Gujarat and Kochi, Kerala, which apply state of the art technology for ensuring safe and efficient operations. PLL has strong focus on managing and reducing its energy, water and waste footprint, and is in constant lookout for improvement opportunities. Some interventions taken in this regard during the previous financial year included implementation of ISO 14001 and OHSAS 18001 standardization systems at our Dahej terminal, reducing overall dependence on direct fuel consumption at our operational sites, and use of chilled water from plant operations for air conditioning in the building. All these efforts have allowed us to improve upon our resource use efficiency.

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

PLL believes that increasing the share of natural gas in the country's energy mix will lead to a transition to a low carbon growth. This belief comes from the fact that natural gas and renewable energy sources are often considered to be complementing each other. Natural gas, which is the major product of PLL, does not produce significant amounts of solid waste, air emissions in form of nitrogen oxides and carbon dioxide are also of lower quantities than those produced from coal or oil. Emissions from natural gas in form of sulphur dioxide and mercury are negligible. These characteristics make LNG a cleaner fuel and helps PLL and consumers in reducing their carbon footprint. Further, PLL has started the supply of LNG to customers through road transportation. The approach is primarily suited for small and mid-segment customers not connected through gas pipelines, and with limited requirements.

3. *Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Besides, provide details thereof in about 50 words or so.*

Majority of PLL's raw material is transported from our international supplier's sites through large tanker ships to Company terminals in Dahej and Kochi, while the final regasified product is transported to customers in India through installed pipelines. Here, applicable maritime and other regulations, procedures and practices are strictly followed and monitored throughout the product transport and supply phases.

Further efforts are being made for promoting sustainable practices across various functions with the organization, wherever feasible and as applicable, including procurement of indirect materials and services besides raw materials, although currently the Company does not has dedicated policy for sustainable sourcing.

4. *Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?*

At PLL, we consider India as local. PLL's procurement approach is based on least price tendering



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mechanism. Company selects its vendors based on carefully designed evaluation criteria set for each good and service to be procured. In this regard, competent local vendors are given equal preference as any other, and as applicable they are invited for the tendering process.

5. *Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Besides, provide details thereof in about 50 words or so.*

As ours facilities are not manufacturing centres but storage and regasification terminals, our operations consume minimal raw materials and resources and generate minimal waste. As a result there are no formal written mechanisms for recycling products and waste generated, however we proactively ensure proper disposal of waste and reuse of other resources wherever applicable. There is no hazardous or inert solid waste generated from any of

our plant locations. Some quantities of used oily waste, i.e. waste oil, oil contaminated cloth, oil drums etc, is generated annually during periodic maintenance of various equipment, which is properly collected, stored and disposed through authorized agencies on regular durations. Also it is pertinent to mention here that while carrying out our operations, there is no waste water generation. Some amount of reject condensate water generated from our air-heaters is used for gardening purposes, and also as back up source for fire emergencies. Both our terminal sites are zero water discharge.

**Principle 3: Businesses should promote employee well-being**

1. *Please indicate the total number of employees : 466 Permanent Employees (as on 31st March, 2016)*
2. *Please indicate the total number of employees hired on temporary / contractual / casual basis*

Category of Employees	No of Employees
Sub-contracted employees	5987

3. *Please indicate the number of permanent women employees : 28 (as on 31st March, 2016)*
4. *Please indicate the number of permanent employees with disabilities : Nil*
5. *Do you have an employee association that is recognised by the Management? :*

Presently, Petronet LNG does not have any employee association.

6. *What percentage of your permanent employees is member of this recognised employee association? :* N.A.
7. *Please indicate the 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.*

S. No.	Category	No of complaints filed during the financial year	No. of complaints pending at the end of the financial year
1	Child Labour	Nil	Nil
2	Forced Labour	Nil	Nil
3	Involuntary Labour	Nil	Nil
4	Sexual Harassment	Nil	Nil

8. *How many of your under-mentioned employees were given safety and skill up-gradation training in the last year?*

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent employees	385	384
Permanent women employees	9	9
Casual / Temporary / Contractual employees	4063*	Currently not being tracked
Employees with disabilities	N.A.	N.A.

\* Headcount figure includes repetition of individuals as some employees underwent multiple safety trainings.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. *Has the Company mapped its internal and external stakeholders? Yes / No*

Yes, the Company has mapped its various key internal and external stakeholders, and employs various mechanisms and practices for engaging with them for fruitful dialogue and continued relationship. Here, PLL regularly engages with its community stakeholder group, including those falling under disadvantaged, vulnerable and marginalized, at and near its sites of significant operations, i.e. Dahej, Gujarat and Kochi, Kerala, to understand and respond to community needs in an effective manner. The learnings from these interactions are used for better designing the company's CSR projects for ensuring their optimal benefits.

2. *Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?*

The Company has mapped disadvantaged, vulnerable and marginalized stakeholders, and is actively working with them towards inclusive growth. As part of PLL's CSR initiatives, Company is running education, healthcare and community infrastructure development projects for marginalized communities.

3. *Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.*

Having identified the need of the communities spread around PLL's significant area of operations, Company is running infrastructure development, skill and livelihood development, education, and healthcare services programs for the marginalized and disadvantaged stakeholders. As part of company's education and empowerment initiatives, PLL promoted skill development of below poverty line youth. Further, under sanitation drives PLL constructed and renovated toilets at local schools. While under healthcare drive, Company organized free medical check-up and consultation camps, and contributed towards construction of healthcare infrastructure facilities.

**Principle 5: Businesses should respect and promote human rights**

1. *Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

Yes, Company policy on human rights is all-encompassing and thorough, and all contractors and suppliers are expected to follow them comprehensively. PLL is an equal opportunity employer and does not discriminate based on gender, caste, race, sexual orientation or religion.

2. *How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?*

There have been no complaints regarding breach of human rights aspects in the reporting period.

**Principle 6: Businesses should respect, protect, and make efforts to restore the environment.**

1. *Do the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?*

PLL's Quality, Health, Safety and Environment (QHSE) Policy is applicable to all employees and stakeholders involved in PLL's business. The senior management pays focused attention on reviewing all parameters related to HSE Standard. The Contractors are also required to monitor report and take strict actions on all such issues. The Company also regularly conducts audits through third party and enforces compliance to Audit findings. Further, in a step forward, to further improve upon our environment and safety practices, we have acquired ISO Certification under the Integrated Management System at Dahej where the following standards are effectively adhered to in each and every process of the Company from housekeeping to the operation of the terminal.

- 9001:2008: Quality Management
- 18001:2007: OHSAS Management
- 14001:2004: Environmental Management

We are also working towards acquiring ISO Certifications under the Integrated Management System at the Kochi terminal.

2. *Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage and so on.*

PLL is committed to environmental protection and understands its role and responsibility in mitigating the effects of climate change. In this regard company's biggest contribution is in the form of its



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product, i.e. natural gas, which is a cleaner form of fuel compared to fossil fuels, i.e. coal and petroleum products. Further, majority of PLL's raw material is transported from our international supplier's sites through large tanker ships to Company terminals in Dahej and Kochi, while the final re-gasified product is transported to customers throughout India through installed pipelines. Both these modes of transportation are considered highly clean and sustainable.

Besides, Company is in constant lookout for opportunities for reducing its own operational environmental footprint. The details about company's efforts and initiatives in the areas of environment protection and climate change management can be found in our latest sustainability report for FY 2014-15.

3. *Does the Company identify and assess potential environmental risks?*

PLL has highly limited environmental footprint compared to many other industries owing to the nature of its business. Company does not have significant process emissions or waste generation, and is generating condensate water as part of regasification of LNG process which is being used for internal activities like gardening.

Further, being active in the coastal belts of Dahej, Gujarat and Kochi, Kerala, PLL has identified with the benefits of mangrove plantation in the highly salty and muddy waters found in the regions. Mangrove is a halophyte, which is known as salt tolerant forest ecosystem. These can grow in waterlogged clayey/ marshy soils, specifically in coastal intra tidal zones / river banks. Mangroves are amongst the most productive ecosystems available on this planet. Realizing their benefits, mangrove plantation has been taken up near Dahej and Kochi Terminals in consultation with Gujarat Institute of Desert Ecology, Gujarat Ecology Commission and the Forest Department in Gujarat and Social Forestry Department and Centre for Water Resources Development and Management (CWRDM) in Kerala. By the year 2015-16, nearly 1500 hectares total area is covered by mangrove plantations as a result of PLL Dahej and Kochi terminal's efforts.

4. *Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Besides, if yes, mention whether any environmental compliance report is filed?*

No. Currently no projects related to Clean Development Mechanism have been taken up by PLL. However we are in constant lookout for opportunities in this regard.

5. *Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.*

PLL is conscious of its environmental footprint and is taking proactive steps to mitigate impact of its operations. In this regard, Company is undertaking measures for protecting marine ecology in the area of its operations. Here, mangrove plantation has been taken up near Dahej and Kochi Terminals in consultation with Gujarat Ecology Commission, and the Forest Department, Government of Gujarat and Centre for Water Resources Development and Management (CWRDM) in Kerala. By the end of FY 2015-16, Company has covered over 1,100 hectares under plantation.

As part of in-plant initiatives, cold energy of LNG is being used for HVAC system, Nitrogen Generation, and Air compressor which helps in reducing overall energy consumption. Further, waste heat of GTG (Gas Turbine Generator) is being utilized for LNG regasification, and process condensate water generated during the re-gasification process is being used for in-plant uses such as gardening.

6. *Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year under review?*

Yes, all of company's emissions/waste generated during the reporting period was within the regulatory defined limits.

7. *Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as at the end of the financial year.*

There were no show cause / legal notices from CPCB / SPCB received by any of the PLL sites during the previous financial year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. *Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.*

PLL is member of various trade and chambers or association, where senior management of the



Company represent PLL and engage on discussions across various topics. Some of these associations include:

- International Group of Liquefied Natural Gas Importers (GIIGNL)
- International Gas Union (IGU)
- PetroFed
- Natural Gas Society (NGS)

2. Have you advocated / lobbied through the above associations for the advancement or improvement of public good?

Yes / No; if yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development polices, energy security, water, food security, sustainable business principles and others).

No. Company's Senior Management represents the Company in various industry forums. They understand their responsibility while representing PLL in such associations, and while they engage in constructive dialogues and discussions they refrain from influencing public policy with vested interests.

#### Principle 8: Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.

PLL's primary focus, from CSR perspective, is on education, healthcare services, community infrastructure development and environment sustainability activities. All activities undertaken are as per the list of activities specified in Schedule VII of the Companies Act 2013. Some key initiatives taken in these areas during the previous financial year are as following:

##### Healthcare and Sanitation:

- Participated in Poor welfare Initiative "Garib Kalyan Mela" to link poor residents from Vagra taluka with Government of Gujarat Benefit schemes.
- Awareness Session for women by Gynecologist Dr. Bhavna Sheth was organized on "Preventive Care during Monsoon Season" at Luwara Village near our Dahej LNG Terminal, Gujarat.
- Petronet LNG Limited organized a Health Talk and cancer detection camp at Primary Health Centre,

Luwara Village, Gujarat. 70 women from village got benefitted by participating in the said program.



Health Talk and Cancer Detection Camp at Primary Health Centre, Luwara Village, Gujarat.

- Four eye screening & cataract operational camps got conducted in Dahej, Kochi, Delhi NCR and U.P. In total 1364 OPDs, 1083 spectacles were distributed, 792 patients were provided with medicine and 180 cataract surgery was were done.





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- Petronet has partnered with Rashtriya Madhyamik Siksha Abhijan (RMSA) for building 100 toilet blocks for Boys/ Girls in 75 Secondary and Higher Secondary Schools in Assam. These schools are from 15 districts in Assam i.e. Dibrugarh, Sivasagar, Lakhimpur, Golaghat, Karbi Anglong, Dargang, Nagaon, Kamrup Rural, Dima Hasao, Barpeta, Nalbari, Baka, Chirang, Bongaigaon and Dhubri.



Providing Toilet Blocks in School at Shivasagar, Assam.



Providing Toilet Blocks in School at Darrang, Assam.

- Petronet constructed 21 Toilet Blocks for boys and girls in government schools as part of Swachh Bharat Abhiyaan at Vazhakula, Anandamkudi, Anjikudi, Elamblassery, Medanapara, Talavalichipara, Kunjipara, Meenukulam, in Ernakulam District, Kerala.



Providing Toilet Blocks in School at South Vazhakulam, Kochi.

- Under Swachh Bharat Abhiyan the initiative, Built 33 WC and 16 Urinal for students in 5 schools in neighboring villages of Ambheta, Jageshwar and Dahej near our Dahej LNG Terminal.



Providing Toilet Blocks in School at Dahej.

### Education and Empowerment

- Outstanding students of Primary School Luwara Village, near Dahej LNG Terminal were rewarded as a part of CSR Initiative to motivate the children for continuing education.
- PLL has distributed educational kits from 1<sup>st</sup> standard to 8<sup>th</sup> standard to 237 school students of Luwara Primary School, during Shala Praveshotsav (an educational theme promoted by Gujarat Government).



- PLL in association with IL&FS has organised residential skill training for 28 youth and non-residential skill training linked with employment for 72 youths in Fitter and Welding Trades.
- As part of the intervention at the Village level through Luwara Primary School Children, competition on Cleanliness was organized on 29<sup>th</sup> December 2015. In this competition all

the students of the school were divided into 9 groups based on their area of residence and a competition of cleanest street was organized.

- PLL in partnership with Alphonza Institution has started a project named Velicham during the year which aims to provide free Engineering/Medical Entrance coaching to 40 poor and brilliant students of Vypin Island.



- A baseline survey was conducted by Centum Foundation to identify the need assessment of the local women to provide them livelihood through skill development training in Elamkunnappuzha.
- Appointment of 11 Para teachers through Gram Vikas Trust in 3 Villages Schools in consultation with District Magistrate, Dahej.

### Environment and Sustainability

- Installation of 12 Solar Lights at prominent location from Goshree Junction to Petronet LNG Ltd.
- Over 16700 mangrove seedlings were planted through women group called Kundumbasree for the protection of ecosystem under mangrove afforestation project in Ernakulam District of



Mangrove Afforestation in Ernakulam District of Kerala.



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Kerala. In addition, awareness and trainings among the local people were organised on the theme of Ecological and Socio-economic importance of Mangrove Eco-system to involve them in the protection of existing mangrove forest.

### Rural Development Projects

- Puthuvypeen area adjacent to Kochi terminal has been identified for infrastructure development mainly roads, culverts, storm, water drains, solar lights etc. in partnership with District Collector, Ernakulum and Village Panchayat.



Installation of Solar Lights at Elamkunnappuzha Gram Panchayat, Kochi.



Citizen's Road & Drain work at Ward III of Elamkunnappuzha Gram Panchayat, Kochi.



Steel Bridge at Kambivelikkakam - Ward XXII, Kochi



- Petronet undertook the construction and rehabilitation of 11 pacca houses for the tribals and migrant villagers of Luvara, Gujarat.
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?

PLL, as responsible Corporate has been undertaking Socio-Economic Development Projects/Programs and also supplementing the efforts of the local institutions/NGOs/local Government/implementing agencies in the field of Education, Healthcare, Community Development, Entrepreneurship etc. to meet priority needs of the marginalized and underserved communities with the aim to help them become self-reliant. These efforts are being undertaken preferably in the local area and areas around our work centers/ project sites. To effectively manage, monitor and implement CSR initiatives of the company, and in terms of provisions of Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee as a sub-committee to the Board. PLL also engages credible NGOs, trusts, and government agencies for implementing activities, projects and programs. Further, PLL constantly motivates its employees to engage in the CSR schemes of the Company and participate through philanthropic contributions or by volunteering their time.

3. Have you done any impact assessment of your initiative?

PLL engages in regular conversation with community members during and post CSR project implementation, and undertakes timely assessments of implemented projects for ensuring their desired impact and continued sustenance. Here, PLL ensures that community members are kept involved in entire project lifecycle, including identification, development, execution and maintenance, and are treated as project owners, which ensures maximum impact achieved from each CSR intervention.

4. What is the Company's direct contribution to community development projects? Provide the amount in INR and the details of the projects undertaken?

INR 5.96 crore was spent during the financial year 2015-16. This represents 0.65% of profit after tax spends on CSR activities during the previous financial year.

Details of some key projects undertaken during the year are as following:

S. No.	Initiative(s)	Amount Spent (in ₹ Lakh)
1.	Promoting education/ enhancing vocational skills/ livelihood enhancing projects	56



Skit by PLL Employees on Swachhta for Government School Children at Dahej.



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S. No.	Initiative(s)	Amount Spent (in ₹ Lakh)
2.	Ensuring Environment Sustainability	23
3.	Promotion of Rural Sports	2
4.	Eradicating hunger, poverty, malnutrition, Promoting Preventive Healthcare and sanitation	298
5.	Rural Development Projects	217
	<b>Total</b>	<b>596</b>

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words.*

Company undertakes need assessment surveys in villages before undertaking CSR initiatives. Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are kept in loop and continuously consulted with during implementation of initiatives. Further, PLL ensures that community members participate in the initiatives being undertaken / implemented, and that they take responsibility for maintenance and sustenance of projects in future.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. *What percentage of customer complaints / consumer cases is pending, as at the end of the financial year?*

There have been no cases of customer complaints / consumer case in the reporting period.

2. *Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information).*

Product information labelling is not applicable to our product and services portfolio, as PLL deals primarily with transportation, storage and regasification of LNG. However, adherence to all laws pertaining to product handling, branding and distribution is of utmost significance to the company, and PLL ensures full compliance to these.

3. *Is there any 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 the end of the financial year? If so, provide details thereof, in about 50 words or so.*

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last financial year.

4. *Did your Company carry out any consumer survey / consumer satisfaction trends?*

Our principle customers are our primary promoters as well, i.e. GAIL, IOCL and BPCL, with whom we interact and engage on regular basis. The practice was established at the time of institutionalization of PLL, engrained in our system and culture, and has continued since. Representatives of these organizations are present on PLL's Board ensuring constructive dialogue and sound decision making, thus elimination scope for any potential conflicts.



Swachhta Pledge during Cleanliness and Sensitization Drive by PLL Employees and School Children at Nagar Palika Co-Ed Secondary School at Sangli Mess, New Delhi



**INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****To the Members of Petronet LNG Limited****1. Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Petronet LNG Limited ("the Parent Company") and its joint venture (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 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").

**2. Management's Responsibility for the Financial Statements**

The Parent Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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 Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's 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 Parent 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

**4. 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 Company as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**5. Other Matters**

We did not audit the financial statements of Adani Petronet (Dahej) Port Pvt. Ltd. (Jointly controlled entity) whose financial statements reflect total assets (net) of ₹ 36,941 Lac as at March 31, 2016, total revenue of ₹ 9,169 Lac and net cash



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outflow of ₹ 104 Lac for the year ended March 31, 2016, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has 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 this jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity, is based solely on the report of the other auditor.

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 matter with respect to our reliance on the work done and the report of the other auditor.

**6. Report on Other Legal and Regulatory Requirements**

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 purposes of our audit of the aforesaid consolidated financial statements;
- b. in our opinion, proper books of account as required by law relating to the preparation of the consolidated financial have been kept so far as it appears from our examination of those books;
- c. the consolidated balance sheet, the consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this Report are in agreement with the 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. on the basis of written representations received from the Directors of the Parent Company as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its jointly controlled Company incorporated in India, none of the Directors of the Group companies is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 29B to the consolidated financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses - Refer Note 29 A (b) to the consolidated financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

**For T.R. Chadha & Co LLP**

Chartered Accountants

(Firm Registration No. 006711N/N500028)

**Sd/-**

**Neena Goel**

**Partner**

**Membership No - 057986**

Place: New Delhi

Date: 16<sup>th</sup> May, 2016

**“Annexure A” as referred to in paragraph 6(f) of our report of even date****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 31 March 2016, we have audited the internal financial controls over financial reporting of Petronet LNG Limited (“the Parent Company”) and its joint venture entity incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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 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 applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) 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



**PETRONET LNG LIMITED**

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- c) 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 Parent Company and its joint venture entity, which are 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 31 March 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 T.R. Chadha & Co LLP**

Chartered Accountants

(Firm Registration No. 006711N/N500028)

**Sd/-****Neena Goel****Partner****Membership No - 057986**

Place: New Delhi  
Date: 16<sup>th</sup> May, 2016

## Consolidated Balance Sheet as at 31st March, 2016

(₹ in lac)

	Note No	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	75,000	75,000
Reserves and surplus	3	567,447	497,215
		<b>642,447</b>	<b>572,215</b>
<b>Non Current Liabilities</b>			
Long term borrowings	4	221,133	250,006
Deferred tax liabilities (net)	5	89,390	74,614
Other long term liabilities	6	140,000	90,000
Long term provisions	7	678	2,354
		<b>451,201</b>	<b>416,974</b>
<b>Current Liabilities</b>			
Short term borrowings	8	2,349	250
Trade payables		77,676	32,594
Other current liabilities	9	73,756	94,743
Short term provisions	10	25,314	19,631
		<b>179,095</b>	<b>147,218</b>
<b>Total</b>		<b>1,272,743</b>	<b>1,136,407</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible assets	11	706,660	720,636
- Intangible assets	11	711	1,083
- Capital work in progress	12	159,467	75,406
Non current investments	13	451	451
Long term loans and advances	14	55,739	69,160
Trade Receivable	15	-	375
Other Non Current Assets	16	200	230
		<b>923,228</b>	<b>867,341</b>
<b>Current Assets</b>			
Inventories	17	24,967	88,726
Trade receivables	18	101,699	136,134
Cash and Bank Balances	19	218,429	36,439
Short term loans and advances	20	4,224	7,633
Other current assets	21	196	134
		<b>349,515</b>	<b>269,066</b>
<b>Total</b>		<b>1,272,743</b>	<b>1,136,407</b>

Significant Accounting Policies

1

Other Notes on Accounts

29 to 42

As per our report of even date attached

For T R Chadha &amp; Co LLP

For and on behalf of Petronet LNG Limited

Chartered Accountants

ICAI Firm Regn. No. 006711N /N500028

Sd/-

Neena Goel

Partner

Membership No - 057986

Sd/-

Prabhat Singh

MD &amp; CEO

Sd/-

R. K. Garg

Director - Finance

Place : New Delhi

Dated : 16th May 2016

Sd/-

K. C. Sharma

Company Secretary



**PETRONET LNG LIMITED****Consolidated Statement of Profit and Loss for the year ended 31st March, 2016**

(₹ in lac)

	Note No	Year ended 31.03.2016	Year ended 31.03.2015
<b>INCOME</b>			
Revenue from operations	22	2,722,295	3,962,697
Other income	23	17,261	15,643
		<b>2,739,556</b>	<b>3,978,340</b>
<b>EXPENSES</b>			
Cost of materials consumed	24	2,507,565	3,761,086
Employee benefit expenses	25	7,481	5,983
Finance costs	26	25,522	30,783
Depreciation and amortisation expense	11	33,926	32,908
Other expenses	27	42,696	43,858
		<b>2,617,190</b>	<b>3,874,618</b>
<b>Profit for the Year before taxation</b>		<b>122,366</b>	<b>103,722</b>
<b>Less : Tax expense</b>			
- Current Year		26,198	21,895
- Earlier Year		(6,655)	(6,707)
		19,543	15,188
<b>Less : MAT Credit Entitlement</b>			
- Current Year		3,700	13,600
- Earlier Year		1,107	7,662
Net Current tax		14,736	(6,074)
Deferred tax		14,777	19,316
Total Tax Expense		<b>29,513</b>	<b>13,242</b>
<b>Profit for the year after taxation</b>		<b>92,853</b>	<b>90,480</b>
<b>Basic/Diluted Earnings per share in ₹ (face value of ₹ 10/- each)</b>	28	<b>12.38</b>	<b>12.06</b>

Significant Accounting Policies

1

Other Notes on Accounts

29 to 42

As per our report of even date attached

For T R Chadha & Co LLP  
 Chartered Accountants  
 ICAI Firm Regn. No. 006711N /N500028

For and on behalf of Petronet LNG Limited

Sd/-  
 Neena Goel  
 Partner  
 Membership No - 057986

Sd/-  
 Prabhat Singh  
 MD & CEO

Sd/-  
 R. K. Garg  
 Director - Finance

Place : New Delhi  
 Dated : 16th May 2016

Sd/-  
 K. C. Sharma  
 Company Secretary

## Consolidated Cash Flow Statement for the year ended 31st March 2016

(₹ in lac)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	122,366	103,721
Adjustment for :-	-	-
Depreciation	33,926	32,908
Loss on the sale of fixed asset	13	24
Profit on sale of current Investment	(9,410)	(6,065)
Amortization of Forward Premium	-	1,346
Interest Expense	25,398	29,422
Interest Income	(2,546)	(4,962)
Dividend Income	-	(3)
Excess provision written back	(2)	(4)
<b>Operating Profit Before Working Capital Changes</b>	<b>169,745</b>	<b>156,387</b>
Movements in working capital :-		
Increase / (Decrease) in Other Long Term Liabilities	50,000	60,000
Increase / (Decrease) in Long Term Provisions	145	53
Increase / (Decrease) in Short Term Provisions	53	(7,688)
Increase / (Decrease) in Trade Payables	45,082	(156,415)
Increase / (Decrease) in Other Current Liabilities	(5,731)	(16,795)
(Increase)/ Decrease in Long Term Loans and Advances	661	3,920
(Increase) / Decrease in Inventories	63,759	7,125
(Increase)/ Decrease in Trade Receivables	34,810	67,767
(Increase)/ Decrease in Short Term Loans and Advances	3,396	(2,289)
(Increase)/ Decrease in Other Current assets	57	33
<b>Cash Generated From Operations</b>	<b>361,977</b>	<b>112,098</b>
Less : Income Tax Paid (net of refunds)	20,517	22,031
<b>Net Cash From Operating Activities</b>	<b>341,460</b>	<b>90,067</b>
<b>B. Cash Flow from Investment Activities</b>		
Net proceeds / (purchase) of Mutual Fund units	-	4,988
Profit on sale of current Investment	9,410	6
Interest received	2,447	6,064
Dividend Received	-	5,199
Net proceeds / (purchase) of Fixed Asset	(101,048)	(5,133)
Deposit/realisation of margin money	(6)	(82,803)
<b>Net Cash Used In Investing Activities</b>	<b>(89,197)</b>	<b>(71,679)</b>
<b>C. Cash Flow from Financing Activities</b>		
Net proceeds/(Repayment) of Long Term Borrowings	(25,533)	(37,047)
Net proceeds/(Repayment) of Short Term Borrowings	-	(24,872)
Interest Expense Paid	(26,692)	(26,286)
Dividend paid	(18,054)	(17,549)
<b>Net Cash Used in Financing Activities</b>	<b>(70,279)</b>	<b>(105,754)</b>
<b>Net Increase/( Decrease ) in Cash and Cash Equivalents</b>	<b>181,984</b>	<b>(87,366)</b>
Cash and Cash Equivalents at the beginning of the year	35,757	123,123
Cash and Cash Equivalents at the end of the year	217,741	35,757
	<b>181,984</b>	<b>(87,366)</b>

Notes :

- 1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements.
- 2) Unpaid dividend amounts with bank are not included in the Cash & Cash equivalents.

As per our report of even date

For T R Chadha &amp; Co LLP

Chartered Accountants

ICAI Firm Regn. No. 006711N /N500028

Sd/-

Neena Goel

Partner

Membership No - 057986

Place : New Delhi

Dated : 16th May 2016

For and on behalf of Petronet LNG Limited

Sd/-

Prabhat Singh

MD &amp; CEO

Sd/-

K. C. Sharma

Company Secretary

Sd/-

R. K. Garg

Director - Finance



**PETRONET LNG LIMITED**
**Significant Accounting Policies and Notes to Consolidated Accounts for the year ended 31st March 2016**
**Principles of Consolidation**

The consolidated financial statement relates to Petronet LNG Limited ('the Company') and Adani Petronet (Dahej) Port Pvt. Ltd ('the JV Company'), in which the Company owns 26% paid-up equity capital, collectively referred to as 'the Group'. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its interest in joint venture have been accounted for using proportionate consolidation method whereby the Group includes its share of the assets, liabilities, income and expenses of the jointly controlled entities in its consolidated financial statements as per Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' after elimination of intra-group balances, intra group transactions and unrealized profit or loss on transactions between the group companies to the extent of the Company's proportionate share.
- The consolidated financial statements have been 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. Differences in accounting policies have been disclosed separately.
- The difference between the cost of the investment in Joint Venture and the proportionate share in the equity of the investee Company as at the date of acquisition of stake, if any, is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the Balance Sheet date.

**1. Significant Accounting Policies**
**1.01 Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. In addition, the JV Company has also considered the amendments made under Companies (Accounting Standards) Amendment Rules, 2016 while preparation of its financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**1.02 Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialise.

**1.03 Fixed Assets, Intangible Assets and Capital Work-in-progress**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use and share issue expenses related to funds raised for financing the project.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset

Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

**1.04 Depreciation / Amortisation**
**Tangible Assets –**

Depreciation on fixed assets is calculated on Straight Line Method (SLM) using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013. Useful life of the assets, required to be

transferred under Concession Agreement have been restricted up to the end of Concession Agreement. In case of the following assets lying in the books of APPPL (JV company) useful life as estimated by the management of JV Company has been considered:

Category	Assets	Estimated Useful Life
Marine Structures	Pneumatic Fender	10 Years
Plant & Machinery	Steel Conveyor belt, Diesel Pile Hammer (construction equipment)	10 Years
Building	Carpeted Roads - Other than RCC Non Carpeted Roads - Other than RCC	6 Years 3 Years
Tugs & Boats	Tug - Outfitting items	15 Years

Cost of leasehold land is amortized over the lease /concession period.

#### **Intangible Assets:**

Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software/Licenses is considered as 3 years.

In case of JV Company, Intangible assets are amortised on straight line basis over their estimated useful lives as follows

Intangible Assets	Estimated Useful Life (Years)
Software	5 Years or useful life whichever is less
Right of use for land	10 Years

#### **1.05 Investments**

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Overseas investments are recorded at the exchange rate prevailing on the date of investment. Long term investments are carried at cost after deducting provision, where the decline in value is considered as other than temporary in nature.

#### **1.06 Inventories**

Raw material, stores and spares are valued at lower of cost or net realizable value. Cost of stores and spares is determined on weighted average cost. Cost of raw material is determined on FIFO basis for respective categories of supplies.

#### **1.07 Sale / Revenue Recognition**

Revenue is primarily derived from Sale of RLNG and is net of sales tax. Revenue from sales is recognised at the point of dispatch, when risk and reward of ownership stand transferred to the customers.

Services are net of service tax. Revenue from services is recognised when services are rendered and related costs are incurred.

Interest income is recognised on time proportion basis.

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

#### **1.08 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are



## PETRONET LNG LIMITED

translated at exchange rates applicable on year end date. Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost. Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss. In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract.

In case of JV Company, the exchange difference arising on translation/settlement of foreign currency monetary items are accounted as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
3. All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of 1 and 2 above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012 exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

Further, in case of JV Company, derivative contracts are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

### 1.09 Employee Benefits

Provision for leave encashment is made on the basis of actuarial valuation at the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss. Contribution to Provident Fund and Superannuation is accounted for on accrual basis. Liabilities with respect to gratuity are determined by actuarial valuation as of the balance sheet date, based upon which the Company contributes the ascertained liabilities to the insurer (LIC).

### 1.10 Borrowing Costs

Borrowing cost (net of any income on the temporary investments of those borrowings) attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost till the assets are ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

### 1.11 Taxes on Income

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

Deferred tax assets are recognized, only if there is reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### 1.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions, involving substantial degree of estimation in measurement, are recognized 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 are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

### 1.13 Impairment of Assets

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to Statement of Profit and Loss, in the year in which an asset is identified as impaired.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>2 Share Capital</b>		
<b>Authorised</b>		
1,200,000,000 (previous year 1,200,000,000) equity shares of ₹ 10 each	1,20,000	1,20,000
<b>Issued, subscribed and fully paid</b>		
750,000,044 (previous year 750,000,044) equity shares of ₹ 10 each	75,000	75,000
<p>The Company has only one class of shares referred to as equity shares each having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.</p> <p>The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.</p> <p>During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to equity shareholders is ₹ 2.5/- (previous year ₹ 2/-). The total dividend appropriation for the year ended March 31, 2016 amounted to ₹ 18750 lac (previous year ₹ 15,000 lac) and corporate dividend tax of ₹ 3817 lac (previous year ₹ 3,000 lac).</p>		
<b>Reconciliation of the number of shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Outstanding at the beginning of the year	750,000,044	750,000,044
Outstanding at the end of the year	750,000,044	750,000,044
<b>Details of shareholders holding more than 5% shares</b>		
<b>Promoters' Holding</b>	<b>% of Holding</b>	<b>No. of Shares</b>
Bharat Petroleum Corporation Ltd.	12.50%	93,750,000
GAIL (India) Ltd.	12.50%	93,750,000
Indian Oil Corporation Ltd.	12.50%	93,750,000
Oil & Natural Gas Corporation Ltd.	12.50%	93,750,000
<b>Non-promoter Holding</b>		<b>No. of Shares</b>
GDF International	10.00%	75,000,000
<b>3 Reserves and Surplus</b>		
<b>A) Securities Premium Reserve</b>	<b>15,546</b>	<b>15,546</b>
<b>B) Debenture Redemption Reserve</b>	<b>17,166</b>	<b>9,334</b>
<b>C) General Reserve</b>		
Balance as per last balance sheet	63,600	54,700
Add: Transfer from surplus balance in the statement of Profit & Loss	9,200	8,900
	72,800	63,600
<b>D) Surplus in the statement of Profit &amp; Loss</b>		
Balance as per last Financial Statement	408,735	352,993
Add : Profit for the year after taxation as per statement of Profit and Loss	92,853	90,480
	501,588	443,473
<b>Less : Appropriations</b>		
Transfer to General Reserve	9,200	8,900
Transfer to Debenture Redemption Reserve	7,832	7,834
Dividend / Proposed Dividend	18,750	15,000
Depreciation charged to retained earning	-	4
Tax on Dividend	3,871	3,000
	461,935	408,735
<b>Total (A+B+C+D)</b>	<b>567,447</b>	<b>497,215</b>



**PETRONET LNG LIMITED**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>4 Long-Term Borrowings</b>		
Non- Convertible Bonds - Unsecured (refer note 1)	130,000	130,000
Term loans - Secured		
- Banks (refer note 3)	5,145	15,405
- from other parties (refer note 2)	107,384	135,411
Inter Corporate Deposit Unsecured	11,001	
Bills under foreign currency letter of credits from banks -Unsecured (refer note 4)	133	134
	253,663	280,950
<b>Less : Current maturities of long-term debts shown in other current liabilities (Refer Note9)</b>	32,530	30,944
	<u>221,133</u>	<u>250,006</u>
Note:		
<b><u>Loans of Parent Company</u></b>		
1 Non-Convertible Bonds are unsecured, non convertible debenture, carries interest in the range of 8.35 % to 9.05%. Repayable at par starting from financial year 2017-18 to financial year 2019-20.		
2 Term loan from other parties represents external commercial borrowings from International Finance Corporation Washington D.C.,USA and Proparco, France against which the Company has entered into derivative contracts to hedge the loan repayment amount including interest. This has the effect of freezing the Rupee equivalent of this liability as reflected under 'Borrowings'. Consequently, there is no restatement of the loan taken in foreign currency and there is no impact in the statement of Profit & Loss, arising out of exchange fluctuations for the duration of the loan. The interest payable in Indian Rupees on loan including the cost of derivative contracts is accounted for in the Statement of Profit & Loss.		
These loans are secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties (except freehold land at New Delhi), both present and future including current assets except on trade receivables on which second charge is created on pari passu basis. The same carry average rate of interest 8.47% p.a. (inclusive of hedge cost) and are repayable in 7 to 14 semiannual installments ending in 2022.		
<b><u>Loans of JV Company</u></b>		
3 Term loan from Banks (Secured) represent foreign currency loans carries interest in the range of LIBOR plus 2.85 % to 2.95%. The loans are repayable in 38 to 40 quarterly installments each from the date of obligation of loan.		
Loans are secured by way of first pari passu charge by way of first mortgage of all the immovable assets of Adani Petronet Dahej Port Private Limited (APPPL), a joint venture company, both present and future and are further secured by hypothecation of movable assets, both present and future of the joint venture.		
Adani Ports & Special Economic Zone Ltd (JV partner of APPPL) has pledged 103,845,494 equity shares (Previous year 103,845,494 equity shares) of the APPPL to IDBI Trusteeship Services Limited representing 30% shares of the Company against total loan of JV.		
4 Letter of Credit carries interest in the range of EUR LIBOR plus 40 basis points.		
<b>5 <u>Deferred Tax Liabilities (Net)</u></b>		
<b>Deferred Tax Liability</b>		
Difference between carrying amount of fixed assets in the financial statements and as per income tax act.	89,613	75,214
<b>Deferred Tax Asset</b>		
On leave encashment provision / other expenses	223	600
	<u>89,390</u>	<u>74,614</u>

**PETRONET LNG LIMITED**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>6 Other Long Term Liabilities</b>		
<b>Advance from customers</b>		
Related Parties (See Note No 33(b))	100,000	75,000
Others	40,000	15,000
	<b>140,000</b>	<b>90,000</b>
The Company has entered into long term agreements for 20 years for providing LNG regasification servicing by allocating its 7 MMTPA regasification capacity from its Dahej Expansion project. The advance received by the Company is adjustable against charges on regasification service during the course of the agreement.		
<b>7 Long-term Provisions</b>		
Provision for employee benefits		
- Leave encashment (See Note 32)	560	428
Provision for mark to market losses on derivative contracts	118	1,926
	<b>678</b>	<b>2,354</b>
<b>8 Short-term Borrowings</b>		
(Unsecured - payable on demand)		
Inter corporate Deposits (Unsecured) ( Refer note below)	2,349	250
	<b>2,349</b>	<b>250</b>
Inter corporate deposit is received from Adani Ports and Special Economic Zone Ltd, at the interest rate of 11.00%.		
<b>9 Other Current Liabilities</b>		
Current maturities of long-term debt		
- from banks	1,245	2,914
- from other parties	31,285	28,030
Interest accrued but not due on borrowings	6,612	5,904
Unearned Revenue	185	10
Advance from customers		
- from related party (See Note No 33(b))	-	1,764
- from others	61	54
Unpaid dividend	618	626
Other payables for :		
- Statutory dues	22,370	25,075
- Security deposits / Retention money	121	1,837
- Capital goods	10,363	27,891
- Others	896	638
	<b>73,756</b>	<b>94,743</b>
<b>10 Short-term provisions</b>		
Provision for employee benefits		
- Gratuity (See Note 32)	37	-
- Leave encashment (See Note 32)	76	55
- Incentives	900	892
Provision for taxation(Net of advance tax payment)	1,734	489
Provision for mark to market losses on derivative contracts	-	195
Proposed dividend	18,750	15,000
Tax on proposed dividend	3,817	3,000
	<b>25,314</b>	<b>19,631</b>

Provision for leave encashment includes share of JV Company amounting to Rs. 20 lacs (previous year 15 lacs) for which no actuarial valuation has been done .



**PETRONET LNG LIMITED****11 Fixed Assets**

(Refer Note no. 1.03 and 1.04)

Particulars	Gross Block				DEPRECIATION / AMORTISATION			NET BLOCK	
	As on 01.04.2015	Additions	Deductions	Adjustment for foreign Exchange	As on 31.03.2016	Upto 31.03.2015	For the year	Upto 31.03.2016	As on 31.03.2016
<b>Tangible Assets (A)</b>									
Freehold Land	33	10,778	-	-	10,811	-	-	-	10,811
Lease Hold Land	7,923	-	-	-	7,923	(499)	(99)	(598)	7,325
Leasehold land development	305	-	-	-	305	(31)	(13)	(44)	261
Buildings	44,245	4,299	(1)	-	48,602	(5,323)	(1,936)	(7,258)	41,344
Plant & Equipments (refer note a)	838,531	3,634	-	106	842,271	(178,214)	(30,692)	(208,906)	633,365
Office Equipments	1,597	284	(97)	-	1,784	(1,208)	(182)	(1,301)	483
Furniture & Fixtures	646	117	(18)	-	745	(279)	(63)	(336)	409
Computer equipment	87	9	-	-	96	(54)	(15)	(69)	27
Vehicles	432	39	(35)	-	436	(147)	(50)	(181)	255
Tugs and boats (Refer note b )	1,490	-	-	-	1,490	(403)	(71)	(474)	1,016
Railway tracks and sidings	495	3	-	6	504	(80)	(34)	(114)	390
Marine structures	12,825	3	-	175	13,003	(1,735)	(294)	(2,029)	10,974
<b>Total (A)</b>	<b>908,609</b>	<b>19,166</b>	<b>(151)</b>	<b>346</b>	<b>927,970</b>	<b>(187,973)</b>	<b>(33,449)</b>	<b>(221,310)</b>	<b>706,660</b>
<b>Intangible Assets (B)</b>									
Licenses/Softwares	2,184	105	-	-	2,289	(1,114)	(474)	(1,588)	701
Right of use of land	26	-	-	-	26	(13)	(3)	(15)	10
<b>Total (B)</b>	<b>2,210</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>2,315</b>	<b>(1,127)</b>	<b>(477)</b>	<b>(1,603)</b>	<b>711</b>
<b>Grand Total (A + B)</b>	<b>910,819</b>	<b>19,271</b>	<b>(151)</b>	<b>346</b>	<b>930,285</b>	<b>(189,100)</b>	<b>(33,926)</b>	<b>(222,913)</b>	<b>707,371</b>
Previous Year	807,249	103,552	(207)	225	910,819	(156,254)	(32,914)	(189,100)	721,719
									650,996

**Note:**

a) Plant and Equipment includes Jetty & Trestle having gross value of ₹ 129,748 lac as at 31st March 2016 (Dahej Phase 1 and additional Jetty). As per the concession agreement, the ownership of Jetty & Trestle would be transferred to Gujarat Maritime Board in the year 2035.

As per the concession agreement entered into with CPT, the ownership of Jetty and Trestle (having gross value of ₹ 38,431 lac as at 31st March 2016, included in plant and Machinery) would be transferred to CPT in the year 2039 which coincides with the expiry of land lease for the entire regasification facility i.e. in the year 2039.

b) Tugs and boats of APPPL (JV Company) includes assets purchased by the Company and are in the process of registration in the name of the Company amounting to ₹ 1,422 lac (Previous Year ₹ 1,422 lac), accumulated depreciation ₹ 439 lac (Previous Year ₹ 373 lac)

**PETRONET LNG LIMITED**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>12 Capital Work in Progress</b>		
<b>Kochi Project:</b>		
- Engineering / project construction	-	1,716
- Buildings	-	3,384
<b>Dahej Ph-III 15MMTPA</b>	154,622	68,891
Others	426	699
CWIP JV Company *	4,419	716
	<b>159,467</b>	<b>75,406</b>

\* Includes interest on borrowing of Rs. 135 lac as on 31.03.2016 (previous year nil)

**13 Non Current Investments**
**Trade investments - Unquoted**
Investments in Equity Instruments

Fully Paid Equity Shares of ₹ 10 each of Bharuch Dahej Railway Company Limited (JV Company)	451	451
300 Ordinary Shares (previous year 300) of US\$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta * (₹ 13,476)	-	-
	<b>451</b>	<b>451</b>

\* Pledged with Sumitomo Mitsui Banking Corporation

**14 Long-term loans and advances**

(Considered Good unless otherwise stated )

**Secured**

Capital Advances*	748	779
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**Unsecured**

Capital advances	1,566	21,354
Security deposits		
- Government authorities	1,012	994
- Others	107	512
MAT Credit Recievable	28,870	24,063
Advances recoverable in cash or kind (net of provision for doubtful debts Rs. 13 lac (previous year- nil)	194	123
Income Tax payment (net of provision for tax)	12,721	10,501
Taxes and Duties recoverable {See Note 29 (B)-(e),(g)}	8,625	9,021
Other loans and advances -		
- Shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	1,866	1,776
- Employees	30	37
	<b>55,739</b>	<b>69,160</b>

\*Secured against bank guarantee of ₹ 748.49 lac (previous year ₹ 778.78 lac.)



**PETRONET LNG LIMITED**

(₹ in lac)

As at 31.03.2016	As at 31.03.2015
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**15 Long Term- Trade Receivables**

(Unsecured - Considered good)

Outstanding for a period exceeding six months from the due date

-

Others\*

-

375

-

**375**

\* Includes Rs. 375 lac contractually collectable on deferred basis (including where receivable period extended)

**16 Other Non Current Assets**

(Unsecured - Considered good)

Balances with banks

- In term deposits

200

208

Interest accrued on trade receivables

-

22

200

**230****17 Inventories**

(Refer Note 1.06 on valuation)

Raw materials

18,580

83,102

Stores and spares

6,253

5,393

Stores and spares in transit

134

231

24,967

**88,726****18 Trade Receivables**

(Unsecured - Considered good)

Outstanding for a period exceeding six months from the due date

5,222

2,590

Others

96,477

133,544

101,699

**136,134****19 Cash and Bank Balances****A) Cash and cash equivalents**

Balances with banks

- In current accounts

1,232

502

- In term deposits

216,508

35,254

Cash on hand

1

1

**B) Other balances with Bank**

Margin Money Deposit

70

56

In earmarked accounts

- Unclaimed dividend account

618

626

218,429

**36,439**

The deposits maintained by the Company with the banks and a financial institution comprise of time deposits, which can be withdrawn by the Company at any time without prior notice or penalty on the principal.

**PETRONET LNG LIMITED**

	(₹ in lac)	
	As at 31.03.2016	As at 31.03.2015
<b>20 Short-term loans and advances</b>		
(Unsecured, Considered Good unless otherwise stated )		
Advances recoverable in cash or kind	2,806	6,354
(net of provision for doubtful debts Rs. 1.60 lac ,previous year Ra. 2.14 lac)		
Prepaid Expenses	1,232	1,249
Taxes and Duties recoverable	182	25
Others	4	5
	<b>4,224</b>	<b>7,633</b>
<b>21 Other current assets</b>		
(Unsecured - Considered good)		
Interest accrued		
- on deposits and loans	136	38
- on trade receivables	43	20
Others	17	76
	<b>196</b>	<b>134</b>
	<b>Year ended 31.03.2016</b>	<b>Year ended 31.03.2015</b>
<b>22 Revenue from Operations</b>		
(Refer Note 1.07 on revenue recognition)		
Sales	2,624,753	3,909,283
Regasification Services	87,072	40,812
Port services and cargo handling income	8,951	12,601
Other Operating Income	1,519	1
	<b>2,722,295</b>	<b>3,962,697</b>
<b>23 Other Income</b>		
Interest Income		
- on bank deposits	2,395	4,759
- on investments	-	50
- on shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	151	153
- on income tax refunds	1034	-
- on others	2,773	146
Dividend Income (on current investment - non trade)	1	9
Profit on sale of current Investments	9,406	6,059
Excess provision/ liability written back	14	3,347
Foreign exchange fluctuations (net)	230	39
Miscellaneous income	1,257	1,081
	<b>17,261</b>	<b>15,643</b>



**PETRONET LNG LIMITED**

(₹ in lac)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>24 Cost of Material Consumed</b>		
Opening Stock of LNG	83,102	67,074
Add : Purchases	2,443,043	3,777,114
Less : Closing Stock of LNG	18,580	83,102
<b>Cost of Material Consumed</b>	<b>2,507,565</b>	<b>3,761,086</b>
<b>25 Employee benefit expenses</b>		
(Refer Note 1.09 on employee benefits)		
Salaries and wages*	6,304	5,085
Contribution to provident and other funds	725	558
Staff welfare expenses	452	340
	<b>7,481</b>	<b>5,983</b>
*includes Commission to the Whole-time Directors ₹ 43 lac (previous year ₹ 45 lac)		
<b>26 Finance costs</b>		
Interest on loans	24,397	28,118
Bank and other finance charges	1,125	1,319
Amortisation of forward premium	-	1,346
	<b>25,522</b>	<b>30,783</b>
<b>27 Other Expenses</b>		
Consumption of stores and spare parts	1,727	1,732
Power & Fuel	18,104	20,141
Cargo handling /other charges to sub-contractors	670	1,448
Repairs & Maintenance		
- Machinery	1,322	760
- Building	296	315
- Others	4,212	3,420
Rent	2,542	2,002
Rates & taxes	1,817	2,115
Insurance	1,523	1,958
Travelling & Conveyance	1,648	1,511
Legal, Professional & Consultancy Charges	1,467	1,857
Directors' Sitting fees	25	13
Directors' Commission (other than whole time directors)	16	8
Charity & Donation	13	36
Loss on sale/write off of Fixed Assets (net)	13	24
Provision for doubtful advances	12	2
Wealth Tax	-	2
Port Operation Expenses	-	-
Corporate Social Responsibility (See Note No 39)	649	437
Other Expenses	6,640	6,077
	<b>42,696</b>	<b>43,858</b>
<b>28 Earning Per Share</b>		
Net Profit / (Loss) after current and deferred tax	92,853	90,480
Weighted average number of equity shares of ₹10/- each (In lac)	7,500	7,500
EPS (₹) - Basic and Diluted	<b>12.38</b>	<b>12.06</b>

## Other Notes to Consolidated Accounts

### 29. Contingent Liability and commitment

#### A. Commitments

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 42,809 lac (previous year ₹ 1,15,127 lac).

The Company has entered into following long term LNG purchase agreements:

- a) 8.5 MMTPA with RasGas Company Limited, Qatar for a period up to April 2028.
- b) 1.44 MMTPA with Mobil Australia Resources Company PTY Ltd, likely to commence supply by the end of 2016 for a period up to 2035.
- b) Since the Company has entered into materially back to back sale agreements for the same, there is no foreseeable loss on this agreement as on the balance sheet date. The Company has issued Standby Letter of Credit of ₹ 5,91,981 lac (₹ 5,12,667 lac as on 31st March 2015) to RasGas Company Limited against Long Term Purchase Agreement.

#### B. Contingent Liability

- a) The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities of the Company as "Storage(HTP-IIA)" instead of "Industrial Undertaking (HTP I)" and hence levied Electricity Duty @ 45% instead of 20% of the consumption charges and charging 70 paise per unit on the power generated by the Company for its own consumption. The Company has challenged the legality and validity of the notices by way of writ petitions before the High Court of Gujarat. Meanwhile, the Company continues to make payment of Electricity Duty @15%(Revised rate of HTP-I) on the basis of the stay order granted by the High Court. The High Court vide order dated 1.7.2014 has set aside the notice and quashed the supplementary bill/demand notice and remanded the case back to the Collector of Electricity Duty, Gandhinagar to decide the nature of undertaking of the Company. The Company has made its oral and written submissions before the Collector of Electricity Duty, Gandhinagar and the order is awaited. The total contingent liability till March, 2016 calculated on the differential payable (25% (Revised rates for "HTP-II A") as classified by GEB and what is actually paid by the Company on "HTP-I" rate i.e. 15%) is ₹ 2,668 lac (as on 31st March 2015 ₹ 2,251 lac).
- b) The Company has filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958, the Company is required to pay stamp duty @ Re.1 per Rs.1,000/- or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Hon'ble High Court of Gujarat vide its order dated February 24, 2010 has quashed the notice issued by the Stamp Authorities. Stamp authorities have filed Special Leave Petition (SLP) in Supreme Court against the same, the last hearing of the same was done on January 23, 2012 and the case is pending as on 31st March 2016. The contingent liability from the effective date of amendment i.e. April 1, 2006 till March 31, 2016 on the CIF value is estimated to be Rs.17,421 lac. (as on 31st March 2015 ₹ 15,258 lac).
- c) APPPL (JV Company) has imported capital goods for its Solid Cargo Port Terminal Project under the Export Promotion Capital Goods Scheme of the Government of India at concessional rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is pending of ₹ 4,852.84 lac (Previous Year ₹ 5,091.52 lac) which is equivalent to 6 to 8 times of duty saved ₹ 617.95 lac (previous year ₹ 647.79 lac). The export obligation has to be completed by 2022-23. Based on JV Company Management assessment, the JV Company does not have probable liability in this matter. The contingent liability against the same has been estimated at ₹ 617.95 lac as on 31st March 2016 (previous year ₹ 647.95 lac)
- d) The Company has received refund of ₹ 112 lac, ₹ 284 lac and ₹ 346 lac from Customs department vide CESTAT order dated November 7, 2013, September 9, 2011 and May 31, 2010 respectively, mainly pertaining



**PETRONET LNG LIMITED**

to custom duty on short landing of LNG. The Custom Authorities have filed appeal against the order of the CESTAT with the Hon'ble High court of Gujarat and the outcome of the case is pending as on March 31, 2016.

- e) Taxes and duties recoverable (Note 15) includes service tax of ₹ 4,005 lac (as on 31st March 2015, ₹ 4,005 lac) on vessel hire charges (including interest of ₹ 297 lac) paid under protest for the period from May 16, 2008 to September 30, 2009 under Section 65(105)(zzzzj) of the Finance Act, 1994 (as amended) – “Supply of Tangible Goods for Use”. The Commissioner of the Service Tax, vide Order dated March 6, 2012 has confirmed the demand. Against the Order of the Commissioner, the Company has filed an appeal before CESTAT and CESTAT has passed an order in favour of the Company vide order no. ST/A/58706/2013-CU(DB) on October 24, 2013. The department has filed an appeal against the CESTAT order before the Supreme Court and stay order has been issued by the court dated 08th January 2016. The case is pending before Supreme Court as on 31st March 2016.
- f) The Company has cases pending with Service Tax Department at various levels, pertaining to applicability of service tax on charges paid for External Commercial Borrowings taken from IFC, ADB & Proparco. Amount involved in such cases is ₹ 913 lac (as on 31st March 2015 ₹ 479 lac).
- g) The service tax department has issued show cause notice dated April 2016 claiming service tax amounting ₹ 1,928 lac for period upto March 2015 (including earlier demand of ₹ 1,416 lac for period upto June 2014 vide notice dated 10th Oct 2014) on the boil off quantity of LNG during regasification process for the period July 2014 to March 2015. The Company had replied against the notice and the matter is pending for adjudication.
- h) The Company has filed Service Tax Refund Application for services availed in the Special Economic Zone for the LNG Terminal at Kochi, amounting to ₹ 1,924 lac (as on 31st March 2015, ₹ 1,919 lac), out of which ₹ 774 lac (as on 31st March 2015, ₹ 774 lac) is before the CESTAT level and ₹ 1,150 lac (as on 31st March 2015, ₹ 1,145 lac) is at Assistant Commissioner level.
- i) The sales tax department has issued show cause notice dated 11th February 2016 claiming sales tax amounting to ₹ 7,985 lac against the high seas sales transaction made by the company. The reply against the show cause notice is submitted by the Company and the matter is pending for adjudication.
- j) There are certain claims of ₹ 18,362 lac (as on 31st March 2015, ₹ 18,362 lac) made by a Contractor against capital works for which the Company has also made certain counter claims. As per the terms of the contract, Independent expert's opinion is being sought and pending the settlement of liability, claims are not determinable and therefore no provision has been made in the books.
- k) Dahej Second Jetty Topside contract awarded to a consortium of two parties was terminated by the Company in July, 2012 because of the failure of the contractor to carry out the work as per schedule. Contractor invoked arbitration and claimed ₹ 15,409 lac (as on 31st March 2015, ₹ 15,156 lac). PLL has also filed counter claim of ₹ 11,522 lac (as on 31st March 2015, ₹ 11,671 lac) as per the contract. Pending the outcome of arbitration proceedings, liability against the claims, if any, is not determinable and therefore no provision has been made in the books.
- l) The Company had entered into a lease agreement with Cochin port trust (CPT) for 33.4015 hectare of land for building and operating port and regasification facility at Kochi. CPT has raised demand for enhanced lease rent (almost 10 times), by quoting the order of Tariff Authority for Major Ports (TAMP) dated 10th June 2010. CPT has invoked arbitration and claimed ₹ 4,258 lac (as on 31st March 2015, ₹ 4,258 lac). Further, an additional demand amounting to ₹ 2,000 lac (as on 31st March 2015, ₹ 2,000 lac) has been raised by CPT for usage of dredged sand by the Company. PLL has been contesting the increase in lease rent as well as dredging sand claims. As such, the matter has been referred to Arbitration. Pending the outcome of arbitration proceedings, liability against the claims, if any, is not determinable and therefore no provision has been made in the books.
- m) The Company is eligible for deduction under section 80IA of the Income Tax Act, 1961, with respect to power generation and port undertakings at Dahej. The assessing officer has disallowed deduction under Section 80-IA for assessment years 2009-10, 2010-11 and 2011-12. During the year, the Company has

received favourable order from CIT(A) for the abovementioned years and accordingly the Company has reversed tax provision amounting to ₹ 7,237 lac in books of accounts. The Income tax department has preferred an appeal with ITAT against this order of CIT(A), the outcome of which is pending to be received as on 31st March 2016.

- n) The Assessing officer has raised income tax demand of ₹ 1,244 lac (₹ 1,244 lac as on 31st March 2015) vide its order dated 20.03.2015 w.r.t. assessment year 2008-09. The Company has filed an appeal against the same with CIT (A), the final outcome of which is pending to be received as on 31st March 2016.

30. Custom Duty on import of Project material / equipment of the Company has been assessed provisionally (current and previous years) and additional liability/refund, if any, on this account will be accounted for in the books on final assessment.

### 31. Segment Reporting (Accounting Standard – 17)

The group primarily operates in one segment i.e. Natural Gas Business, segment reporting as required under Accounting Standard - 17 is not applicable. There is no reportable geographical segment either.

### 32. Employee Benefits (AS-15 revised)

Following information is based on report of Actuary

#### Defined Benefit Plans

The principal assumptions used in actuarial valuation are as below:

Particulars	2015-16	2014-15
- Discount rate	7.90% - 8.00%	7.75% - 7.96%
- Expected rate of future salary increase	5.50% - 9.00%	5.25% - 8.50%
- Mortality	IALM (2006 - 08)	IALM (2006 - 08)

#### Changes in present value of obligation

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the Year	398	468	324	405
Interest cost	31	36	25	32
Current Service Cost	73	92	57	78
Benefits paid	(42)	(93)	(5)	(58)
Net actuarial (gain)/loss on obligation	70	113	(3)	11
<b>Present value of the defined benefit obligation at the end of the Year</b>	<b>530</b>	<b>616</b>	<b>398</b>	<b>468</b>

#### Changes in Fair value of Plan Assets

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair Value of Plan Assets at the beginning of the year	430	-	399	-
Expected return of plan assets	34	-	35	-
Contribution by Employer	68	-	37	-
Recovered from LIC for Last year Benefit Paid	-	-	(28)	-
Benefits paid	-	-	(12)	-
Actuarial Gain/(Losses)	(38)	-	(1)	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>494</b>	<b>-</b>	<b>430</b>	<b>-</b>



**PETRONET LNG LIMITED****Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of the defined benefit obligation at the end of the year	530	616	398	468
Fair Value of Plan Assets at the end of the year	494	-	430	-
<b>Amount recognized in Balance Sheet</b>	<b>(36)</b>	<b>(616)</b>	<b>32</b>	<b>(468)</b>

**Amount Recognized in Statement of Profit & Loss**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	73	92	58	77
Past service cost	-	-	-	-
Interest cost	31	36	25	32
Expected return on plan assets	(34)	-	(35)	-
Net Actuarial (Gain) / Loss recognized during the year	71	113	5	12
Amount capitalized	-	-	-	-
<b>Total Expense recognized in Statement of Profit and Loss</b>	<b>141</b>	<b>241</b>	<b>53</b>	<b>121</b>

**Net Assets/ (liabilities) recognised in Balance Sheet (including experience adjustment impact)**

(₹ in lac)

Particulars	Gratuity					Leave Encashment				
	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of obligation at the year end	530	398	324	277	208	616	468	405	367	284
Fair value of plan assets at the year end	494	430	400	276	5	-	-	-	-	-
<b>Surplus/(deficit)</b>	<b>(36)</b>	<b>32</b>	<b>75</b>	<b>(0)</b>	<b>203</b>	<b>(616)</b>	<b>(468)</b>	<b>(405)</b>	<b>(367)</b>	<b>(284)</b>
Experience adjustments on plan liabilities (gain)/loss	(68)	-	(3)	(26)	-	(113)	(12)	5	(49)	(7)
Experience adjustments on plan assets gain / (loss)	-	(1)	-	-	-	-				

**Major categories of plan assets (as percentage of total plan assets)**

Particulars	2015-16	2014-15
Funds Managed by Insurer (Investment with insurer)	100 %	100 %

**Defined Contribution Plan**

(₹ in lac)

Particulars	2015-16	2014-15
Amount recognized as expense in respect of defined Contribution Plans as under		
Contribution to Govt. Provident Fund	327	239
Contribution to Superannuation Fund	270	266

**33. Transactions with Related Party:**
**a) Related Party**
**Related parties and their relationships**
**Parent Company (Petronet LNG Limited)**
**i. Joint Venturer**

Indian Oil Corporation Limited (IOCL)  
Bharat Petroleum Corporation Limited (BPCL)  
Oil and Natural Gas Corporation Limited (ONGC)  
GAIL (India) Limited (GAIL)

**ii. Key Managerial Personnel (KMP)**

Dr A K Balyan - superannuated w.e.f 15 July 2015  
Sh. Prabhat Singh -joined w.e.f 14 September 2015  
Sh. Rajender Singh  
Sh. R. K. Garg

**Joint Venture Company (Adani Petronet (Dahej) Port Pvt. Ltd.)**
**i. Ultimate Holding Company**

S. B. Adani Family Trust (SBAFT)

**ii. Holding Company**

Adani Ports & Special Economic Zone Ltd

**iii. Fellow Subsidiary**

Adani Logistics Ltd  
MPSEZ Utilities Pvt. Ltd  
Adani Vizag Coal Terminal Private Ltd  
Adani Kandla Bulk Terminal Private Ltd  
Adani Murgumgao Port Terminal Pvt Ltd.

**iii. Key Managerial Personnel (KMP)**

G. J. Rao, Managing Director (up to January 25, 2016)  
A. K. Singh, Managing Director (January 26, 2016 onwards)

**iv. Entities over which Key Management Personnel, Directors and their relatives are able to exercise Significant Influence**

Adani Power Maharashtra Ltd  
Adani Power Rajasthan Ltd  
Adani Power Dahej Ltd  
Adani Bunkering Private Ltd  
Adani Enterprises Ltd

**b) Transactions with the above in the ordinary course of business**

(₹ in lac)

Particulars	GAIL	IOCL	BPCL	ONGC	KMP	OTHERS*
<b>A) Transactions:</b>						
Sales including sales of scrap and other inventory	1,231,192 (1,860,666)	913,864 (1,425,280)	379,241 (500,839)	- -	- -	29 (1)
Regasification Services and Other Services	41,996 (15,647)	10,978 (2,389)	- (18)	649 -	- -	6,759 (8,514)
Purchases of Raw Material/Consumables	- -	- -	- -	- -	- -	4 (13)



**PETRONET LNG LIMITED**

(₹ in lac)

Particulars	GAIL	IOCL	BPCL	ONGC	KMP	OTHERS*
Purchases of Fixed Assets	-	-	-	-	-	1
	-	-	-	-	-	(2,970)
Services Received (Including rent and related services)	-	-	-	-	-	175
	-	-	-	-	-	(79)
Interest expense	-	-	-	-	-	1,201
	-	-	-	-	-	(56)
Interest Income	-	-	-	-	-	169
	-	-	-	-	-	(140)
Donation	-	-	-	-	-	52
	-	-	-	-	-	(30)
Advance received	12,500	7,500	5,000	-	-	
	(26,764)	(15,000)	(10,000)	-	-	
Advance Given	-	-	-	-	-	650
	-	-	-	-	-	-
Inter-corporate deposit ( taken)	-	-	-	-	-	15,762
	-	-	-	-	-	(1,849)
Inter-corporate deposit ( Paid)	-	-	-	-	-	2,662
	-	-	-	-	-	(1,599)
Customer Claim	-	-	-	-	-	-
	-	-	-	-	-	(253)
Remuneration Paid					270	-
					(219)	-
Sitting Fees	1	1	2	-	-	-
	(1)	(0.4)	(0.4)	-	-	-
Recovery of Expenses	107	99	103	-	-	-
	(2,961)	(5)	(14)	-	-	-
Reimbursement of expense to related party	2	5	-	-	-	-
	-	(5)	-	-	-	-
<b>B) Balances outstanding at the year end</b>						
Accounts Receivable	51,066	32,038	12,479			3,404
	(60,159)	(40,160)	(15,120)			(1,964)
Inter corporate Deposit Payable (Including Interest)					-	14,057
					-	(250)
Accounts Payable/		5		-	-	22
		(36)		(1)		(92)
Advance from Customer	50,000	30,000	20,000			
	(39,264)	(22,500)	(15,000)			

\* represents transaction of JV Company with its related party

# previous year figures are in brackets.

Outstanding bank guarantee facilities amounting ₹ 1,304.64 lac (previous year ₹ 5,056.37 lac) availed from the bank guarantee limits of Adani Ports and Special Economic Zone Ltd. (parent Company of APPPL)

34. There is no impairment loss of any assets that has occurred in terms of Accounting Standard 28.

### 35. Unhedged Foreign Currency Exposure of the Company

(Amount in lac)

Particulars	Currency	2015-16	2014-15
Import of Raw Material	USD	846	307
	EUR#	-	-
Payable to EPC Contractors	USD	52	148
Others Payable	EUR*	-	-
	JPY	-	20
	USD*	5	-
Shareholder's Loan receivable	USD	28	29
Export Sale	USD	-	28
Interest Accrued but not due	USD	0.34	0.62
Foreign Currency Loan	USD	77.66	91.02
Bills under letter of credit	EURO	1.77	2.00

# EUR 1000(Previous year nil) \* EUR 2492.80 (Previous Year EUR 35,625.81, USD 3790)

### 36. Remuneration to Auditor (exclusive of Service Tax)

(₹ in lac)

Particulars	2015-16	2014-15
Statutory Audit Fee (including limited review fees)	23	22
Tax audit and Audit U/s 80IA	7	7
Taxation Services	5	6
Fees for certification	13	8
Reimbursement of expenses	1	1
<b>Total</b>	<b>49</b>	<b>44</b>

### 37. Statement of Net Assets and Profit or Loss attributable to owners and Joint Venture:

(₹ in lac)

Name of the Entity	Net Assets i.e. total assets minus total liabilities as at 31.03.2016		Share in Profit and loss for FY 2015-16	
	As % of consolidated net assets	Amount (₹ in lac)	As % of consolidated net assets	Amount (₹ in lac)
<b>Parent Company</b> Petronet LNG Limited	97.85%	6,28,646	98.44%	91,402
<b>JOINT VENTURE COMPANY</b> Adani Petronet (Dahej) Port Pvt. Ltd.	2.15%	13,801	1.56%	1,451
<b>Total</b>	100%	642,447	100%	92,853



**PETRONET LNG LIMITED****38. Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures (Form AOC-1)**

S.No	Particulars	
1.	Name of associates/Joint Ventures	Adani Petronet (Dahej) Port Pvt. Ltd.
2.	Latest audited Balance Sheet Date	31.03.2016
3.	Shares of Associate/Joint Ventures held by the Company on the year end	
	No.	9,00,00,000
	Amount of Investment in Associates/Joint Venture	90,00 lac
	Extend of Holding %	26 %
4.	Description of how there is significant influence	Joint venture agreement
5.	Reason why the associate/joint venture is not consolidated	N.A.
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	13,801 lac
7.	Profit/Loss for the year	
	i. Considered in Consolidation	14,49 lac
	ii. Not Considered in Consolidation	-

**39. Corporate Social Responsibility**

- Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was ₹ 2,506 lac.
  - Corporate Social Responsibility (CSR) activities undertaken during the year is ₹ 597 lac [₹ 565 lac has been paid in cash and ₹ 32 lac is yet to be paid in cash].
- Figures pertaining to the joint venture have been reclassified where necessary to bring them in line with the Group's financial statements
  - A few accounting policy of the joint venture Company is different from that of the Company and the impact of the same is not material.
  - Previous year figures have been regrouped/rearranged wherever necessary, to correspond to current year figures.

**Annexure to our report on even date**

**For T R Chadha & Co LLP**  
**Chartered Accountants**  
**Firm Registration No. 006711N/N500028**

**Sd/-**  
**Neena Goel**  
**Partner**  
**Membership No - 057986**

**Place : New Delhi**  
**Dated : 16th May, 2016**

**For and on behalf of Petronet LNG Limited**

**Sd/-**  
**Prabhat Singh**  
**MD & CEO**

**Sd/-**  
**R. K. Garg**  
**Director - Finance**

**Sd/-**  
**K. C. Sharma**  
**Company Secretary**

**INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS****To the Members of Petronet LNG Limited****1. Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Petronet LNG Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

**3. Auditor's 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 have 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 judgment, 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.

**4. 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 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

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 give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.



**PETRONET LNG LIMITED**

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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 purposes 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, Statement of Profit and Loss, and 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. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2016, taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a Director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27B to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses - Refer Note 27 A (b) to the financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Regn No. 006711N / N500028

**Sd/-**  
**Neena Goel**  
**(Partner)**  
**M.N. 057986**

Date: 16<sup>th</sup> May, 2016  
Place: New Delhi

## PETRONET LNG LIMITED

### “Annexure A” referred to in paragraph 5 of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
 (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
 (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventory has been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships, or other parties in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3 (iii) (a), (b) and (c) of the Companies (Auditors Report) Order, 2016 are not applicable.
4. In our opinion and according to the information and explanation given to us, the Company has not granted any loan or given any guarantee or security or made any investment covered under Section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 or any other relevant provisions and the Rules framed thereunder. Accordingly, the provisions of Clause 3 (v) of the Order are not applicable to the Company.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been maintained.
7. (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service tax, Custom Duty, value added tax, cess and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2016, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards Employees State Insurance and Excise Duty for the year under audit.  
 (b) According to the information and explanations given to us, there are no material dues of service tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, and service tax have not been deposited by the Company on account of disputes:

S. No.	Name of the Statute	Nature of the Dues	(₹ in Lac)	Period to which the amount relates	Forum where dispute is pending
1	Service Tax	Service Tax and Interest	65	FY 2003-04 to 2007-08	CESTAT, Delhi
2	Service Tax	Service Tax and Interest	754	FY 2006-07 to 2010-11	CESTAT, Delhi
3	Service Tax	Service Tax and Interest	31	FY 2011-12	CESTAT, Delhi
4	Service Tax	Service Tax and Interest	2	FY 2012-13	Additional Commissioner, Delhi
5	Service Tax	Service Tax and Interest	4	FY 2013-14	Additional Commissioner, Delhi



**PETRONET LNG LIMITED**

S. No.	Name of the Statute	Nature of the Dues	(₹ in Lac)	Period to which the amount relates	Forum where dispute is pending
6	Service Tax	Service Tax and Interest	57	FY 2014-2015	Principal Commissioner, Delhi
7	Income Tax Act, 1961	Income Tax and Interest	1,244	FY 2007-08	CIT (Appeals)

8. The Company has not defaulted in repayment of dues to financial institutions, banks, Government or debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Regn No. 006711N / N500028

**Sd/-**  
**Neena Goel**  
**(Partner)**  
**M.N. 057986**

Date: 16<sup>th</sup> May, 2016  
Place: New Delhi

**“Annexure B” as referred to in paragraph 5(f) of our report of even date**

**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 Petronet LNG Limited (“the Company”) as of 31 March 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 a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) 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



**PETRONET LNG LIMITED**

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- c) 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 31 March 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 **T R Chadha & Co LLP**

Chartered Accountants

Firm Regn No. 006711N / N500028

Sd/-

**Neena Goel**

**(Partner)**

**M.N. 057986**

Date: 16<sup>th</sup> May, 2016

Place: New Delhi

## Standalone Balance Sheet as at 31st March, 2016

(₹ in lac)

	Note No	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	75,000	75,000
Reserves and surplus	3	562,644	493,863
		<b>637,644</b>	<b>568,863</b>
<b>Non Current Liabilities</b>			
Long term borrowings	4	206,099	237,381
Deferred tax liabilities (net)	5	87,100	72,700
Other long term liabilities	6	140,000	90,000
Long term provisions	7	560	428
		<b>433,759</b>	<b>400,509</b>
<b>Current Liabilities</b>			
Trade payables	29	77,213	32,089
Other current liabilities	8	70,900	91,475
Short term provisions	9	25,286	19,421
		<b>173,399</b>	<b>142,985</b>
<b>Total</b>		<b>1,244,802</b>	<b>1,112,357</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible assets	10	680,367	693,202
- Intangible assets	10	687	1,057
- Capital work in progress	11	155,048	74,690
Non current investments	12	9,000	9,000
Long term loans and advances	13	54,120	67,878
Other Non Current Assets	14	200	200
		<b>899,422</b>	<b>846,027</b>
<b>Current Assets</b>			
Inventories	15	24,610	88,263
Trade receivables	16	98,853	134,277
Cash and Bank Balances	17	218,289	36,209
Short term loans and advances	18	3,502	7,544
Other current assets	19	126	37
		<b>345,380</b>	<b>266,330</b>
<b>Total</b>		<b>1,244,802</b>	<b>1,112,357</b>

Significant Accounting Policies

1

Other Notes on Accounts

27 to 38

As per our report of even date attached

For T R Chadha &amp; Co LLP

Chartered Accountants

ICAI Firm Regn. No. 006711N /N500028

For and on behalf of Petronet LNG Limited

Sd/-

Neena Goel

Partner

Membership No - 057986

Sd/-

Prabhat Singh

MD &amp; CEO

Sd/-

K. C. Sharma

Company Secretary

Sd/-

R. K. Garg

Director - Finance

Place : New Delhi

Dated : 16th May 2016



**PETRONET LNG LIMITED****Standalone Statement of Profit and Loss for the year ended 31st March, 2016**

(₹ in lac)

	Note No	Year ended 31.03.2016	Year ended 31.03.2015
<b>INCOME</b>			
Revenue from operations	20	2,713,343	3,950,095
Other income	21	17,044	15,478
		<b>2,730,387</b>	<b>3,965,573</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	2,507,565	3,761,086
Employee benefit expenses	23	7,169	5,710
Finance costs	24	23,875	29,349
Depreciation and amortisation expense	10	32,160	31,538
Other expenses	25	39,579	39,400
		<b>2,610,348</b>	<b>3,867,083</b>
<b>Profit for the Year before taxation</b>		<b>120,039</b>	<b>98,490</b>
<b>Less : Tax expense</b>			
- Current Year		25,699	20,800
- Earlier Year		(6,655)	(6,700)
		19,044	14,100
<b>Less : MAT Credit Entitlement</b>			
- Current Year		3,700	13,600
- Earlier Year		1,107	7,662
Net Current tax		14,237	(7,162)
Deferred tax		14,400	17,400
Total Tax Expense		<b>28,637</b>	<b>10,238</b>
<b>Profit for the year after taxation</b>		<b>91,402</b>	<b>88,252</b>
<b>Basic/Diluted Earnings per share in ₹ (face value of ₹ 10/- each)</b>	<b>26</b>	<b>12.19</b>	<b>11.77</b>

**Significant Accounting Policies****1****Other Notes on Accounts****27 to 38****As per our report of even date attached**

**For T R Chadha & Co LLP**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 006711N /N500028**

**For and on behalf of Petronet LNG Limited****Sd/-****Sd/-****Sd/-**

**Neena Goel**  
**Partner**  
**Membership No - 057986**

**Prabhat Singh**  
**MD & CEO**

**R. K. Garg**  
**Director - Finance**

**Place : New Delhi**  
**Dated : 16th May 2016**

**Sd/-**  
**K. C. Sharma**  
**Company Secretary**

## Standalone Cash Flow Statement for the year ended 31st March, 2016

(₹ in lac)

	Year ended 31.03.2016	Year ended 31.03.2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	120,039	98,490
Adjustment for :-		
Depreciation	32,160	31,538
Loss on the sale of fixed asset	13	6
Profit on sale of current Investment	(9,406)	(6,059)
Amortization of Forward Premium	-	1,346
Interest Expense	23,875	28,003
Interest Income	(2,540)	(4,957)
Dividend Income	-	(3)
<b>Operating Profit Before Working Capital Changes</b>	<b>164,141</b>	<b>148,364</b>
Movements in working capital :-		
Increase / (Decrease) in Other Long Term Liabilities	50,000	60,000
Increase / (Decrease) in Long Term Provisions	132	48
Increase / (Decrease) in Short Term Provisions	53	(7,688)
Increase / (Decrease) in Trade Payables	45,124	(156,595)
Increase / (Decrease) in Other Current Liabilities	(5,970)	(16,471)
(Increase)/ Decrease in Long Term Loans and Advances	775	3,939
(Increase) / Decrease in Inventories	63,654	7,305
(Increase)/ Decrease in Trade Receivables	35,423	67,293
(Increase)/ Decrease in Short Term Loans and Advances	4,042	(2,340)
<b>Cash Generated From Operations</b>	<b>357,374</b>	<b>103,855</b>
Less : Income Tax Paid (net of refunds)	19,963	20,879
<b>Net Cash From Operating Activities</b>	<b>337,411</b>	<b>82,976</b>
<b>B. Cash Flow from Investment Activities</b>		
Net proceeds / (purchase) of Mutual Fund units	-	4,988
Profit on sale of current Investment	9,406	6,059
Interest received	2,450	5,199
Dividend Received	-	3
Net proceeds / (purchase) of Fixed Asset	(97,241)	(82,787)
<b>Net Cash Used In Investing Activities</b>	<b>(85,385)</b>	<b>(66,538)</b>
<b>C. Cash Flow from Financing Activities</b>		
Net proceeds/(Repayment) of Long Term Borrowings	(28,027)	(36,410)
Net proceeds/(Repayment) of Short Term Borrowings	-	(24,872)
Interest Expense Paid	(23,857)	(24,571)
Dividend paid	(18,054)	(17,549)
<b>Net Cash Used in Financing Activities</b>	<b>(69,938)</b>	<b>(103,402)</b>
<b>Net Increase/( Decrease ) in Cash and Cash Equivalents</b>	<b>182,088</b>	<b>(86,964)</b>
Cash and Cash Equivalents at the beginning of the year	35,583	122,547
Cash and Cash Equivalents at the end of the year	217,671	35,583
	<b>182,088</b>	<b>(86,964)</b>

Notes :

- 1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements.
- 2) Unpaid dividend amounts with bank are not included in the Cash & Cash equivalents.

As per our report of even date

**For T R Chadha & Co LLP**  
Chartered Accountants  
ICAI Firm Regn. No. 006711N /N500028

Sd/-  
Neena Goel  
Partner  
Membership No - 057986

Place : New Delhi  
Dated : 16th May 2016

For and on behalf of Petronet LNG Limited

Sd/-  
Prabhat Singh  
MD & CEO

Sd/-  
K. C. Sharma  
Company Secretary

Sd/-  
R. K. Garg  
Director - Finance



**PETRONET LNG LIMITED**
**Significant Accounting Policies and Notes to Standalone Accounts for the year ended 31st March, 2016**
**Company Overview**

Petronet LNG Limited referred to as “PLL” or “the Company” was formed by Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL) and Oil and Natural Gas Corporation Limited (ONGC) primarily to develop, design, construct, own and operate a Liquefied Natural Gas (LNG) import and regasification terminals in India. PLL was incorporated on April 2, 1998 under the Companies Act, 1956 and received certificate of commencement of business on June 1, 1998. The Company is involved in the business of import and regasification of LNG and supply to BPCL, GAIL, IOCL and others. Presently, the Company owns and operates LNG Regasification Terminal with name plate capacity of 10 MMTPA at Dahej, in the State of Gujarat. The Company has also commissioned another LNG terminal with name plate capacity of 5 MMTPA at Kochi, in the State of Kerala.

**1. Significant Accounting Policies**
**1.01 Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**1.02 Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialise.

**1.03 Fixed Assets, Intangible Assets and Capital Work-in-progress**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use and share issue expenses related to funds raised for financing the project. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

**1.04 Depreciation / Amortisation**
**Tangible Assets -**

- a) Depreciation on fixed assets is calculated on Straight Line Method (SLM) using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013. Useful life of the assets, required to be transferred under Concession Agreement have been restricted up to the end of Concession Agreement.
- b) Cost of leasehold land is amortized over the lease period.

**Intangible Assets:**

Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software/Licenses is considered as 3 years.

**1.05 Investments**

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Overseas investments are recorded at the exchange rate prevailing on the date of investment. Long term investments are carried at cost after deducting provision, where the decline in value is considered as other than temporary in nature.

### **1.06 Inventories**

Raw material, stores and spares are valued at lower of cost or net realizable value. Cost of stores and spares is determined on weighted average cost. Cost of raw material is determined on FIFO basis for respective categories of supplies.

### **1.07 Sale / Revenue Recognition**

Revenue is primarily derived from Sale of RLNG and is net of sales tax. Revenue from sales is recognised at the point of dispatch, when risk and reward of ownership stand transferred to the customers.

Services are net of service tax. Revenue from services is recognised when services are rendered and related costs are incurred.

Interest income is recognised on time proportion basis.

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

### **1.08 Foreign Currency Transactions**

- (a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on year end date.
- (c) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost.
- (d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss.
- (e) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract.

### **1.09 Employee Benefits**

Provision for leave encashment is made on the basis of actuarial valuation at the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss. Contribution to Provident Fund and Superannuation is accounted for on accrual basis. Liabilities with respect to gratuity are determined by actuarial valuation as of the balance sheet date, based upon which the Company contributes the ascertained liabilities to the insurer (LIC).

### **1.10 Borrowing Costs**

Borrowing cost (net of any income on the temporary investments of those borrowings) attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost till the assets are ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

### **1.11 Taxes on Income**

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

Deferred tax assets are recognized, only if there is reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

### **1.12 Provisions, Contingent Liabilities and Contingent Assets**

Provisions, involving substantial degree of estimation in measurement, are recognized 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 are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

### **1.13 Impairment of Assets**

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to Statement of Profit and Loss, in the year in which an asset is identified as impaired.



**PETRONET LNG LIMITED****Notes to Standalone Financial Statements for the year ended 31st March, 2016**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015	
<b>2 Share Capital</b>			
<b>Authorised</b>			
1,200,000,000 (previous year 1,200,000,000) equity shares of ₹ 10 each	1,20,000	1,20,000	
<b>Issued, subscribed and fully paid</b>			
750,000,044 (previous year 750,000,044) equity shares of ₹ 10 each	75,000	75,000	
<p>The Company has only one class of shares referred to as equity shares each having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.</p> <p>The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.</p> <p>During the year ended March 31, 2016, the amount of dividend per share recognized as distribution to equity shareholders is ₹ 2.5/- (previous year ₹ 2/-). The total dividend appropriation for the year ended March 31, 2016 amounted to ₹ 18750 lac (previous year ₹ 15,000 lac) and corporate dividend tax of ₹ 3817 lac (previous year ₹ 3,000 lac).</p>			
<b>Reconciliation of the number of shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>	
Outstanding at the beginning of the year	750,000,044	750,000,044	
Outstanding at the end of the year	750,000,044	750,000,044	
<b>Details of shareholders holding more than 5% shares</b>			
<b>Promoters' Holding</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Bharat Petroleum Corporation Ltd.	12.50%	93,750,000	93,750,000
GAIL (India) Ltd.	12.50%	93,750,000	93,750,000
Indian Oil Corporation Ltd.	12.50%	93,750,000	93,750,000
Oil & Natural Gas Corporation Ltd.	12.50%	93,750,000	93,750,000
<b>Non-promoter Holding</b>			
GDF International	10.00%	75,000,000	75,000,000
<b>3 Reserves and Surplus</b>			
<b>A) Securities Premium Reserve</b>	<b>15,546</b>	<b>15,546</b>	
<b>B) Debenture Redemption Reserve</b>	<b>17,166</b>	<b>9,334</b>	
<b>C) General Reserve</b>			
Balance as per last balance sheet	63,600	54,700	
Add: Transfer from surplus balance in the statement of Profit & Loss	9,200	8,900	
	72,800	63,600	
<b>D) Surplus in the statement of Profit &amp; Loss</b>			
Balance as per last Financial Statement	405,383	351,865	
Add : Profit for the year after taxation as per statement of Profit and Loss	91,402	88,252	
	496,785	440,117	
<b>Less : Appropriations</b>			
Transfer to General Reserve	9,200	8,900	
Transfer to Debenture Redemption Reserve	7,832	7,834	
Dividend / Proposed Dividend	18,750	15,000	
Tax on Dividend	3,871	3,000	
	457,132	405,383	
<b>Total (A+B+C+D)</b>	<b>562,644</b>	<b>493,863</b>	

**PETRONET LNG LIMITED**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>4 Long-Term Borrowings</b>		
Non- Convertible Bonds - Unsecured	130,000	130,000
Term loans - Secured		
- from other parties	107,384	135,411
	<u>237,384</u>	<u>265,411</u>
Less : Current maturities of long-term debts shown in other current liabilities (Refer Note8)	31,285	28,030
	<u><b>206,099</b></u>	<u><b>237,381</b></u>

Note:

- 1 Non-Convertible Bonds Series I-2013, Series I-2014 and Series II-2014 are unsecured, non convertible debenture, repayable at par starting from financial year 2017-18.
- 2 Term Loans are secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties (except freehold land at New Delhi), both present and future including current assets except on trade receivables on which second charge is created on pari passu basis.
- 3 Term of repayment and interest are as follows :

Loan from	Repayment Frequency	No of instalments left	Year of Maturity	Amount Outstanding	Amount Outstanding
IFC (Washington)	Half yearly	14	2022	20,700	22,080
IFC (Washington)	Half yearly	7	2019	38,791	48,489
Asian Development Bank	Half yearly	5	2018	17,888	27,337
Proparco, France	Half yearly	7	2019	30,005	37,505
Bonds- 8.35% Debenture	Bullet		2018	30,000	30,000
Bonds - 9.00% Debenture	Bullet		2017	40,000	40,000
Bonds - 9.05% Debenture	Bullet		2019	60,000	60,000
				<u>237,384</u>	<u>265,411</u>
Less : Shown in current maturities of Long term debt				31,285	28,030
Balance shown as above				<u><b>206,099</b></u>	<u><b>237,381</b></u>

The external commercial borrowings from International Finance Corporation (Washington), Asian Development Bank & Proparco, France are borrowed at an average cost of 8.47% p.a (inclusive of hedge cost).

- 4 In respect of external commercial borrowings from International Finance Corporation Washington D.C.,USA and Proparco, France, the Company has entered into derivative contracts to hedge the loan repayment amount including interest. This has the effect of freezing the Rupee equivalent of this liability as reflected under the Borrowings. Consequently, there is no restatement of the loan taken in foreign currency and there is no impact in the statement of Profit & Loss, arising out of exchange fluctuations for the duration of the loan. The interest payable in Indian Rupees on loan including the cost of derivative contracts is accounted for in the Statement of Profit & Loss.



**PETRONET LNG LIMITED**

	As at 31.03.2016	(₹ in lac) As at 31.03.2015
<b>5 <u>Deferred Tax Liabilities (Net)</u></b>		
<b>Deferred Tax Liability</b>		
Difference between carrying amount of fixed assets in the financial statements and as per income tax act.	87,323	73,300
<b>Deferred Tax Asset</b>		
On leave encashment provision / other expenses	223	600
	<b>87,100</b>	<b>72,700</b>
<b>6 <u>Other Long Term Liabilities</u></b>		
<b>Advance from customers</b>		
Related Parties (See Note No 32(b)(11) )	100,000	75,000
Others	40,000	15,000
	<b>140,000</b>	<b>90,000</b>
The Company has entered into long term agreements for 20 years for providing LNG regasification servicing by allocating its 7 MMTPA regasification capacity from its Dahej Expansion project. The advance received by the Company is adjustable against charges on regasification service during the course of the agreement.		
<b>7 <u>Long-term Provisions</u></b>		
Provision for employee benefits		
- Leave encashment (See Note 31)	560	428
	<b>560</b>	<b>428</b>
<b>8 <u>Other Current Liabilities</u></b>		
Current maturities of long-term debt		
- from banks	-	-
- from other parties	31,285	28,030
Interest accrued but not due on borrowings	5,882	5,865
Advance from customers		
- from related party (See Note No 32(b)(11))	-	1,764
- from others	52	52
Unpaid dividend	618	626
Other payables for :		
- Statutory dues	22,317	25,062
- Security deposits / Retention money	118	1,836
- Capital goods	9,732	27,602
- Others	896	638
	<b>70,900</b>	<b>91,475</b>
<b>9 <u>Short-term provisions</u></b>		
Provision for employee benefits		
- Gratuity (See Note 31)	29	-
- Leave encashment (See Note 31)	56	40
- Incentives	900	892
Provision for taxation(Net of advance tax payment)	1,734	489
Proposed dividend	18,750	15,000
Tax on proposed dividend	3,817	3,000
	<b>25,286</b>	<b>19,421</b>

## 10 Fixed Assets

(Refer Note no. 1.03 and 1.04)

(₹ in lac)

Particulars	Gross Block			DEPRECIATION / AMORTISATION				NET BLOCK		
	As on 01.04.2015	Additions	Deductions	As on 31.03.2016	Upto 31.03.2015	For the year	written back	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
<b><u>Tangible Assets (A)</u></b>										
Freehold Land	-	10,778	-	10,778	-	-	-	-	10,778	-
Leasehold Land	7,536	-	-	7,536	(461)	(92)	-	(553)	6,983	7,075
Buildings	40,408	4,277	-	44,685	(4,870)	(1,514)	-	(6,384)	38,301	35,538
Plant & Equipments	826,135	3,418	-	829,553	(176,396)	(29,830)	-	(206,226)	623,327	649,739
Office Equipments	1,506	266	(94)	1,678	(1,187)	(160)	86	(1,261)	417	319
Furniture & Fixtures	616	116	(18)	714	(267)	(60)	6	(321)	393	349
Speed Boat	68	-	-	68	(30)	(5)	-	(35)	33	38
Vehicles	265	38	(35)	268	(121)	(29)	17	(133)	135	144
<b>Total (A)</b>	<b>876,534</b>	<b>18,893</b>	<b>(147)</b>	<b>895,280</b>	<b>(183,332)</b>	<b>(31,690)</b>	<b>109</b>	<b>(214,913)</b>	<b>680,367</b>	<b>693,202</b>
<b><u>Intangible Assets (B)</u></b>										
Licenses/Softwares	2,157	100	-	2,257	(1,100)	(470)	-	(1,570)	687	1,057
<b>Total (B)</b>	<b>2,157</b>	<b>100</b>	<b>-</b>	<b>2,257</b>	<b>(1,100)</b>	<b>(470)</b>	<b>-</b>	<b>(1,570)</b>	<b>687</b>	<b>1,057</b>
<b>Grand Total (A + B)</b>	<b>878,691</b>	<b>18,993</b>	<b>(147)</b>	<b>897,537</b>	<b>(184,432)</b>	<b>(32,160)</b>	<b>109</b>	<b>(216,483)</b>	<b>681,054</b>	<b>694,259</b>
Previous Year	779,458	99,334	(101)	878,691	(152,954)	(31,538)	60	(184,432)	694,259	626,504

### Note:

- 1) Plant and Equipment includes Jetty & Trestle having gross value of ₹ 129,748 lac as at 31st March 2016 (Dahej Phase 1 and additional Jetty). As per the concession agreement, the ownership of Jetty & Trestle would be transferred to Gujarat Maritime Board in the year 2035.
- 2) As per the concession agreement entered into with CPT, the ownership of Jetty and Trestle (having gross value of ₹ 38,431 lac as at 31st March 2016, included in plant and Machinery) would be transferred to CPT in the year 2039 which coincides with the expiry of land lease for the entire regasification facility i.e. in the year 2039.



**PETRONET LNG LIMITED**

(₹ in lac)

As at 31.03.2016	As at 31.03.2015
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**11 Capital Work in Progress****Kochi Project:**

- Engineering / project construction	-	1,716
- Buildings	-	3,384

<b>Dahej Ph-III 15MMTPA</b>	154,622	68,891
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<b>Others</b>	426	699
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<b>155,048</b>	<b>74,690</b>
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**12 Non Current Investments****Trade investments - Unquoted**Investments in Equity Instruments

9,00,00,000 Equity Shares (previous year 9,00,00,000) of ₹ 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd., - a Joint Venture *	9,000	9,000
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300 Ordinary Shares (previous year 300) of US\$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta ** (₹ 13,476)	-	-
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<b>9,000</b>	<b>9,000</b>
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\* Pledged with Sumitomo Mitsui Banking Corporation

**13 Long-term loans and advances**

(Unsecured- Considered Good unless otherwise stated )

Capital advances	1,302	21,257
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## Security deposits

- Government authorities	1,012	994
- Others	102	508

MAT Credit Recievable	28,870	24,063
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## Other loans and advances -

- Shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	1,866	1,776
- Employees	30	37

Income Tax payment (net of provision for tax)	12,413	10,248
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Taxes and Duties recoverable {See Note 27(B) -(d),(g)}	8,525	8,995
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<b>54,120</b>	<b>67,878</b>
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**14 Other Non Current Assets**

(Unsecured - Considered good)

## Balances with banks

- In term deposits	200	200
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<b>200</b>	<b>200</b>
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**PETRONET LNG LIMITED**

	(₹ in lac)	
	As at 31.03.2016	As at 31.03.2015
<b>15 Inventories</b>		
(Refer Note 1.06 on valuation)		
Raw materials	18,580	83,102
Stores and spares	5,896	4,930
Stores and spares in transit	134	231
	<b>24,610</b>	<b>88,263</b>
<b>16 Trade Receivables</b>		
(Unsecured - Considered good)		
Outstanding for a period exceeding six months from the due date	4,811	2,418
Others	94,042	131,859
	<b>98,853</b>	<b>134,277</b>
<b>17 Cash and Bank Balances</b>		
<b>A) Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	1,162	328
- In term deposits	216,508	35,254
Cash on hand	1	1
<b>B) Other balances with Bank</b>		
In earmarked accounts		
- Unclaimed dividend account	618	626
	<b>218,289</b>	<b>36,209</b>
The deposits maintained by the Company with the banks and a financial institution comprise of time deposits, which can be withdrawn by the Company at any time without prior notice or penalty on the principal.		
<b>18 Short-term loans and advances</b>		
(Unsecured - Considered good)		
Advances recoverable in cash or kind	2,219	6,306
Prepaid Expenses	1,210	1,238
Taxes and Duties recoverable	73	-
	<b>3,502</b>	<b>7,544</b>
<b>19 Other current assets</b>		
(Unsecured - Considered good)		
Interest accrued		
- on Bank Deposits	126	37
	<b>126</b>	<b>37</b>
	<b>Year ended 31.03.2016</b>	<b>Year ended 31.03.2015</b>
<b>20 Revenue from Operations</b>		
(Refer Note 1.07 on revenue recognition)		
Sales	2,624,753	3,909,283
Regasification Services	87,072	40,812
Other Operating Income	1,518	-
	<b>2,713,343</b>	<b>3,950,095</b>



**PETRONET LNG LIMITED**

	(₹ in lac)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>21 Other Income</b>		
Interest Income		
- on bank deposits	2,389	4,754
- on investments	-	50
- on shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	151	153
- on income tax refunds	1034	-
- on others	2603	6
Dividend Income (on current investment - non trade)	-	3
Profit on sale of current Investments	9,406	6,059
Excess provision/ liability written back	-	3,341
Foreign exchange fluctuations (net)	230	41
Miscellaneous income	1231	1,071
	<b>17,044</b>	<b>15,478</b>
<b>22 Cost of Material Consumed</b>		
Opening Stock of LNG	83,102	67,074
Add : Purchases	2,443,043	3,777,114
Less : Closing Stock of LNG	18,580	83,102
<b>Cost of Material Consumed</b>	<b>2,507,565</b>	<b>3,761,086</b>
<b>23 Employee benefit expenses</b>		
(Refer Note 1.09 on employee benefits)		
Salaries and wages*	6,042	4,866
Contribution to provident and other funds	712	547
Staff welfare expenses	415	297
	<b>7,169</b>	<b>5,710</b>
*includes Commission to the Whole-time Directors ₹ 43 lac (previous year ₹ 45 lac)		
<b>24 Finance costs</b>		
Interest on long term loans	22,867	26,478
Interest on short term loans	7	221
LC charges and other interest cost	1,001	1,304
Amortisation of forward premium	-	1,346
	<b>23,875</b>	<b>29,349</b>

**PETRONET LNG LIMITED**

	(₹ in lac)	
	Year ended 31.03.2016	Year ended 31.03.2015
<b>25 Other Expenses</b>		
Consumption of stores and spare parts	1,464	1,390
Power & Fuel	17,404	19,227
Repairs & Maintenance		
- Machinery	1,158	671
- Building	296	315
- Others	164	141
Dredging Expenses	3,996	3,246
Rent	2,471	1,927
Rates & taxes	1,190	1,280
Insurance	1,509	1,934
Travelling & Conveyance	1,603	1,466
Legal, Professional & Consultancy Charges	1,433	1,788
Directors' Sitting fees	25	13
Directors' Commission (other than whole time Directors)	16	8
Charity & Donation	13	19
Loss on sale/write off of Fixed Assets (net)	13	6
Wealth Tax	-	2
Corporate Social Responsibility (see note 37)	597	424
Other Expenses	6,227	5,543
	<b>39,579</b>	<b>39,400</b>
<b>26 Earning Per Share</b>		
Net Profit / (Loss) after current and deferred tax	91,402	88,252
Weighted average number of equity shares of ₹10/- each (In lac)	7,500	7,500
EPS (₹) - Basic and Diluted	<b>12.19</b>	<b>11.77</b>

## Other Notes to Standalone Accounts

### 27. Contingent Liability and commitment

#### A. Commitments

- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 40,497.02 lac (as on 31st March 2015 ₹ 1,08,476 lac).
- The Company has entered into following long term LNG purchase agreements:
  - 8.5 MMTPA with RasGas Company Limited, Qatar for a period upto April 2028.
  - 1.44 MMTPA with Mobil Australia Resources Company PTY Ltd, likely to commence supply by the end of 2016 for a period upto 2035.

Since the Company has entered into materially back to back sale agreements for the same, there is no foreseeable loss on these agreements as on the balance sheet date. The Company has issued Standby Letter of Credit of ₹ 5,91,981 lac (₹ 5,12,667 lac as on 31st March 2015) to RasGas Company Limited against Long Term Purchase Agreement.



**PETRONET LNG LIMITED**
**B. Contingent Liability**

- a) The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities of the Company as "Storage(HTP-IIA)" instead of "Industrial Undertaking (HTP I)" and hence levied Electricity Duty @ 45% instead of 20% of the consumption charges and charging 70 paise per unit on the power generated by the Company for its own consumption. The Company has challenged the legality and validity of the notices by way of writ petitions before the High Court of Gujarat. Meanwhile, the Company continues to make payment of Electricity Duty @15%(Revised rate of HTP-I) on the basis of the stay order granted by the High Court. The High Court vide order dated 1.7.2014 has set aside the notice and quashed the supplementary bill/demand notice and remanded the case back to the Collector of Electricity Duty, Gandhinagar to decide the nature of undertaking of the Company. The Company has made its oral and written submissions before the Collector of Electricity Duty, Gandhinagar and the order is awaited. The total contingent liability till March, 2016 calculated on the differential payable (25% (Revised rates for "HTP-II A") as classified by GEB and what is actually paid by the Company on "HTP-I" rate i.e. 15%) is ₹ 2,668 lac (as on 31st March 2015, ₹ 2,251 lac).
- b) The Company has filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958, the Company is required to pay stamp duty @ Re.1 per ₹ 1,000/- or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Hon'ble High Court of Gujarat vide its order dated February 24, 2010 has quashed the notice issued by the Stamp Authorities. Stamp authorities have filed Special Leave Petition (SLP) in Supreme Court against the same, the last hearing of the same was done on January 23, 2012 and the case is pending as on 31st March 2016. The contingent liability from the effective date of amendment i.e. April 1, 2006 till March 31, 2016 on the CIF value is estimated to be ₹ 17,421 lac. (as on 31st March 2015, ₹ 15,258 lac).
- c) The Company has received refund of ₹ 112 lac, ₹ 284 lac and ₹ 346 lac from Customs department vide CESTAT order dated November 7, 2013, September 9, 2011 and May 31, 2010 respectively, mainly pertaining to custom duty on short landing of LNG. The Custom Authorities have filed appeal against the order of the CESTAT with the Hon'ble High court of Gujarat and the outcome of the case is pending as on March 31, 2016.
- d) Taxes and duties recoverable (Note 13) includes service tax of ₹ 4,005 lac (as on 31st March 2015, ₹ 4,005 lac) on vessel hire charges (including interest of ₹ 297 lac) paid under protest for the period from May 16, 2008 to September 30, 2009 under Section 65(105)(zzzzj) of the Finance Act, 1994 (as amended) - "Supply of Tangible Goods for Use". The Commissioner of the Service Tax, vide Order dated March 6, 2012 has confirmed the demand. Against the Order of the Commissioner, the Company has filed an appeal before CESTAT and CESTAT has passed an order in favour of the Company vide order no. ST/A/58706/2013-CU(DB) on October 24, 2013. The department has filed an appeal against the CESTAT order before the Supreme Court and stay order has been issued by the court dated 08th January 2016. The case is pending before Supreme Court as on 31st March 2016.
- e) The Company has cases pending with Service Tax Department at various levels, pertaining to applicability of service tax on charges paid for External Commercial Borrowings taken from IFC, ADB & Proparco. Amount involved in such cases is ₹ 913 lac (as on 31st March 2015, ₹ 479 lac).
- f) The service tax department has issued show cause notice dated April 2016 claiming service tax amounting ₹ 1,928 lac for period upto March 2015 (including earlier demand of ₹ 1,416 lac for period upto June 2014 vide notice dated 10th Oct 2014) on the boil off quantity of LNG during regasification process for the period July 2014 to March 2015. The Company had replied against the notice and the matter is pending for adjudication.
- g) The Company has filed Service Tax Refund Application for services availed in the Special Economic Zone for the LNG Terminal at Kochi, amounting to ₹ 1,924 lac (as on 31st March 2015, ₹ 1,919 lac), out of which

₹ 774 lac (as on 31st March 2015, ₹ 774 lac) is before the CESTAT level and ₹ 1,150 lac (as on 31st March 2015, ₹ 1,145 lac) is at Assistant Commissioner level.

- h) The sales tax department has issued show cause notice dated 11th February 2016 claiming sales tax amounting to ₹ 7,985 lac against the high seas sales transaction made by the company. The reply against the show cause notice is submitted by the Company and the matter is pending for adjudication.
- i) There are certain claims of ₹ 18,362 lac (as on 31st March 2015, ₹ 18,362 lac) made by a Contractor against capital works for which the Company has also made certain counter claims. As per the terms of the contract, Independent expert's opinion is being sought and pending the settlement of liability, claims are not determinable and therefore no provision has been made in the books.
- j) Dahej Second Jetty Topside contract awarded to a consortium of two parties was terminated by the Company in July, 2012 because of the failure of the contractor to carry out the work as per schedule. Contractor invoked arbitration and claimed ₹ 15,409 lac (as on 31st March 2015, ₹ 15,156 lac). PLL has also filed counter claim of ₹ 11,522 lac (as on 31st March 2015, ₹ 11,671 lac) as per the contract. Pending the outcome of arbitration proceedings, liability against the claims, if any, is not determinable and therefore no provision has been made in the books.
- k) The Company had entered into a lease agreement with Cochin port trust (CPT) for 33.4015 hectare of land for building and operating port and regasification facility at Kochi. CPT has raised demand for enhanced lease rent (almost 10 times), by quoting the order of Tariff Authority for Major Ports (TAMP) dated 10th June 2010. CPT has invoked arbitration and claimed ₹ 4,258 lac (as on 31st March 2015, ₹ 4,258 lac). Further, an additional demand amounting to ₹ 2,000 lac (as on 31st March 2015, ₹ 2,000 lac) has been raised by CPT for usage of dredged sand by the Company. PLL has been contesting the increase in lease rent as well as dredging sand claims. As such, the matter has been referred to Arbitration. Pending the outcome of arbitration proceedings, liability against the claims, if any, is not determinable and therefore no provision has been made in the books.
- l) The Company is eligible for deduction under section 80IA of the Income Tax Act, 1961, with respect to power generation and port undertakings at Dahej. The assessing officer has disallowed deduction under Section 80-IA for assessment years 2009-10, 2010-11 and 2011-12. During the year, the Company has received favourable order from CIT(A) for the abovementioned years and accordingly the Company has reversed tax provision amounting to ₹ 7,237 lac in books of accounts. The Income tax department has preferred an appeal with ITAT against this order of CIT(A), the outcome of which is pending to be received as on 31st March 2016.
- m) The Assessing officer has raised income tax demand of ₹ 1,244 lac (₹ 1,244 lac as on 31st March 2015) vide its order dated 20.03.2015 w.r.t. assessment year 2008-09. The Company has filed an appeal against the same with CIT (A), the final outcome of which is pending to be received as on 31st March 2016.

**28.** Custom Duty on import of Project material / equipment has been assessed provisionally (current and previous years) and additional liability/refund, if any, on this account will be accounted for in the books on final assessment.

**29.** The Company has not received information from suppliers or service providers, that they are covered under the Micro, Small and Medium Enterprises (Development) Act, 2006. The information required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

### **30. Segment Reporting (Accounting Standard – 17)**

Since the Company primarily operates in one segment – Natural Gas Business, segment reporting as required under Accounting Standard - 17 is not applicable. There is no reportable geographical segment either.



**PETRONET LNG LIMITED****31. Employee Benefits (AS-15 revised)**

Following information is based on report of Actuary:

**Defined Benefit Plans**

The principal assumptions used in actuarial valuation are as below:

Particulars	2015-16	2014-15
- Discount rate	8.00%	7.75%
- Expected rate of future salary increase	5.50%	5.25%
- Mortality	IALM (2006 - 08)	IALM (2006 - 08)

**Changes in present value of obligation**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the Year	382	468	316	405
Interest cost	30	36	24	32
Current Service Cost	68	92	56	78
Benefits paid	(39)	(93)	(12)	(58)
Net actuarial (gain)/loss on obligation	63	113	(2)	11
<b>Present value of the defined benefit obligation at the end of the Year</b>	<b>504</b>	<b>616</b>	<b>382</b>	<b>468</b>

**Changes in Fair value of Plan Assets**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair Value of Plan Assets at the beginning of the year	413	-	384	-
Expected return of plan assets	33	-	34	-
Contribution by Employer	68	-	37	-
Recovered from LIC for Last year Benefit Paid	-	-	(28)	-
Benefits paid	(39)	-	(12)	-
Actuarial Gain/(Losses)	-	-	(2)	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>475</b>	<b>-</b>	<b>413</b>	<b>-</b>

**Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of the defined benefit obligation at the end of the year	504	616	382	468
Fair Value of Plan Assets at the end of the year	475	-	413	-
<b>Amount recognized in Balance Sheet</b>	<b>(29)</b>	<b>(616)</b>	<b>31</b>	<b>(468)</b>

**Amount Recognized in Statement of Profit & Loss**

(₹ in lac)

Particulars	2015-16		2014-15	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	68	92	56	77
Past service cost	-	-	-	-
Interest cost	30	36	24	32
Expected return on plan assets	(33)	-	(34)	-
Net Actuarial (Gain) / Loss recognized during the year	63	113	1	12
Amount capitalized	-	-	-	-
<b>Total Expense recognized in Statement of Profit and Loss</b>	<b>128</b>	<b>241</b>	<b>47</b>	<b>121</b>

**Net Assets/(liabilities) recognised in Balance Sheet (including experience adjustment impact)**

(₹ in lac)

Particulars	2015-16		2014-15		2013-14		2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of period	504	616	382	468	316	405	270	367	205	284
Fair value of plan assets at the end of the period	475	-	413	-	385	-	267	-	-	-
Surplus / (Deficit)	(29)	(616)	31	(468)	70	(405)	(3)	(367)	(205)	(284)
Experience adjustment on plan Liabilities (loss) / gain	(63)	(113)	2	(12)	(2)	5	(24)	(49)	(1)	(7)
Experience adjustment on plan Assets (loss) / gain	-	-	(2)	-	-	-	-	-	-	-

**Major categories of plan assets (as percentage of total plan assets)**

Particulars	2015-16	2014-15
Funds Managed by Insurer ( investment with insurer)	100 %	100 %



**PETRONET LNG LIMITED****Defined Contribution Plan**

(₹ in lac)

Particulars	2015-16	2014-15
Amount recognized as expense in respect of defined Contribution Plans as under		
Contribution to Govt. Provident Fund	314	228
Contribution to Superannuation Fund	270	266

**32. Transactions with Related Party:****a) Related Party****Related parties and their relationships**

- i. **Joint Venturer (Promoters)**  
 Indian Oil Corporation Limited (IOCL)  
 Bharat Petroleum Corporation Limited (BPCL)  
 Oil and Natural Gas Corporation Limited (ONGC)  
 GAIL (India) Limited (GAIL)
- ii. **Joint Venture**  
 Adani Petronet (Dahej) Port Pvt. Ltd (APPPL).
- iii. **Key Managerial Personnel (KMP)**  
 Dr A K Balyan - superannuated w.e.f. 15 July 2015  
 Sh. Prabhat Singh -joined w.e.f 14 September 2015  
 Sh. Rajender Singh  
 Sh. R. K. Garg

**b) Transactions with the above in the ordinary course of business**

(₹ in lac)

S. No.	Nature of Transaction	Party Name	2015-16	2014-15
1.	Sale of RLNG	GAIL	12,31,192	18,60,666
		IOCL	9,13,864	14,25,280
		BPCL	3,79,241	5,00,839
		<b>Total</b>	<b>25,24,297</b>	<b>37,86,785</b>
2.	Regasification Services and Other Services	GAIL	41,996	15,647
		IOCL	10,978	2,389
		BPCL	-	18
		ONGC	649	-
		<b>Total</b>	<b>53,623</b>	<b>18,054</b>
3.	Advances Received	GAIL	12,500	26,764
		IOCL	7,500	15,000
		BPCL	5,000	10,000
		<b>Total</b>	<b>25,000</b>	<b>51,764</b>

**PETRONET LNG LIMITED**

(₹ in lac)

S. No.	Nature of Transaction	Party Name	2015-16	2014-15
4.	Sitting Fees	GAIL	1.20	1.20
		IOCL	0.80	.40
		BPCL	1.60	.40
		ONGC	3.20	3.20
		<b>Total</b>	<b>6.80</b>	<b>5.20</b>
5.	Recovery of Expenses	GAIL	107	2961
		IOCL	99	5
		BPCL	103	14
		APPPL	1	3
		<b>Total</b>	<b>310</b>	<b>2983</b>
6.	Reimbursement of expense to related party	GAIL	2	-
		IOCL	5	5
		APPPL	4	3
		<b>Total</b>	<b>11</b>	<b>8</b>
7.	Payment of Rent and related services	IOCL	481	482
8.	Remuneration to Key Managerial Personnel		270	219
9.	Amount recoverable at year end	GAIL	51,066	60,159
		IOCL	32,038	40,160
		BPCL	12,479	15,120
		APPPL	-	3
		<b>Total</b>	<b>95,583</b>	<b>1,15,442</b>
10.	Amount Payable at year end	IOCL	5	36
		ONGC	.18	1
		<b>Total</b>	<b>5.18</b>	<b>37</b>
11.	Advances Outstanding at year end	GAIL	50,000	39,264
		IOCL	30,000	22,500
		BPCL	20,000	15,000
		<b>Total</b>	<b>1,00,000</b>	<b>76,764</b>

33. There is no impairment loss of any assets that has occurred in terms of Accounting Standard 28



**PETRONET LNG LIMITED****34. Other disclosures**

(₹ in lac)

S.No.	Particulars	2015-16		2014-15	
a)	<b>Raw Material (LNG) Consumed</b>	25,07,565		37,61,086	
b)	<b>Value of Import of CIF Basis</b>				
	Raw Material (LNG)	22,92,971		3,591,790	
	Component and Spare Parts	740		164	
	Capital Goods	19,294		12,736	
c)	<b>Expenditure In foreign Currency</b>				
	Foreign Travel	173		78	
	Professional/Consultant/Technical Fees	600		435	
	Others (Including insurance and financing charges)	1,189		2,339	
d)	<b>Earnings in Foreign Currency</b>				
	Interest Income	151		153	
	Export Sales	34,808		43,916	
e)	<b>Dividend remitted in foreign currency to Non Residents</b>				
	No. of share holder	1		1	
	Number of shares held	75,000,000		75,000,000	
	Net Amount of Dividend remitted in foreign currency	1,500		1,500	
f)	<b>Value of Imported and Indigenous Raw Material and Spare Parts Consumed</b>	%	Amount	%	Amount
	<b>Raw Material</b>				
	Imported	100%	25,07,565	100%	37,61,086
	Others	Nil	Nil	Nil	Nil
	<b>Spare parts</b>				
	Imported	25.06%	367	24.32%	338
	Others	74.94%	1097	75.68%	1,052

**35. Unhedged Foreign Currency Exposure of the Company**

(Amount in lac)

Particulars	Currency	2015-16	2014-15
Import of Raw Material	USD	846	307
Payable to EPC Contractors	USD	52	148
Others Payable	EUR*	-	-
	JPY	-	20
	USD*	5	-
Shareholder's Loan receivable	USD	28	29
Export Sale	USD	-	28

\*EUR 2492.80 (Previous Year EUR 35,625.81, USD 3790)

**36. Remuneration to Auditor (exclusive of Service Tax)**

(₹ in lac)

Particulars	2015-16	2014-15
Statutory Audit Fee (including limited review fees)	18	19
Tax audit and Audit U/s 80IA	7	7
Taxation Services	5	6
Fees for certification	12	8
Reimbursement of expenses	1	1
<b>Total</b>	<b>44</b>	<b>41</b>

**37. Corporate Social Responsibility**

- Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was ₹ 2,506 lac.
- Corporate Social Responsibility (CSR) activities undertaken during the year is ₹ 597 lac [₹ 565 lac has been paid in cash and ₹ 32 lac is yet to be paid in cash].

**38.** Previous year figures have been regrouped/rearranged wherever necessary, to correspond to current year figures.

**Annexure to our report on even date**

**For T R Chadha & Co LLP**  
Chartered Accountants  
Firm Registration No. 006711N/N500028

**Sd/-**  
**Neena Goel**  
Partner  
Membership No - 057986

**Place : New Delhi**  
**Dated : 16th May, 2016**

**For and on behalf of Petronet LNG Limited**

**Sd/-**  
**Prabhat Singh**  
MD & CEO

**Sd/-**  
**K. C. Sharma**  
Company Secretary

**Sd/-**  
**R. K. Garg**  
Director - Finance



**PETRONET LNG LIMITED**  
**NEW DELHI**

**Regd. Office: 1<sup>st</sup> Floor, World Trade Centre, Barakhamba Lane, Babar Road, New Delhi- 110 001**  
**Tele: +91 11 23411411, 23472525 Fax: +91 11 23472550 Website: www.petronetlng.com**  
**Email: webmaster@petronetlng.com, CIN: L74899DL1998PLC093073**

**Attendance Slip**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL.

DP. Id*	
---------	--

Client Id*	
------------	--

Folio No.	
-----------	--

NAME AND ADDRESS OF THE SHAREHOLDER

Number of Share(s) held:

I certify that I/we are member/proxy for the member of the Company. I/we, hereby record my/our presence at the 18th (Eighteenth) Annual General Meeting of the Company to be held Wednesday, the 21st day of September, 2016 at 10:00 A.M. at Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi, Delhi 110010.

Signature of the shareholder(s) or Proxy

\*Applicable for investor holding shares in electronic form.

**PETRONET LNG LIMITED**  
**NEW DELHI**

**Regd. Office: 1<sup>st</sup> Floor, World Trade Centre, Barakhamba Lane, Babar Road, New Delhi- 110 001**  
**Tel: +91 11 23411411, 23472525 Fax: +91 11 23472550 Website: www.petronetlng.com**  
**Email: webmaster@petronetlng.com, CIN: L74899DL1998PLC093073**

**Form No. MGT-11 Proxy form**

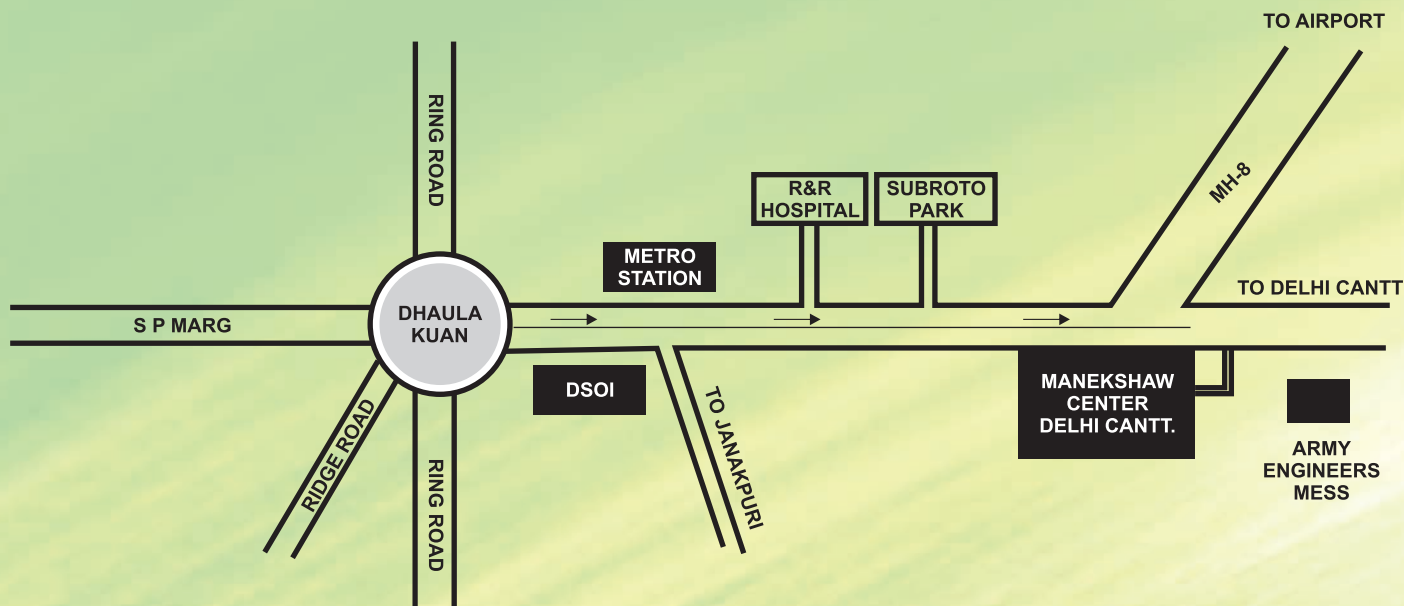
*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

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

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- |                |                                  |
|----------------|----------------------------------|
| 1. Name: ..... | E-mail Id: .....                 |
| Address: ..... | Signature: ....., or failing him |
| 2. Name: ..... | E-mail Id: .....                 |
| Address: ..... | Signature: ....., or failing him |
| 3. Name: ..... | E-mail Id: .....                 |
| Address: ..... | Signature: .....                 |

## GUIDE MAP OF MANEKSHAW CENTER DELHI CANTT.



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th (Eighteenth) Annual General Meeting of the Company, to be held on Wednesday, the 21st day of September, 2016 at 10:00 A.M. at Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi, Delhi 110010 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Resolution No.

1 .....  
3 .....  
5 .....  
7 .....  
9 .....

2 .....  
4 .....  
6 .....  
8 .....  
10 .....

Affix  
Revenue  
Stamp

Signed this..... day of..... 2016

Signature of Shareholder \_\_\_\_\_

\_\_\_\_\_  
Signature of 1st Proxy holder

\_\_\_\_\_  
Signature of 2nd Proxy holder

\_\_\_\_\_  
Signature of 3rd Proxy holder

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.