Shaping the Dream

Green India with Clean Fuel

ANNUAL REPORT | 2017-18

Petronet LNG Limited

www.petronetlng.com

About Petronet LNG

Petronet LNG Limited, one of the fastest growing world-class companies in the Indian energy sector, has set up the country's first LNG receiving and regasification terminal at Dahej, Gujarat, and another terminal at Kochi, Kerala. While the Dahej terminal has a nominal capacity of 15 MMTPA, the Kochi terminal has a capacity of 5 MMTPA.

Petronet LNG is at the forefront of India's all-out national drive to ensure the country's energy security in the years to come. Formed as a Joint Venture by the Government of India to import LNG and set up LNG terminals in the country, it involves India's leading oil and natural gas industry players. Our promoters are GAIL (India) Limited (GAIL), Oil & Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL). The authorized capital of the Company is Rs. 3000 Crore divided into 300 Crore Equity Shares of Rs. 10 each..

Promoters

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

Vision Statement

"To be a key energy provider to the nation by leveraging company's unique position in the LNG value chain alongwith an internationalpresence."

Mission Statement

- Create and manage world class LNG infrastructure
- Pursue synergetic business growth opportunities
- Continue excellence in LNG business
- Maximize value creation for the stakeholders
- Maintain highest standards of business ethics and values

Our Values

- Integrity
- Excellence
- Sustainability
- Trust & Care
- Team

Table of Contents

Board of Directors

Dr. M. M. Kutty	Chairman
Shri Prabhat Singh	Managing Director & CEO
Shri Rajender Singh	Director (Technical)
Shri V. K. Mishra	Director (Finance)
Shri Shashi Shanker	Director (Nominee-ONGC)
Shri Subir Purkayastha	Director (Nominee-GAIL)
Shri T. Natarajan	Director (Nominee-GMB)
Dr. Jyoti Kiran Shukla	Independent Director
Shri Sidhartha Pradhan	Independent Director

Company Secretary

Shri Rajan Kapur

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.

Indusind bank Ltd.

International Finance Corporation

Oriental Bank of Commerce

SA Proparco

State Bank of India

The Hongkong & Shanghai Banking Corporation Ltd.

Yes Bank Ltd.

Statutory Auditor

M/s T. R. Chadha & Co.
B-30, Connaught Place, Kuthalia Building, New Delhi- 110001
Tel: 011 – 43259900/41513059/41513169
Fax: 011 - 43259930
email: delhi@trchadha.com

Cost Auditor

M/s K. L. Jaisingh & Co.
J - 7, Sector - Xi, Jaisingh House, Noida-201301
Tel: 0120 – 2530071
email: k.l.jaisingh.noida@gmail.com

Secretarial Auditor

M/s A.N. Kukreja & Co.
E-147 A/1, Nariana Vihar, New Delhi – 110028
Tel: 011 – 64705555/25892575
Fax: 011 - 25892575
email: an_kukreja@rediffmail.com

Registrar & Share Transfer Agent (RTA)

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: einward@karvy.com
Website: www.karvycomputershare.com

Debenture Trustee

M/s 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
Website: www.sbicaptrustee.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

PETRONET LNG LIMITED
NEW DELHI

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

NOTICE OF 20TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 20th (Twentieth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Friday, 14th day of September, 2018 at 10:00 a.m. at Siri Fort Auditorium, August Kranti Marg, Siri Institutional Area, New Delhi–110049 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone as well as Consolidated Financial Statements of the Company for the year ended 31st March, 2018 together with the Reports of Directors and Auditors thereon,

2. To consider declaration of final dividend on equity shares.

3. To appoint a Director in place of Shri G. K. Satish (DIN 06932170) who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Shri T. Natarajan (DIN 00396367) who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

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

5. To appoint Shri Shashi Shankar (DIN 06447938) as Director of the Company

   "RESOLVED THAT in accordance with the provisions of Section 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force), Shri Shashi Shankar (DIN: 06447938), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 17th October, 2017 pursuant to Section 161 of the Act and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Act, received a notice from a member in writing proposing his candidature for the office of Director, be and is hereby appointed as Director [(Nominee Director of Oil and Natural Gas Corporation Ltd. (ONGC)]of the Company, liable to retire by rotation, the details regarding his appointment is given in Statement pursuant to Section 102 of the Act annexed to the Notice of this Annual General Meeting."

6. To appoint Shri V. K. Mishra (DIN 08125144) as Director (Finance) of the Company

   "RESOLVED THAT in accordance with the provisions of Section 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri V. K. Mishra (DIN: 08125144), who was appointed as an Additional Director in capacity of Director (Finance) of the Company by the Board of Directors with effect from 18th April, 2018 (date of joining) pursuant to Section 161 of the Act and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Act, received a notice from Shri V. K. Mishra himself in writing proposing his candidature for the office of Director, be and is hereby appointed as Director (Finance) of the Company, liable to retire by rotation, and to hold office for a period of five years with effect from 18th April, 2018, on such terms and conditions including remuneration as set out in Statement pursuant to Section 102 of the Act annexed to the Notice of this Annual General Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment 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."

7. To appoint Shri Sidhartha Pradhan (DIN 06938830) as an Independent Director of the Company

   "RESOLVED THAT in accordance with the provisions of Section 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re- enactment thereof for the time being in force), Shri Sidhartha Pradhan (DIN: 06938830), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th May, 2018 pursuant to Section 161 of the Act and Articles of Association of the Company and who meets the criteria for independence as provided in Section 149 (6) of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Act, received a notice from a member in writing proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a period of three years w.e.f. 16th May, 2018, not liable to retire by rotation, the details regarding his appointment is given in Statement pursuant to Section 102 of the Act annexed to the Notice of this Annual General Meeting."

8. To appoint Dr. M. M. Kutty (DIN 01943083) as Director and Chairman of the Company

"**RESOLVED THAT** in accordance with the provisions of Section 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. M. M. Kutty (DIN: 01943083), who was appointed as an Additional Director and Chairman of the Company by the Board of Directors with effect from 12th July, 2018 pursuant to Section 161 of the Act and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Act, received a notice from a member in writing proposing his candidature for the office of Director, be and is hereby appointed as Director and Chairman of the Company, liable to retire by rotation, the details regarding his appointment is given in Statement pursuant to Section 102 of the Act annexed to the Notice of this Annual General Meeting."

9. To ratify the remuneration of Cost Auditor for the financial year 2018-19

"**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 Rs. 99,990 plus out of pocket expenses and applicable taxes to M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182), New Delhi, Cost Auditor of the Company for the financial year 2018-19, as recommended by the Audit Committee and approved by the Board, be and is hereby ratified."

10. To approve Related Party Transactions entered or to be entered by the Company during the financial year 2018-19

"**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 and Rules made thereunder (including any statutory modification(s) thereof for the time being in force), 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)/subsidiary/associate(s)/joint venture(s) (viz IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd., Petronet LNG Foundation, Indian LNG Transport Co. (No. 4) Pvt. Ltd. Singapore etc.) during the financial year 2018-19 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.

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."

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

11. To re-appoint Dr. Jyoti Kiran Shukla (DIN 03492315) as Independent Director of the Company

"**RESOLVED THAT** in accordance with the provisions of Section 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Jyoti Kiran Shukla (DIN: 03492315), who was re-appointed by the Board of Directors with effect from 31st March, 2018 pursuant to Section 149 of the Act and Articles of Association of the Company, and who meets the criteria for independence as provided in Section 149 (6) of the Act and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 160 of the Act, received a notice from a member in writing proposing her candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a period of three years w.e.f. 31st March, 2018, not liable to retire by rotation, the details regarding her appointment is given in Statement pursuant to Section 102 of the Act annexed to the Notice convening this Annual General Meeting."

12. To approve recoverable advance given to Shri V. K. Mishra, Director (Finance) of the Company

"**RESOLVED THAT** pursuant to Section 185 and Rules made thereunder and other applicable provisions, if any, of Companies Act, 2013, approval of the members of the Company be and is hereby accorded to advance loan to Shri V. K. Mishra, Director (Finance) of the Company as per details given in Explanatory Statement attached to this notice pursuant to Section 102 of Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to ensure that such transactions are in the ordinary course of business and not prejudicial to any of the parties as well as fair and reasonable to the business needs of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as, in its absolute discretion, may be considered necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or otherwise considered by the Board of Directors to be in the interest of the Company."

By Order of the Board
For Petronet LNG Limited

Place : New Delhi
Date : August 6, 2018

(Rajan Kapur)
Company Secretary

NOTES

1. **A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or more proxy(ies) to attend and vote on a poll instead of himself and a proxy so appointed need not be a member of the Company. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.** During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.

2. The Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 setting out the material facts in respect of special business is annexed herewith.

3. Members are requested to:-

   (i) bring their copy of Annual Report and Attendance Slip, duly completed and signed, to the meeting.

   (ii) quote their Folio/Client ID & DP ID Nos. in all correspondence with the R&TA/Company.

   (iii) note that due to strict security reasons, eatables and other belongings are not allowed inside the Auditorium.

4. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 8th September, 2018 to Friday, 14th September, 2018 (both days inclusive) for the purpose of ascertaining the entitlement of dividend.

6. Dividend, if any, approved at the 20th Annual General Meeting of the Company be paid to those shareholders whose names appear:

   a. As Beneficial Owners as at the end of the business hours on Friday, 7th September, 2018 as per the list to be furnished by the Depositories in respect of shares held in Electronic form, and

   b. As Members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Registrar and Share Transfer Agent of the Company on or before Friday, 7th September, 2018.

7. Members holding shares in physical form are requested to notify immediately Change of Address, Bank Account etc., if any, quoting their Folio Number to M/s Karvy Computershare Private Ltd., Karvy Selenium Tower-B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 (Tel No. 040-67162222, Fax No. 040-23001153, Email:einward.ris@karvy.com, Website : www.karvy.com or www.karvycomputershare.com) to ensure prompt receipt of communications and other corporate actions. Similarly, members holding shares in Electronic / Demat form are requested to notify any change of address and change of bank account to their respective Depository Participant (DP) with whom the Demat account is maintained as the Company is obliged to use only the data provided by NSDL / CDSL.

8. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide their Bank Account Number, Name and Address of the Bank / Branch to the Registrar and Share Transfer Agent of the Company i.e. M/s Karvy Computershare Private Limited in respect of shares held in physical mode and to their respective DPs for Demat mode to enable them to incorporate the same in the dividend warrant.

9. Shareholders may avail the facility of National Electronic Clearing Service (NECS)/Electronic Clearing Service (ECS) for receiving direct credit of Dividend to their accounts with the Banks. This will enable expeditious credit of dividend amount and protect from loss, theft and postal delay of dividend warrant.

10. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in Electronic/Demat form, the nomination form may be filed with the respective Depository Participant.

11. The Ministry of Corporate Affairs has notified provisions relating to unpaid/ unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed/claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the Companies to transfer the shares of shareholders whose dividends remain unpaid/unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend during the prescribed period. The details of the unpaid/unclaimed amounts lying with the Company and details are available on the website of the Company www.petronetlng.com and on Ministry of Corporate Affairs' website. The shareholders whose dividend/shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.

12. In accordance with the aforesaid IEPF Rules, the Company has sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority. The Company is required to

transfer all unclaimed shares to the demat account of the IEPF Authority in accordance with the IEPF Rules.

13. Members who have not encashed their dividend warrants pertaining to previous seven years may approach to the Company or its Registrar & Share Transfer Agent for obtaining the payments thereof upon completion of necessary formalities in the said behalf.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market failing which the demat account/ folio no. would be suspended for trading. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and Bank details to the Company or its RTA.

15. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days between 10.30 a.m. to 12.30 p.m. prior to the Annual General Meeting.

16. Pursuant to the requirements of Corporate Governance, brief resume of the Directors proposed for appointment/ reappointment are annexed with the Notice.

17. Electronic copy of the Annual Report for the financial year 2017-18 is being sent to all the Members whose e-mail ids are registered with the Company/Depository Participants(s)/RTA for communication purposes unless any Member has requested for a hard copy of the same. For the Members who have not registered their e-mail address, physical copy of the Annual Report for the financial year 2017-18 is being sent in the permitted mode. The Annual Report of the Company, circulated to the Members of the Company, will also be made available on the Company's website i.e. www.petronetlng.com.

    Since the Company is committed towards Green Initiative, it is earnestly requested again in view of the circulars issued by Ministry of Corporate Affairs and other statutory provisions, that the Members who have yet not registered/updated their e-mail ids may notify the same to the Company either at the registered office or at e-mail address investors@petronetlng.com quoting full details of Folio No./DP, Client ID and name of first/ sole holder or to the concerned depository.

18. Members desirous of obtaining any information / clarification (s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of meeting at the Registered Office of the Company so that the same may be attended to appropriately.

19. Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility through M/s Karvy Computershare Private Limited (KCPL) to exercise their right to vote on resolutions proposed to be considered at the 20th Annual General Meeting (AGM) of the Company by electronic means and the business may be transacted through e-Voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by KCPL.

20. The facility for voting through ballot paper shall be made available at the venue of 20th AGM and the members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

21. The members who have cast their vote by remote e-voting prior to the 20th AGM may also attend the 20th AGM but shall not be entitled to cast their vote again.

22. The remote e-voting period commences on Monday, 10th September, 2018 at 9.00 a.m. (IST) and ends on Thursday, 13th September, 2018 at 5.00 p.m. (IST). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 7th September, 2018, may cast their vote by remote e-voting. Remote e-voting shall not be allowed beyond the said date and time and the remote e-voting facility shall be blocked thereafter. Once the vote on a resolution is cast by the member through remote e-voting, the member shall not be allowed to change it subsequently or cast the vote again.

23. The process and manner for remote e-voting is as under:

    A. In case a Member receives Notice of 20th AGM through email [for members whose email IDs are registered with the Company/Depository Participant(s)/RTA]:

        i. Initial password is provided in the body of the e-mail.

        ii. Launch internet browser by typing the following URL:https://evoting.karvy.com.

        iii. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No/ DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.

        iv. After entering the details appropriately, click on LOGIN.

        v. You will reach the Password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

        vi. You need to login again with the new credentials.

        vii. On successful login, the system will prompt you to select the EVENT i.e., Petronet LNG Limited.

        viii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution then enter all shares and click "FOR"/ "AGAINST" as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account.

x. Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through e-mail id **savitajyoti@yahoo.com**. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format "Corporate Name_EVENT No."

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the "download" section of https:// evoting.karvy.com or call M/s Karvy Computershare Private Limited on 1800 345 4001 (toll free).

B. In case a Member receives physical copy of the Notice of 20th AGM [for members whose email IDs are not registered with the Company/Depository Participants(s)/ RTA or requesting physical copy] :

i. User ID and Initial password as provided.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

24. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, 7th September, 2018.

25. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of 20th AGM and holding shares as of the cut-off date i.e. Friday, 7th September, 2018, may obtain the login ID and password by sending a request at raju.sv@karvy.com.

26. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the 20th AGM through ballot paper. A person who is not a member as on cut-off date should treat this Notice for information purposes only.

27. Ms. Savita Jyoti, Practising Company Secretary, has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

28. The Chairman shall, at the 20th AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the 20th AGM but have not cast their votes by availing the remote e-voting facility.

29. The Scrutinizer shall after the conclusion of voting at the 20th AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the 20th AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

30. The Results declared alongwith the Report of the Scrutinizer shall be placed on the website of the Company at https:// www.petronetlng.com and on the website of KCPL at https:// evoting.karvy.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited.

31. The Notice of the 20th AGM is also placed on the website of the Company at www.petronetlng.com and on the website of KCPL at https://evoting.karvy.com.

32. Details of the person who can be contacted for any grievances connected with facility for voting by electronic means:-

Shri S. V. Raju, DGM
M/s Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31&32
Gachibowli, Financial District
Nanakramguda, Serilingampally
Hyderabad-500 032
Toll Free No. 1800 345 4001
Email: evoting@karvy.com

33. The Resolutions, if passed by the requisite majority, shall be deemed to have been passed on the date of the 20th Annual General Meeting i.e. Friday, 14th September, 2018.

34. The Route Map of the venue of 20th AGM along with prominent land-mark is given in the Annual Report.

35. Annual Listing Fee and Custody fee for the year 2018-19 have been paid to NSE & BSE, wherein Shares of the Company are listed and to NSDL & CDSL respectively

36. No Gifts, gift coupons or cash in lieu of gifts shall be distributed to Members in the Annual General Meeting or afterwards.

By Order of the Board
For Petronet LNG Limited

Place : New Delhi — (Rajan Kapur)
Date : August 6, 2018 — Company Secretary

Statement pursuant to Section 102 of the Companies Act, 2013

Item No: 5

Pursuant to the Article 106 and 113 A of the Articles of Association of the Company and in terms of Section 149, 152 and 161 of the Companies Act, 2013 and Rules made thereunder, Shri Shashi Shankar was appointed as Additional Director Nominee Director of Oil and Natural Gas Corporation Ltd. (ONGC) w.e.f. 17th October, 2017 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 member proposing the name of Shri Shashi Shankar as Director of the Company.

In view of the background and vast experience, it will be in the interest of the Company that he continues as Director of the Company. A brief resume of Shri Shashi Shankar 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 Members.

Shri Shashi Shankar is interested in the resolution to the extent of his appointment as Director.

The other 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: 6

Shri V. K. Mishra was appointed by Board of Directors of the Company in its meeting held on 8th February, 2018 as Additional Director in the capacity of Director (Finance) for a period of five years from the date of joining the Company. He has joined the Company on 18th April, 2018. The appointment of Whole-time Director is required to be approved by the members in the General Meeting. The terms and conditions of the appointment are as under-

1. **Salary**: Basic pay has been fixed at Rs. 183785/- pm with an annual increment of 5%.
2. **Perquisites**
   - a. **House Rent Allowance (HRA)** limited to the 60% of Basic salary or if he offers a house in your own name/spouse, the same may be taken on lease limited to 60% of the basic salary.
   - b. **Medical Reimbursement**: Reimbursement of medical expenses for self, spouse & three children including dependent parents at actual and Post-Retirement Medical Scheme (PRMS) as per Company Policy.
   - c. **Leave Travel Allowance:** Leave Travel Allowance will be paid by the company for self and family once in a year subject to a ceiling of one and half month's salary.
   - d. **Club Fees:** Reimbursement of club fees, subject to maximum of two clubs.
   - e. **Personal Accident Insurance Policy:** The Company subject to a maximum premium of Rs. 4000 /- p.a., will provide Personal Accident Insurance Cover as applicable to you.
   - f. **Furniture at residence** upto Rs. 3 lacs subject to recovery of Rs. 100/- p.m. and payment of 10% maintenance allowance on self-certification basis with option to repurchase at book value after 7 years or on retirement whichever is earlier.
3. **Other benefits**
   - a. Contribution to Provident Fund, Superannuation Fund/Annuity Fund in accordance with the rules of the company and respective acts / trust deed.
   - b. Gratuity as per Gratuity Act.
   - c. A company owned car with an on-road price upto Rs. 20 Lacs with services of a driver to be provided by the company for official use. The other terms & conditions of the policy shall be governed as per the company's rules.
   - d. Telephone/Internet facility at home– at actual.
   - e. Leave/Leave Salary as per the rules of the Company.
   - f. Commission on profit as decided by the Board on yearly basis subject to and within the ceiling as may be approved by the Shareholders.
   - g. The performance incentive would be decided by the NRC based on the performance of the company.
   - h. Any and all allowances, perquisites and benefits under the appropriate schemes and rules applicable generally to the officers of the company provided however that the total remuneration shall be within the ceiling prescribed under Schedule V of the Companies Act, 2013.
   - i. Either party can give 3 months' notice in writing for closing the contract of appointment.

The appointment and other services terms will be subject to the relevant provisions of the Companies Act, 2013 and as amended from time to time.

No sitting fees will be paid to Shri V. K. Mishra for attending the meetings of the Board or any Committee thereof.

The tenure of appointment is for a period of 5 years from the date of joining of Company as Director (Finance).

Shri V. K. Mishra holds office as Director (Finance) up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, proposing himself as Director of the Company.

In view of the background and vast experience, it will be in the interest of the Company that he continues as Director of the Company. A brief resume of Shri V. K. Mishra 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 Members.

Shri V. K. Mishra is interested in the resolution to the extent of his appointment as Director.

The other 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

Pursuant to the Article 113A of the Articles of Association of the Company and in terms of Section 149, 152 and 161 of the Companies Act, 2013 and Rules made thereunder read with Schedule IV of the Act, as per recommendation of the Nomination and Remuneration Committee, Shri Sidhartha Pradhan was appointed as an Additional Director in the capacity of Independent Director w.e.f. 16th May, 2018 by the Board of the Company. He meets the criteria for independence as provided in Section 149(6) of the Act.

He holds office as Additional Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, proposing him as Director of the Company.

In view of the background and vast experience, it will be in the interest of the Company that he continues as Director of the Company. A brief resume of Shri Sidhartha Pradhan 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 Members.

Shri Sidhartha Pradhan is interested in the resolution to the extent of his appointment as Independent Director.

The others 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

Pursuant to the Article 113A of the Articles of Association of the Company and in terms of Section 149, 152 and 161 of the Companies Act, 2013 and Rules made thereunder, Dr. M. M. Kutty, was appointed an Additional Director and Chairman of the Company w.e.f. 12th July, 2018 by the Board of Directors.

He holds office as Additional 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 member proposing the name of Dr. M. M. Kutty as Director of the Company.

In view of the background and vast experience, it will be in the interest of the Company that he continues as Director of the Company. A brief resume of Dr. M. M. Kutty as required in terms of Regulation 36 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed herewith the Notice. Your Directors recommend the resolution for approval of the members.

Dr. M. M. Kutty is interested in the resolution to the extent of his appointment as Director.

The others 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

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 21st May, 2018 in terms of Section 148 of the Companies Act, 2013 for the financial year 2018-19.

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 required to be ratified by the Shareholders. In view of the above, your Directors recommend the resolution for approval of Shareholders.

None of the Directors or Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financial or otherwise, in passing of the said resolution.

Item No: 10

In terms of 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 Part Transactions Policy of the Company, all material Related Party Transactions shall require approval of the Members 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 Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also the relevant Accounting Standard, the promoter(s)/subsidiary/associate(s)/joint venture(s) (viz. IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd., Petronet LNG Foundation, Indian LNG Transport Co. (No. 4) Pvt. Ltd. Singapore etc.) 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, 2018 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.

Your Directors recommend the resolution for approval of members.

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: 11

Dr. Jyoti Kiran Shukla was appointed as Independent Director w.e.f. 31st March, 2015 for a period of three (3) years by the Members of the Company in 17th Annual General Meeting held on 24th September, 2015, and her term was expired on 31st March, 2018. As per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto 5 consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto 5 consecutive years on the Board of a Company.

In line with the aforesaid provisions of Companies Act, 2013 and Rules made thereunder and in view of her long & rich experience, continued valuable guidance to the Management, the Board of Directors of the company recommends the re-appointment of Dr. Jyoti Kiran Shukla as Independent Director of the Company for a period of 3 years w.e.f. 31st March, 2018. Pursuant to Section 160 of the Act, the Company has received a notice from a member in writing proposing her candidature for the office of Director for re-appointment as Independent Director on the Board of the Company for a period of 3 years w.e.f. 31st March, 2018, she meets the criteria for independence as provided in Section 149(6) of the Act.

Your Directors recommend the resolution for approval of Members as Special Resolution.

Dr. Jyoti Kiran Shukla is interested in the resolution to the extent of her appointment as Independent Director.

The other 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: 12

Shri V. K. Mishra was appointed by the Board of Directors as Additional Director in the capacity of Director (Finance) of the Company w.e.f. 18th April, 2018. The resolution in respect to his appointment is part of the Notice of this AGM vide item no. 6. The terms and conditions of his appointment are also part of the explanatory statement to the above said item. Further, the Board authorised Nomination and Remuneration Committee to finalise his terms and conditions and benefits in respect to his appointment. Accordingly, the Nomination and Remuneration Committee finalise the same which inter-alia includes taking over existing House Building Advance (HBA) at GAIL as recoverable advance for the Company, the details of which are as follows :

Purpose	:	Recoverable Advance
Amount of loan	:	Rs. 14,18,644
Rate of Interest	:	Nil
Recovery Period	:	36 Months

In terms of the provisions of Section 185 of Companies Act, 2013, the Company may grant Recoverable advance to directors with the approval of Members by passing a special resolution in the General Meeting.

Your Directors recommend the resolution for approval of members as Special Resolution.

Shri V. K. Mishra is interested in the resolution to the extent of the Recoverable advanced given to him.

The other 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.

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By Order of the Board
For Petronet LNG Limited

Place : New Delhi (Rajan Kapur)
Date : August 6, 2018 Company Secretary

Brief Resume of Directors retiring by rotation and eligible for re-appointment/ Additional Directors vacating office at 20th AGM and proposed to be appointed

Shri G. K. Satish

Shri G. K. Satish is the Director (Planning & Business Development) of Indian Oil Corporation Ltd. (IOCL) and is also a nominee Director of IOCL on the Board of the Company.

He is a Mechanical Engineer from NIT, Surat and a Post Graduate in Management from MDI, Gurgaon. He has over 30 years' experience in various disciplines in Indian Oil like Terminal Operations, Logistics, Shipping, International Trade, Business Development, Natural Gas Business, Human Resources and Corporate Communications. He oversees the company's expansion in business activities like Petrochemical and foray into the Exploration & Production, Natural Gas, and Alternate Energy & Sustainable Development etc.

Shri G. K. Satish holds Nil share in the Company.

Shri G. K. Satish holds Directorship/Chairmanship in the following other Companies:

Name of the Company	Position Held
Green Gas Ltd.	Chairman
Indian Oil Corporation Ltd.	Director
Indoil Montney Ltd.	Director
Indoil Global B.V.	Director

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

Shri T. Natarajan

Dr. T. Natarajan, IAS is presently Managing Director of Gujarat State Petroleum Corporation Limited. He is a nominee director of Gujarat maritime Board (GMB) on the Board of the Company.

Dr. T. Natarajan, IAS is B.E. (Mining Engineering) and an MBA (Finance & Marketing). He also holds Doctorate in Management. Dr. T. Natarajan, IAS served as Joint Managing Director of Gujarat Narmada Valley Fertilizers & Chemicals Limited. He worked in Industrial Finance Corporation for 2 years and has also held distinguished positions in the Government of Gujarat including Commissioner, Technical Education, Commissioner, Geology & Mining as well as Secretary, Economic Affairs, Finance Department. He has served as a Director of Gujarat Mineral Development Corporation Limited, Gujarat Industrial Development Corporation Limited, Gujarat Urban Development Company Limited, Gujarat State Electricity Corporation Limited and Bhavnagar Energy Co. Ltd.

Shri T. Natarajan holds Nil share in the Company.

Shri T. Natarajan holds Directorship/Chairmanship in the following other Companies:

Name of the Company	Position Held
Gujarat State Petroleum Corporation Limited	Managing Director
Gujarat State Petronet Limited	Joint Managing Director
Gujarat State Energy Generation Limited	Chairman
Guj Info Petro Limited	Chairman
Sabarmati Gas Limited	Chairman
Gujarat Gas Limited	Director
GSPC Pipavav Power Company Limited	Director
GSPL India Gasnet Limited	Director
GSPL India Transco Limited	Director

Shri T. Natarajan is a Member of the following Committees of Board of Directors in other Companies –

Name of the Company	Name of Committee	Position Held
Gujarat State Petroleum Corporation Limited	• Audit Committee	Member
Gujarat State Petronet Limited	• Audit Committee • Stakeholders' Relationship Committee	Member Member
Gujarat Gas Limited	• Audit Committee	Member

Shri Shashi Shanker

Shri Shashi Shanker, Chairman & Managing Director of Oil and Natural Gas Corporation Ltd. (ONGC) is also a nominee Director of ONGC on the Board of the Company. He is graduated in Petroleum Engineering from Indian School of Mines, Dhanbad (now IIT-ISM) in the year 1982. He is also an MBA with specialization in Financial Management.

Shri Shashi Shanker is credited with spearheading ONGC's deep/ultra-deep water campaign christened 'Sagar Samriddhhi'. On the technology front, he steered many new IT ventures on the Enterprise Resource Planning (ERP) and Supervisory Control and Data Acquisition (SCADA) platform which were considered as pioneering; providing real time information besides aiding in extensive analysis and decision making. He was assigned the responsibility of ambitious Government of India campaigns like

'Make-in-India', 'Digital India' and 'Start-Up-India'.

Shri Shashi Shanker holds Nil share in the Company.

Shri Shashi Shanker holds Directorship / Chairmanship in the following other Companies:

Name of the Company	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 Shashi Shanker is not a Member/Chairman of Committees of Board of Directors in any other Company.

Shri V. K. Mishra

Shri Vinod Kumar Mishra, assumed the charge of Director (Finance) at Petronet LNG Limited (PLL), New Delhi, on 18th April, 2018. He is a Chartered Accountant and also holds a degree in MBA (Finance) and Law.

Prior to joining PLL, he was Chief General Manager (Finance) at GAIL (India) Limited. He possesses vast experience in financial management, corporate finance, treasury management etc. He also held the position of Director in GAIL Global USA,INC, Houston(USA), a wholly subsidiary company of GAIL(India) Limited.

Shri V. K. Mishra holds Directorship/Chairmanship in the following other Companies:

Name of the Company	Position Held
Petronet LNG Foundation	Director

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

Shri Sidhartha Pradhan

Shri Sidhartha Pradhan joined Indian Revenue Service in 1977 batch. In his last assignment, he has worked as Member of the High Level Committee (HLC), appointed by the Finance Minister, to interact with Trade and Industry on Tax Laws. Prior to that, he was posted as Vice-Chairman, Income Tax Settlement Commission, Additional Bench-1, New Delhi from 22nd June, 2012 till 11th June 2014. His previous posting in Central Government was as Additional Secretary, Department of Disinvestment in the Ministry of Finance.

He has worked in various capacities, both in Central Government and Government of Orissa. Worked as Additional Commissioner and Commissioner, Income Tax (Central), Delhi. He also worked as Secretary, Public Enterprises, Government of Orissa from 1995-2000 and as Special Secretary (Commerce), Government of Orissa. He was nominated as a Member of the Task Force constituted by Government of Orissa for restructuring the Power Sector in 1992. He was deeply involved in various Committees constituted in this regard for restructuring the Orissa State Electricity Board.

He did his Senior Cambridge at Stewart School Cuttack; B.A. (Pol Science) from Ravenshaw College Cuttack; M.A. (Pol. Science) from JNU, New Delhi, M. Phil from JNU; LLB from Utkal University and MBA from University of HULL, England.

Shri Sidhartha Pradhan holds Nil share in the Company.

Shri Sidhartha Pradhan holds Directorship/Chairmanship in the following other Companies:

Name of the Company	Position Held
Mayfair Hotels & Resorts Limited	Director
IVC Association	Director
United Bank	Director

Shri Sidhartha Pradhan is not a Member/Chairman of Committees of Board of Directors in any other Company.

Dr. M. M. Kutty

Dr. M.M. Kutty is Secretary to the Government of India in the Ministry of Petroleum and Natural Gas. He is a member of the Indian Administrative Service with over 32 years' experience at the State and National levels. He has held crucial positions in the Ministry of Urban Development, Ministry of Environment, Forest & Climate Change and Department of Economic Affairs, Ministry of Finance, Government of India.

As Chief Secretary to Government of National Capital Territory of Delhi, he made significant contribution towards good governance and better delivery of services.

His international experience includes serving as Bureau Member and Vice President of Asia Pacific Region for ICCM-5, Strategic Approach to International Chemicals Management (SAICM). Dr. Kutty also served as Director in the Board of Asian Infrastructure Investment Bank (AIIB) , Beijing and New Development Bank (NOB), Shanghai as well as Member in the Board of Green Climate Fund (GCF), Songdo, South Korea.

Dr. Kutty has rich experience in the management of Autonomous Bodies, Companies and State Enterprises and served in the Board of many organizations including Delhi Metro Rail Corporation, National Capital Region Transport Corporation and Power Distribution Companies of Delhi.

Dr. Kutty is a Ph.D. In Agriculture from New Delhi, India. He also holds M.A. in Rural Social Development from University of Reading, United Kingdom.

Dr. M. M. Kutty holds Nil share in the Company.

Dr. M. M. Kutty holds Directorship / Chairmanship in the following other Companies:

Name of the Company	Position Held
Indian Strategic Petroleum Reserves Limited	Chairman

Dr. M. M. Kutty is not a Member/Chairman of Committees of Board of Directors in any other Company.

Dr. Jyoti Kiran Shukla

Dr. Jyoti Kiran Shukla is an Independent woman Director on the Board of Directors of the Company. She has done Ph.D., M. Phil., MA (Economics) from Delhi School of Economics and she has researched and written extensively on economic policy and development. She started her career from the Institute of the Development Studies, Jaipur and has worked as faculty member at the National Institute of Technology, Nagpur about twelve years. She later acted in leadership position as director of reputed management institute in the private sector and also act as vice chancellor for a short duration.

She is author of four books and about 70 research papers. She has been contributing to Journals and newspapers as analyst and columnist.

Dr. Jyoti Kiran Shukla holds Nil share in the Company.

Dr. Jyoti Kiran Shukla holds Directorship/Chairmanship in the following other Companies:

Name of the Company	Position Held
Petronet LNG Foundation	Director
ICSI Institute of Insolvency Professionals	Member

Dr. Jyoti Kiran Shukla is not a Member/Chairman of Committees of Board of Directors in any other Company.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is our privilege and honour to present the twentieth Annual Report along with Audited Statement of Accounts, the Auditors' Report and Review of the Accounts for the financial year ended 31st March, 2018.

PHYSICAL PERFORMANCE

The financial year 2017-18 saw the Company operate its Dahej Terminal at 16.03 million tonnes throughput as compared to 13.13 Million tonnes in the previous year. The demand for LNG was robust.

During the financial year 2017-18, the Dahej Terminal handled 241 LNG Cargoes and supplied 815.55 TBTUs of RLNG. 2843 LNG Road Tankers were also loaded and dispatched.

The utilization of Kochi Terminal remained extremely low in the absence of pipeline network for gas evacuation. 14 Cargoes (including reload) were handled at the Kochi Terminal during the full year similar to 7 Cargoes during the last year.

FINANCIAL PERFORMANCE

During the financial year 2017-18, your Company achieved a turnover of Rs. 30,599 Crore as against Rs. 24,616 Crore in 2016-17. The net profit during the year stood at Rs. 2,078 Crore as against Rs. 1,706 Crore in the previous year. A summary of the comparative financial performance in the fiscal 2017-18 and 2016-17 is presented below:

(Rs. in crore)

Particulars	2017-18	2016-17
Revenue from operations	30,599	24,616
Other Income	317	347
Total Revenue	**30,916**	**24,963**
Cost of LNG imports	26,690	21,417
Gross Margin	**4,226**	**3,546**
Salary & other operating expenses	596	607
Finance charges	163	210
Depreciation	412	369
Profit before Tax	**3,055**	**2,360**
Tax expenses, including deferred tax	977	654
Profit after Tax	**2,078**	**1,706**
Earnings (Rs.) per Share*	13.85*	22.74

*EPS is reduced due to 1:1 bonus issue in July, 2017.

DIVIDEND

The Board of Directors of your Company has recommended a final dividend of Rs. 4.50 per equity share of Rs. 10/- each i.e. 45 % of the post Bonus paid-up Share Capital of the Company as on 31st March, 2018 subject to approval of Members of the Company as compared to Rs. 5 Per equity share of Rs. 10 each i.e. 50% of the pre Bonus paid-up Share Capital of the Company as on 31st March, 2017. This is the 12th consecutive year for which your Company has recommended payment of dividend. The final dividend shall be paid to the members, whose names appear in the Register of Members as well as the Beneficial Ownership Position provided by NSDL/CDSL as at the close of business hours on 7th September, 2018.

The Board of your Company has formulated a Dividend Distribution Policy ("The Policy"). The Policy is annexed to this Report and is also available on our website www.petronetlng.com.

CHANGES IN SHARE CAPITAL

During the year, the Authorised Share Capital of the Company was increased from Rs. 1,500 crore (150 Crore Equity Shares of Rs. 10 each) to Rs. 3,000 crore (300 Crore Equity Shares of Rs. 10 each). Your Company issued bonus shares in the ratio of 1:1, i.e., one bonus share in the ratio of one share held during the financial year ended on 31st March, 2018. Consequently, the paid-up share capital increased from Rs. 750 crore to Rs. 1500 Crore.

FINANCING OF PROJECTS

Given the strong cash flows of the Company, the expansion of the Dahej project and other capital expenditure was funded entirely with the internal accruals without the need to draw any debt. The relationship with the existing lenders continues to be good.

SHIPPING ARRANGEMENTS

Three LNG ships, namely 'Disha', 'Raahi' and 'Aseem' carry the entire LNG volumes from RasGas under a long-term contract to Dahej. Besides Japanese companies, Shipping Corporation of India (SCI) is also an equity partner in the ship-owning companies. All these ships are manned, managed, maintained and operated by SCI. The ships operate on a long-term time charter basis with Petronet as the charterer.

During FY 2017-18, the overall shipping operations at Dahej LNG terminal have run smoothly and the jetty utilization has been very good without any downtime.

The fourth LNG vessel "Prachi" was delivered on 30th November 2016. Besides Japanese Companies NYK, MOL and K-Line, Shipping Corporation of India (SCI) is an equity partner in the ship-owning companies. PLL has taken 26% equity in this LNG ship. As is the case with the first three ships, the fourth ship is also being manned, managed, maintained and operated by SCI. Supply of LNG from Gorgon is now on delivered basis and "Prachi" has been novated to Exxon Mobil.

DAHEJ LNG TERMINAL

Your terminal has been operating well at average capacity utilization of 104.97% during the year. There have been addition of four LNG truck loading bays to cater gas requirement to customers not connected to pipe line.

Your company is in advance stage of expanding Dahej Terminal Regasification capacity from 15 MMTPA to 17.5 MMTPA. Regasification unit of 2.5 MMTPA at an approximate cost of Rs. 415 crore is being added without raising any external debt. The project is likely to be commissioned by end of 2018-19.

Your company is also planning to build seventh LNG Tank. The tendering process is in advance stage. Also feasibility study for third jetty is being started for better reliability of LNG ship receiving system.

KOCHI LNG TERMINAL

During the year, the Kochi terminal continued to operate at a low capacity due to lack of evacuation pipelines to Bangalore and Mangalore. BPCL-Kochi Refinery was the only major consumer throughout the year and the other customer FACT consumed R-LNG intermittently.

The average capacity utilization during the year was 12.09 %. R-LNG off-take is expected to increase in 2018-19 in view of the RLNG evacuation pipeline connectivity to Mangalore.

Other specialised services like cooling down of LNG vessels and storage and reload services were provided by the Kochi terminal during the year. 'Taral' LNG supplies continued with trucks to HLL Lifecare Ltd., Trivandrum.

It is understood that GAIL, the executing agency for the pipelines, has made significant progress in the Kochi - Mangalore section of the pipeline.

NEW BUSINESS INITIATIVES

LNG TERMINAL AND POWER PLANT AT SOUTH ANDAMAN

Your Company has signed a Memorandum of Understanding (MoU) with Andaman and Nicobar Administration for establishment of small scale floating LNG Receiving, Storage and Regasification Terminal and Gas based Power Plant at South Andaman. Your Company has completed pre-project studies like environment impact assessment, geo-technical investigations, marine studies including navigational studies etc., output of which has been used to prepare the detailed feasibility report.

All the above studies are in progress and your Company has submitted a Detailed Feasibility Report (DFR) to Andaman and Nicobar Administration for their consideration thereafter.

LNG TERMINAL AT BANGLADESH PROJECT

Your Company has signed an MoU with Petrobangla of Bangladesh for cooperation / collaboration to set up a land based 7.5 MMTPA LNG Receiving, Storage and Regasification Terminal at Kutubdia Island. In continuance of the Memorandum of Understanding (MOU), your Company and Petrobangla have also signed a non-binding Heads of Understanding (HoU) on LNG Terminal Use, during the recent visit of Hon'ble Prime Minister of Bangladesh to Delhi.

Your Company has completed pre-project studies such as geotechnical investigations both for land and marine area, marine studies, bathymetry study etc. Also Engineers India Limited has prepared Detailed Feasibility Report (DFR). Based on above studies and DFR, your Company has submitted a commercial proposal along with terms and conditions to Petrobangla, for their consideration.

LNG TERMINAL AT SRI LANKA

Your Company has signed an MoU with Sri Lankan Authorities for cooperation/collaboration for development of LNG/NG infrastructure in Sri Lanka.

LNG AS AN AUTOMOTIVE FUEL

There were intense efforts required on the regulatory side of the business over the past year. Your company's initiatives to develop the small scale LNG market in the Country required discussions and deliberation with Ministry of Road Transpiration and Highways (MORTH) and Ministry of Commerce and Industries (MOCI) for inclusion of LNG as an automotive fuel in Central Motor Vehicle Rules (CMVR) and for inclusion of LNG dispensing stations development regulation in Static and Mobile Pressure vessel rules (SMPV).

Both these regulations are in place now leading to opening of a new doorway in the Indian market for use of LNG as a cleaner transportation fuel.

Your company has prepared a business plan based on traffic study on Indian Roads and decided to develop an LNG corridor covering 4000 Kms. of National highways. Your company has conducted a conference on this subject wherein Hon'ble Minister of Petroleum and Natural gas has supported this business to replace diesel in Heavy and Medium Commercial vehicles with cleaner LNG. Your company has shortlisted twenty (20) locations to develop LNG dispensing stations as a pilot project. A core team with OMC's and Gas marketing companies are working together to develop this LNG infrastructure.

HEALTH, SAFETY & ENVIRONMENT (HSE)

Your Company is committed to conduct business with a strong environment conscience, ensuring sustainable development, safe workplaces and enrichment of the quality of life of its employees, customers and the community at large. Compliance with safety systems and procedures and environmental laws is monitored by the Company. The Company is having well defined policy for Health, Safety & Environment (HSE).

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. M/s Ernst & Young, as the Company's Internal Auditors, conduct regular audits for various activities. The reports of the Internal Auditors are submitted to the Management and the Board's Audit Committee at regular intervals. There is a thorough review of the adequacy of internal control system periodically.

DETAILS OF SUBSIDIARY/ JOINT VENTURES / ASSOCIATE COMPANIES

1) **Adani Petronet (Dahej) Port Private Ltd.**

   A Solid Cargo Port through a Company named Adani Petronet (Dahej) Port Private Ltd., had commenced its operations in August 2010 at the Dahej Port. Solid Cargo Port Terminal has facilities to import/export bulk products like coal, steel and fertilizer. PLL has a 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

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Revenue	33,503	32,516
Profit/ (loss) from continuing operations	7,228	6,715
Other comprehensive income	175	(656)
Total comprehensive income	7,403	6,059
Company's share of total comprehensive income (26%)	1,924	1,575

2) **India LNG Transport Co. (No. 4) Pvt. Ltd. ('ILT4')**

India LNG Transport Co. (No. 4) Pvt. Ltd. ('ILT4') is joint venture of your Company with 26% ownership interest. ILT4 is the owner of vessel MT Prachi and is primarily engaged in transportation of LNG. It is one of the Company's strategic investments and has the principal place of business in Singapore.

Performance and Financial Position of ILT4

Particulars	For the year ended 31st December, 2017
Revenue	17,819
Profit/ (loss) from continuing operations	6,016
Other comprehensive income	0
Total comprehensive income	6,016
Company's share of total comprehensive income (26%)	1,380

Petronet also owns 3% equity in the vessel MT Aseem which carries LNG from Qatar to Dahej under a long term agreement.

3) **Petronet LNG Foundation**

Petronet LNG Foundation, a Company Limited by Guarantee, has been promoted by the Company under the provisions of Section 8 of the Companies Act, 2013 and the rules made thereunder as a wholly owned subsidiary of the Company. Petronet LNG Foundation is facilitating the promoter to comply with its requirement of Corporate Social Responsibility (CSR) under provisions of Section 135 of Companies Act, 2013 and rules made thereunder.

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 Rs. 24,587 Crore during the year under review. Foreign exchange earnings during the year were Rs. 49 Crore.

EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (Form MGT-9) is annexed to this 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 endeavor 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 implementing short-term, medium-term and long-term strategy to channelize the resources in a 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, Skill Development, Environment, Sports, Agriculture, Swacch Bharat etc. where your Company will spend the annual CSR budget in a progressive and sustainable manner.

Further, as reported last year, Petronet LNG Foundation, a Company Limited by Guarantee, has been incorporated on 31st March, 2017 by Petronet LNG Limited as a promoter of the Company under the provisions of Section 8 of the Companies Act, 2013 and the rules made thereunder. Petronet LNG Foundation is facilitating the promoter to comply with its CSR under provisions of Section 135 of Companies Act, 2013 and rules made thereunder. It has already taken up some high impact projects and is in the process of finalising projects/programmes with higher project cost and impact. While all CSR projects have been carefully chosen giving utmost importance to quality of spending instead of just spending, some projects have been outstanding in their impact.

In terms of provisions of Companies Act, 2013, an amount of Rs. 30.29 Crore was required to be utilized on CSR activities in FY 2017-18. The Competent Authority has approved / committed new Projects of Rs. 23.46 Crore in FY 2017-18 out of which Rs. 8.55 Crore was spent on CSR activities. In some projects, disbursement of fund is linked to achieving deliverable targets and due to dynamic implementation environment targets have not yet achieved. Nevertheless, your Company has been making constant efforts to reach optimum level of CSR expenditure resulting in tangible positive impact on society and has made significant improvements over the previous years in terms of both spending as well as number of projects taken up. The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith and forms part of the Board Report.

'Petronet Kashmir Super-30' is one such outstanding CSR project which prepares underprivileged students of Kashmir to overcome various social and other disadvantages and helps them to compete with the best for admission into the premier engineering institutions like IITs and NITs by providing high quality coaching and guidance. 'Numma Onnu' is another such project to feed the hungry in Ernakulam District which has been recently expanded post successful pilot project. The project was implemented with the Ernakulum District Administration. Further, in collaboration with Central Institute of Plastics Engineering & Technology (CIPET), Petronet LNG Foundation is imparting skill development programme for local underprivileged youth in Gujarat and Kerala helping them be confident enough to find gainful employment. Petronet LNG Foundation is also extending financial support to Himalayan Institute of Alternative Learning (HIAL), Ladakh in setting up Alternative University to address the issues like education, livelihood, preservation of local culture and environment in the region.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) DURING THE YEAR

Directors

Inductions

Shri Shashi Shankar was appointed by the Board of Directors as Additional Director (Nominee Director of ONGC) w.e.f. 17th October, 2017. Dr. Jyoti Kiran Shukla was reappointed by the Board of Directors as Independent Director w.e.f 31st March, 2018 after completion of her 3 years tenure on 30th March, 2018. Shri V. K. Mishra was appointed by the Board of Directors as Additional Director in the capacity of Director (Finance) of the Company w.e.f. 18th April, 2018. Shri Sidhartha Pradhan was appointed by the Board of Directors as Additional Director (Independent Director) of the Company w.e.f. 16th May, 2018. Dr. M. M. Kutty was appointed by the Board of Directors as Additional Director and Chairman of the Company w.e.f. 12th July, 2018.

Reappointment

In accordance with the Articles of Association of the Company and as per statutory requirements, Shri G. K. Satish, Nominee Director, IOCL and Shri T. Natarajan, Nominee Director, GMB would retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. In accordance of provisions of Companies Act, 2013, Shri Shashi Shankar who was appointed as Additional Director (Nominee Director of ONGC), Dr. Jyoti Kiran Shukla who was reappointed as Independent Director, Shri V. K. Mishra who was appointed as Additional Director in the capacity of Director (Finance) of the Company, Shri Sidhartha Pradhan who was appointed as Additional Director (Independent Director) of the Company, Dr. M. M. Kutty who was appointed as Additional Director and Chairman of the Company after the date of last Directors' Report shall vacate their offices at the ensuing Annual General Meeting. Necessary notices have been received from them/Member(s) under Section 160 of Companies Act, 2013 proposing their candidature for appointment. The same has also been given at website of the Company at www.petronetlng.com. The Board recommends their appointment. Brief resume of directors seeking appointment and reappointment together with the nature of their expertise in specific functional areas, disclosure of relationship between director inter-se, name of companies in which they hold membership/ chairmanship of committees of the Board alongwith their shareholding in company etc. as stipulated under SEBI (LODR) Regulations, 2015 and other statutory provisions are given in the annexure to Notice of 20th Annual General Meeting.

Cessation

After the date of last Directors' Report i.e. 8th August, 2017 Shri A. K. Misra, Independent Director, ceased to be director of the Company w.e.f. 14th August, 2017 due to completion of his 3 years tenure. Shri D. K. Sarraf ceased to be director (Nominee Director of ONGC) of the Company w.e.f. 1st October, 2017 due to withdrawal of his nomination by the nominating company. Shri Sushil Kumar Gupta ceased to be Independent Director of the Company w.e.f. 15th January, 2018 due to completion of his 3 years tenure. Shri Subhash Kumar ceased to be an Additional Director in the capacity of Director (Finanace) of the Company w.e.f. 1st February, 2018 due to resignation. Shri K. D. Tripathi, Chairman of the Company, ceased to be Director and Chairman of the Company w.e.f. 30th June, 2018 due to his resignation consequent to superannuation on attaining the age of retirement from Ministry of Petroleum and Natural Gas, Government of India. Shri D. Rajkumar ceased to be Director (Nominee Director of BPCL) of the Company w.e.f. 19th July, 2018 due to his resignation and withdrawal of his nomination by the nominating company.

The Board placed on record its sincere appreciation for valuable services rendered and contribution made by above mentioned directors.

Additional Charge

Shri Rajender Singh, Director (Technical), was having additional charge of Director (Finance) from 20th July, 2017 to 4th August, 2017. With the appointment of Shri Subhash Kumar, as Additional Director in the capacity of Director (Finance) w.e.f. 5th August, 2017, the additional charge of Director (Finance) entrusted with Shri Rajender Singh, Director (Technical) was vacated. He was also having additional charge of Director (Finance) from 1st February, 2018 to 17th April, 2018. With the appointment of Shri V. K. Mishra, as Additional Director in the capacity of Director (Finance) w.e.f. 18th April, 2018, the additional charge of

Director (Finance) entrusted with Shri Rajender Singh, Director (Technical) was vacated.

Key Managerial Personnel

Pursuant to Section 203 of Companies Act, 2013, the Key Managerial Personnel of the Company are:

1. Shri Prabhat Singh, MD&CEO
2. Shri V. K. Mishra, Director (Finance) and CFO (w.e.f. 18th April, 2018)
3. Shri Rajan Kapur, Vice President – Company Secretary (w.e.f. 27th July, 2018)

Following are the changes in Key Managerial Personnel of the Company:

1. Shri R. K. Garg, Director (Finance) and CFO (upto 19th July, 2017)
2. Shri Subhash Kumar, Director (Finance) and CFO (w.e.f. 5th August, 2017 and upto 31st January, 2018)
3. Shri K. C. Sharma, Vice President – Company Secretary (upto 31st January, 2018)#

   # Shri Mukesh Gupta, VP (F&A) was officiating Company Secretary and Compliance Officer from 1st February, 2018 to 26th July, 2018.

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. An exercise is being 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 Company is in process of adopting all the requirements as stated in SEBI (LODR) Regulations, 2015.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of Companies Act, 2013, Declaration(s) by all the Independent Director(s) have been obtained stating that they meet the criteria of independence as provided in sub-section (*6*) of Section 149 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

TRAINING OF INDEPENDENT DIRECTORS

The Company has well-defined Training Program for training to Board Members which inter-alia include the various familiarization programs in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company etc. Further, the same is also taken care during the various strategy meets of the Company and different presentations in the Board/Committee meetings. The details of such familiarization programs have also been posted on the website of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, four Board Meetings were held and the details of which are given in the Corporate Governance Report annexed to this Report which forms part of the Annual Report. 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. For further details regarding number of meetings of the Board and its committees, please refer Corporate Governance Report, annexed to this Report.

AUDIT COMMITTEE

The recommendations made by the Audit Committee during the year were accepted by the Board. The other details of Audit Committee like composition, terms of reference, meetings held are provided in the Corporate Governance Report annexed to this Report.

NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee and detailed disclosure in this regard has been given in the Corporate Governance Report which is annexed to this Report.

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

In compliance with the provisions of the Companies Act, 2013, the details of investments made and loans/guarantees provided as on 31st March, 2018 are given in the respective Notes to the financial statements.

INSURANCE

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS 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 (RPTs)

In line with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Company has formulated a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The same has been posted on the website of the Company. The Company gives the disclosure regarding material transactions with related parties on quarterly basis along with the compliance report on

Corporate Governance. As per requirements of Section 134 (3) of Companies Act, 2013 read with rule 8 of Companies (Accounts) Rule, 2014, particulars of contracts or arrangements with related parties as referred in section 188 (1) of the Companies Act, 2013 is annexed to this report. Further, suitable disclosure as required by the Accounting Standards has been given in the Notes to the Financial Statements.

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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are annexed to this Report.

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 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 annexed herewith.

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, 2018, there were 486 employees excluding two Whole-time Directors.

SECRETARIAL AUDIT

M/s A. N. Kukreja, Practicing Company Secretary, was appointed by Board of Director to conduct the Secretarial Audit of the Company for the financial year 2017-18 as required under Section 204 of Companies Act, 2013 and rules thereunder.

A Secretarial Audit Report submitted by M/s A. N. Kukreja, a Company Secretary in practice, is annexed with this report. 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. Regarding the expenditure on CSR activities, the details in respect of the same along with the reasons for not spending the amount on CSR activities as per the statutory requirements are given in the Annual Report on Corporate Social Responsibility (CSR) which is annexed to the Directors' Report.

CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance and lays strong emphasis on transparency, accountability and integrity. As required under 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 to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report covering initiatives taken with environmental, social and governance perspective has been prepared in accordance with the directives of SEBI and forms a part of the Annual Report.

INDUSTRIAL RELATIONS

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

RISK MANAGEMENT

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 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 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 31st March, 2018, two complaints were received under Vigil Mechanism and out of which one complaint was resolved and one complaint was pending as on 31st March, 2018.

CODE OF CONDUCT

The Company has formulated a Code of Conduct for Board Members and Senior Management Personnel. The confirmation of compliance of the same is obtained from all concerned on annual basis. All Board Members and Senior Management Personnel have given their confirmation of compliance for the year under review. A declaration duly signed by MD & CEO is given in the Report on Corporate Governance annexed to this Report. The Code of Conduct for Board Members and Senior Management Personnel is given on the website of the Company.

LISTING ON STOCK EXCHANGES

The Company is listed on the BSE Ltd. and National Stock Exchange of India Ltd. The Company has paid Listing fees for the Financial Year 2017-18 to the above Stock Exchanges in time.

TRANSFER OF AMOUNTS/SECURITIES TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and Rules made thereunder, the Company has deposited the amount lying in Unpaid/Unclaimed Dividend account for the financial year 2006-07 to 2009-10 to Investor Education and Protection Fund. Detail of the same is available at website of the Company at the following link – https://www.petronetlng.com/UnpaidDividend.php

Further, pursuant to the provisions of Section 124(6) of Companies Act 2013, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more were also transferred to IEPF Suspense Account. Detail of the same is available at website of the Company at the following link – https://www.petronetlng.com/PDF/IEPFSuspense.pdf

OTHER DISCLOSURES

No disclosure or reporting is required in respect of the following items as either these were not applicable or there were no transactions on these items during the financial year 2017-18:-

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director nor the Whole–time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

During the financial year 2017-18, there was one cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same was also resolved on 5th May, 2018.

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

STATUTORY AUDITORS

M/s T. R. Chadha & Co., Chartered Accountants LLP, have been appointed by the Shareholders of the Company as Statutory Auditors for the financial year 2017-18.

AUDITORS' REPORT

The Auditors have submitted an unqualified report for the financial year 2017-18.

COST AUDITOR

The Board of Directors has appointed M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182) as the Cost Auditor of the Company for the Financial Year 2017-18.

The Cost Audit Report for the year 2016-17 has been filed under XBRL mode on 6th September, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of clause (*c*) of sub-section (*3*) of Section 134 of the Companies Act, 2013, Directors hereby states 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.

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 (Dr. M. M. Kutty)
Date : August 6, 2018 Chairman

DIVIDEND DISTRIBUTION POLICY

Background

As per Regulation 43A of SEBI (LODR) Regulations, 2015, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Further, the listed entities other than top five hundred listed entities based on market capitalization may disclose their dividend distribution policies on a voluntary basis in their annual reports and on their websites.

Considering the fact that Petronet LNG Limited (PLL) is amongst the top 500 listed entities as per the criteria, its ranking as per NSE being 95th as at 31st March 2016, the said regulation applies to PLL.

As per the regulation, the dividend distribution policy shall include the following parameters:

a) the circumstances under which the shareholders of the Company may or may not expect dividend;

b) the financial parameters that shall be considered while declaring dividend;

c) Internal and external factors that shall be considered for declaration of dividend;

d) policy as to how the retained earning shall be utilized; and

e) parameters that shall be adopted with regards to various classes of shares.

The regulation also states that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes with the rationale for the same in its annual report and on its website.

The policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration, guidelines issued by SEBI to the extent applicable. The policy shall be applicable from Financial Year 2016-17 onwards.

Dividend and Category of Dividend

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits, in proportion to the amount paid up on shares they hold.

The Companies Act provides for payment of dividend in two forms – Interim & Final. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the Annual General Meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

Final Dividend

The Final dividend, if any, is paid once for the financial year after the annual accounts are prepared. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial accounts.

Circumstances under which the shareholders of the Company may or may not expect dividend

The Company is committed to driving value creation for all its stakeholders. The decision regarding dividend pay-out is a crucial decision as it determines the amount to be distributed among shareholders of the Company out of its distributable profits and the amount of profit to be retained in business. The Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business along with rewarding shareholders of the company.

The Company has been consistently paying out dividends to its shareholders since FY 2006- 07 and can be reasonably expected to continue paying dividends in future as well, quantum of which shall be decided by the Board considering the available distributable profits.

The company may not declare dividend or declare dividend at a rate lower than its normal rate of dividend in the circumstances as given below:

a) where company has undertaken a significant project requiring higher capital allocation.

b) where company is into merger or acquisitions which demands higher capital allocation.

c) in an event where the Company profits are inadequate or Company makes losses

d) in case of a contingencies which may require higher capital allocation.

In all the above stated circumstances, the company would like to use the Company's reserves judiciously.

It may also be noted that declaration of dividend will be subject to statutory guidelines prescribed in this regard by Companies Act 2013, SEBI, MCA or any other statutory authority.

The financial parameters that shall be considered while declaring dividend

The Board of the Company may be guided by the following financial parameters interalia before making any recommendation for the dividend:

1. Net Profits earned and free cash generated by the Company during the financial year.
2. Projected future profits of the Company.
3. Present and future Capital requirements of the Company, including working capital.
4. Future expansion plans of the Company, including probable mergers and acquisition.

5. Retention of sufficient profits to strengthen the Balance Sheet of the Company which can be leveraged at an appropriate time for supporting growth, if required.
6. Liquidity available with the Company and cost and availability of funds from alternate sources of financing.
7. Covenants of loan and other commercial agreements.
8. Applicable taxation policy with respect to distribution of dividend, including taxation in the hands of investors as well.
9. Track record of dividend distributed by the Company in the past.
10. Statutory limits prescribed with respect to dividend distribution.
11. Any other factor as the Board may deem fit.

Internal and External factors that shall be considered while declaring dividend

External Factors

External factors that shall be considered while recommending the dividend, would include the state of economy, inflation, growth of economy and business, commodity prices, prevailing interest rate, tax rates, condition of the capital markets and statutory guidelines with respect to dividend pay-out.

Internal Factors

Internal factors that shall be considered while recommending the dividend, would mainly be the factors as mentioned above in the financial parameters.

Policy as to how the retained earnings shall be utilized

The Company is engaged in the business of LNG import and re-gasification, including operation of LNG import terminals. The retained earnings are to be deployed in the longterm investment in LNG value chain including overseas projects, debt repayment and working capital requirement. Retained earnings can also be used for dividend payment in future years; and buy back of shares, as also for acquisition and investment in subsidiaries. It will be the endeavour to give investors on yearly basis:

a) Reasonable yield on their investment.
b) Adequate dividend payout targeted around 30% to 40% of net profit after tax or 5% of its Net Worth, whichever is higher.

Parameters that shall be adopted with regard to various classes of shares

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends.

The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

Modification/Deviations to the policy

The Board is authorised to change/amend this policy from time to time at its sole discretion and/or pursuant to any amendments made in the Companies Act, 2013 or any other Statutory Regulations.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

i	**CIN**	L74899DL1998PLC093073
ii	**Registration Date**	2nd April, 1998
iii	**Name of the Company**	Petronet LNG Limited
iv	**Category / Sub-Category of the Company**	Company Limited by Shares
v	**Address of the Registered office and contact details**	World Trade Centre, First Floor, Barakhamba Lane, Babar Road, New Delhi - 110001 Tel : 011-23472525 Fax : 011-23472550 Email : investors@petronetlng.com
vi	**Whether listed company Yes / No**	Yes
vii	**Name, Address and Contact details of Registrar and Transfer Agent ,if any**	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: einward@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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Sale of RLNG	1110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO.	Name and Address of the Company	CIN/GLN	Holding/ Subsidary/ Associate	% of shares Held	Applicable Section
1.	Adani Petronet (Dahej) Port Pvt. Ltd.	U63012GJ2003PTC041919	Associate	26%	2(6)
2.	Petronet LNG Foundation	U85320DL2017NPL315422	Subsidiary	Company Limited by Guarantee (100%)	2(87)
3.	India LNG Transport Co. (No. 4) Pvt. Ltd., Singapore	Foreign Company	Associate	26%	2(6)

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

1. i) Category-wise Holding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year 1st April, 2017				No. of shares held at the end of the year 31st March, 2018				% change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER & PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	375000000	0	375000000	50.00	750000000	0	750000000	50.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	00	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub – Total A(1) :	**375000000**	**0**	**375000000**	**50.00**	**750000000**	**0**	**750000000**	**50.00**	**00.00**
(2)	FOREIGN									
(a)	Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualifies Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub – Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A= A(1) + A(2)	**375000000**	**0**	**375000000**	**50.00**	**750000000**	**0**	**750000000**	**50.00**	**00.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTUIONS**									
(a)	Mutual Funds / UTI	57421824	0	57421824	7.66	145940443	0	145940443	9.73	2.07
(b)	Financial Institutions	321968	0	321968	0.04	1406731	0	1406731	0.09	0.05
(c)	Central Government/ State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	FIIs/Foreign Portfolio Investors	145694255	0	145694255	19.43	376580933	0	376580933	25.11	5.68
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualifies Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	6439	0	6439	0.00	0.00
	Sub – Total B(1)	**203438047**	**0**	**203438047**	**27.13**	**5239344546**	**0**	**5239344546**	**34.93**	**7.80**
(2)	**NON- INSTITUTIONS**									
(a)	Bodies Corporate	21122703	1	21122704	2.81	48413890	2	48413892	3.23	0.42
(b)	Individuals									

contd...

Category Code	Category of Shareholder	No. of shares held at the beginning of the year 1st April, 2017				No. of shares held at the end of the year 31st March, 2018				% change during the year
		Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
	(i) Individual holding nominal share capital upto Rs. 2 Lakh	67505045	54973	67560018	9.00	141354497	100541	141455038	9.43	0.43
	(ii) Individual holding nominal share capital in excess Rs. 2 Lakh	4145729	0	4145729	0.55	20477497	0	20477497	1.37	0.82
(c)	Others									
	Clearing Members	661937	0	661937	0.09	4006324	0	4006324	0.27	0.18
	NBFC	54014	0	54014	0.01	150502	0	150502	0.01	0.00
	Non Resident Indians	1658050	105000	1763050	0.24	3836463	210010	4046473	0.27	0.03
	NRI Non - Repatriation	615787	0	615787	0.08	1995106	0	1995106	0.13	0.05
	Overseas Corporate Bodies	0	75000000	75000000	10.00	0	0	0	0.00	-10.00
	Trusts	638758	0	638758	0.09	2461519	0	2461519	0.16	0.07
	Alternative Investment Fund	0	0	0	0.00	1999370	0	1999370	0.13	0.13
	IEPF	0	0	0	0.00	1059821	0	1059821	0.07	0.07
(d)	Qualifies Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub – Total B(2)	**96402023**	**75159974**	**171561997**	**22.87**	**225754989**	**310553**	**226065542**	**15.07**	**-7.80**
	Total B = B(1) + B (2)	**299840070**	**75159974**	**375000044**	**50.00**	**749689535**	**310553**	**750000088**	**50.00**	**0.00**
	Total (A+B)	**674840070**	**75159974**	**750000044**	**100.00**	**1499689555**	**310533**	**1500000088**	**100.00**	**0.00**
(C)	Shares held by Custodians, against which Depository Receipts have been issued									
(1)	Promoter & Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	**674840070**	**75159974**	**750000044**	**100.00**	**1499689555**	**310533**	**1500000088**	**100.00**	**0.00**

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	No. of shares held as on 1st April, 2017			No. of shares held as on 31st March, 2018			% 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	-	18,75.00,000	12.50	-	Nil
2.	Bharat Petroleum Corporation Ltd	9,37,50,000	12.50	-	18,75.00,000	12.50	-	Nil
3.	Gail (India) Limited	9,37,50,000	12.50	-	18,75.00,000	12.50	-	Nil
4.	Oil and Natural Gas Corporation Limited	9,37,50,000	12.50	-	18,75.00,000	12.50	-	Nil
	Total	**37,50,00,000**	**50.00**	**-**	**75,00,00,000**	**50.00**	**-**	

(iii) Change in Promoters' Shareholding

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 end of the year (31st March, 2018)		Shareholding at the beginning of the year (31st March, 2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Smallcap World Fund, Inc*	22920000	1.53	10460000	1.39
2	Societe Generale@	18493122	1.23	4500	0.001
3	Motilal Oswal Multicap 35 Fund@	16727569	1.12	-	-
4	Government Pension Fund Global*	13551623	0.90	64,07,659	0.85
5	Kotak Select Focus Fund*	12500000	0.83	4925000	0.66
6	Stichting Depositary APG Emerging Markets Equity Pool*	12379805	0.83	79,51,365	1.06
7	HDFC Trustee Company Ltd - A/C HDFC Balanced Fund@	9612000	0.64	-	-
8	Morgan Stanley Investment Funds Indian Equity Fund@	8977511	0.60	-	-
9	Fidelity Investment Trust Fidelity Series Emerging Markets Fund*	8401137	0.56	5987168	0.80
10	ICICI Prudential Value Discovery Fund*	8384122	0.56	67,15,637	0.90
11	GDF International#	-	-	75000000	10.00
12	T. Rowe Price International Growth and Income Fund*	8026665	0.54	19617063	2.62
13	Franklin Templeton Investment Funds#	-	-	6300000	0.84
14	HDFC Trustee Company Ltd - A/C HDFC Mid – Cap Opportunities Fund#	-	-	5250000	0.70

* Common top 10 shareholders as on 1st April, 2017 and as on 31st March, 2018.

Top 10 shareholders as on 31st March, 2017.

@ Top 10 shareholders as on 31st March, 2018

(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, 2017)		Shareholding at the end of the year (March 31, 2018)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Subir Purkayastha	100	0.00001	200	0.00001
2	Shri D. Rajkumar	400	0.00005	800	0.00005

V INDEBTEDNESS

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

(Rs. In Lakh & USD in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount • INR • USD	 2,69,60 100	 13,00,00		 15,69,60 100
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due • INR • USD	 6 0.01	 58,55	 - -	 58,61 0.01
Total (i+ii+iii) • **INR** • **USD**	 **2,69,66** **100.01**	 **13,58,55**	 **-** **-**	 **16,28,21** **100.01**
Change in Indebtedness during the financial year				
i) Addition	-	-	-	-
ii) Reduction • **INR** • **USD**	 (1,08,66) (40.01)	 (4,58,55) -	 - -	 (5,67,21) (40.01)
Net Change • **INR** • **USD**	 **(1,08,66)** **(40.01)**	 **(4,58,55)** **-**	 **-** **-**	 **(5,67,21)** **(40.01)**
Indebtedness at the end of the financial year				
i) Principal Amount • INR • USD	 1,61,00 60	 9,00,00 -	 - -	 10,61,00 60
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due • INR • USD	 14.25 0.19	 43,17.90 -	 - -	 43,32.15 0.19
Total (i+ii+iii) • **INR** • **USD**	 **1,61,14.25** **60.19**	 **9,43,17** **-**	 **-** **-**	 **11,04,32.15** **60.19**

Note: Foreign Currency Loans are fully hedged as on 31st March, 2018.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

S. No.	Particulars of Remuneration	Name of MD / WTD					Total
		Prabhat Singh	R. K. Garg	Rajender Singh	Subhash Kumar	K. C. Sharma	
		MD & CEO and KMP	Director (Finance), CFO and KMP (upto 19th July, 2017)	Director (Technical)	Director inance),CFO and KMP (w.e.f. 5th August, 2017 to 31st January, 2018)	Company Secretary & KMP upto 31ST January, 2018	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	77,93,683	65,37,105	60,39,293	19,05,189	58,22,749	**2,80,98,019**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10,73,924	7,64,742	6,58,270	3,38,969	4,20,364	**32,56,269**
	c) Profits in lieu of salary u/s 17(3) of Income Tax Act 1961	-	-	-	-	-	**-**
2.	Stock Option	-	-	-	-	-	**-**
3.	Sweat Equity	-	-	-	-	-	**-**
4.	Commission Payable	22,50,000	6,78,082	22,50,000	11,09,589	-	**62,87,671**
5.	Others, please specify	5,30,851	2,43,025	4,27,934	2,64,247	3,07,464	**17,73,522**
	Total	**1,16,48,458**	**82,22,955**	**93,75,497**	**36,17,994**	**65,50,577**	**3,94,15,481**
	Ceiling as per the Act*						

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

B. **Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount
Independent Directors	**A. K. Misra**	**Sushil Kumar Gupta**	**Dr. Jyoti Kiran Sukla**	
• Fee for attending board / committee meetings	2,20,000	3,40,000	2,60,000	**8,20,000**
• Commission	3,14,384	6,73,014	8,50,000	**18,37,398**
• Others, please specify	-	-	-	**-**
Total (1)				
Other Non-Executive Directors				
· Fee for attending board/ committee meetings	-	-	-	-
· Commission	-	-	-	-
· Others, please specify	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	**5,34,384**	**10,13,014**	**11,10,000**	**26,57,398**
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 Organization.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act 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.

Further, as reported last year, Petronet LNG Foundation, a Company Limited by Guarantee, has been incorporated on 31st March 2017 by Petronet LNG Limited as promoter of the company under the provisions of section 8 of the Companies Act, 2013 and the rules made thereunder. This company will facilitate the promoter to comply with its Corporate Social Responsibility (CSR) under the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

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 & www.petronetlngfoundation.org.

2. The Composition of the CSR Committee:
   i. Shri Prabhat Singh, MD & CEO, Chairman
   ii. Shri Rajender Singh, Director (Technical), Member
   iii. Shri R. K. Garg, Director (Finance), Member (upto 19th July, 2017)
   iv. Shri Subhash Kumar, Director (Finance), Member (w.e.f. 10th August, 2017 upto 31st January, 2018)
   v. Shri Arun Kumar Misra, Independent Director, Chairman (upto 13th August, 2017)
   vi. Shri Sushil Kumar Gupta, Independent Director, Member (upto 14th January, 2018)

3. Average net profit of the Company for last three financial years : Rs. 1,515 Crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : Rs. 30.29 Crore

5. Details of CSR spent during the financial year : Rs. 8.55 Crore
   (a) Total amount to be spent for the financial year : Rs. 30.29 Crore
   (b) Amount unspent, if any : Rs. 21.74 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 Companies Act 2013 the amount of Rs. 30.29 Crore is required to be spent on CSR activities in Financial Year 2017-18. The Competent Authority has approved/ committed new Projects of Rs. 23.46 Crore in FY 2017-18 out of which Rs. 8.55 Crore was spent on CSR activities including Rs. 0.96 Crore incurred as Administrative Overheads. In some projects, disbursement of fund is linked to achieving deliverable targets and due to dynamic implementation environment targets have not been achieved. Nevertheless, your Company has been making constant efforts to reach optimum level of CSR expenditure resulting in tangible positive impact on society and has made significant improvements over the previous years in terms of both spending as well as number of projects taken up.

ii The Company is implementing short-term, medium-term and long-term strategies to channelize the resources in a manner so as to derive maximum socio-economic impact from targeted approach. In line with its social goals as envisioned in the CSR policy, the Company has already identified several projects in the areas of Healthcare, Education, Skill Development, Environment, Sports, Agriculture, Swacch Bharat etc. where your Company will spend the annual CSR budget in a progressive and sustainable manner.

iii. 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.

iv. Further, as reported last year, Petronet LNG Foundation, a Company Limited by Guarantee, has been incorporated on 31st March 2017 by Petronet LNG Limited as promoter of the company under the provisions of section 8 of the Companies Act, 2013 and the rules made thereunder. This company will facilitate the promoter to comply with its Corporate Social Responsibility (CSR) under the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

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.

(Managing Director & CEO &
Chairman, CSR Committee)

PETRONET LNG LIMITED

Annexure – 1 to Annual Report on CSR

Details of CSR Expenditure incurred during the FY 2017-18

Sl. No. (1)	CSR project or activity identified (2)	Sector in which project is covered (3)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs undertaken (4)	Amount spent on the project or programs Rs. In Lac (5)	Amount spent : Direct or through implementing agency (6)
1.	• Petronet DRI Skill development Project. • Petronet Kashmir Super-30 Students facilitation. • "SHIKSHA SETU" to provide Para Teachers in Govt. Primary and High Schools. • Impact Assessment of Skill Development Project (IL& FS). • Skill Training (IL & FS) Video Documentary.	Promoting education/ enhancing vocational skills/livelihood enhancing projects.	Balrampur District (UP). Srinagar (J&K), Noida and New Delhi. Dahej, Gujarat. Bharuch and Dahej, Gujarat. Dahej, Gujarat.	26.21	Deendayal Research Institute. Direct. School Management Committee, Government Primary School. Gujarat Corporate Social Responsibility Authority. M/s. RS Infomedia and Films Private media
2.	• Providing Facility for RO System. • Ensuring Drinking water facility through the construction of Bore well and Installation of Water Filter. • Demonstration and Awareness sessions on Solid Waste Management in Schools. • Construction of School Toilets and Construction of Bore wells. • Construction of Causality Complex at Thrikakara Municipal Co-operative Hospital. • Maintenance of toilets constructed under Swachh Bharat Abhiyan.	Eradicating hunger, poverty, malnutrition, Promoting Preventive Healthcare and sanitation.	New Civil Hospital, Bharuch. Govt. at the Aided L P School, Puthur, Kerala. Dahej, Gujarat. Kochi, Kerala. Kakkanad, Kerala. Dahej, Gujarat.	23.27	M/s. Aquatech. Govt. at the Aided L P School, Puthur, Kerala. Solid Waste Management. Wockhardt Foundation Thrikakara Municipal Co-operative Hospital. B.K Construction.

3.	• Sponsoring Community Mass Marriage of Weaker Community. • Supporting the Vypin Fire Station.	Rural Development Projects.	Dahej, Gujarat. Kochi, Kerala.	6.59	Bhoothnath Charitable Trust Direct.
4.	• Providing Kabbadi Mat School.	Promoting rural sports, nationally recognised sports Paralympic sports and Olympic sports.	Kochi, Kerala.	3.00	District Kabaddi Association
5.	• Donation to SVPRET for building Sardar Vallabhbhai Statue of Unity	Art and Culture.	Sadhu bet, Near SardarSarovar Dam, Garudeshvarweir, Gujarat.	500.00	Sardar Vallabhbhai Patel Rastriya Ekta Trust.
6.	• Fund Transfer to Petronet LNG Foundation #			200.00	
	Total			**759.07**	

 # A wholly owned subsidiary of Petronet LNG Limited

***Note**: The total amount spent on Administrative Overheads is Rs. 95.78 Lakhs as per clause 6 of PLL CSR policy. Thus, total amount spent on CSR for the FY 2017-2018 is Rs. 854.85 Lakhs.

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
Petronet LNG Foundation	Wholly Owned Subsidiary
Adani Petronet (Dahej) Port Pvt. Ltd.	Associate Company
India LNG Transport Co. (NO. 4) Pvt. Ltd.	Associate Company

   (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:

   NA

   (f) Amount paid as advances, if any

   NA

For & on behalf of the Board of Directors

Place : New Delhi
Date : August 6, 2018

(V. K. Mishra)
Director (Finance)

(Prabhat Singh)
MD&CEO

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 PERSONEL) RULES, 2014.

S. No	Name of the Employee (S/Sh)	Remuneration Received (in Rs.)	Nature of employment whether Permanent or Contractual	Whether any such employee is a relative of any Director of the Company	Designation	Qualification & Experience of the employee	Date of commencement employment	Age of the employee (in years)	% of Equity Shares held i.e. 2% and above of paid up share capital	The last Employment held by such employee before joining such Company
1.	Prabhat Singh*	1,16,48,458	Contractual	No	MD & CEO	B. Tech (IIT, Kanpur) Exp. - 38 years	14th September, 2015	62	No	GAIL (India) Limited.
2.	Rajender Singh*	93,75,497	Contractual	No	Director (Technical)	B.Sc. (Engineering) - Civil Exp. – 37 years	10th March, 2006	58	No	ONGC Ltd.
3.	R. K. Garg*#	82,22,955	Contractual	No	Director (Finance) (upto 19th July, 2017)	CA & CS Exp. - 39 years	27th September, 2015	62	No	Steel Authority of India Ltd.
4.	Pushp Khetrapal	73,49,525	Permanent	No	President (BD & Projects)	B.E. (Chemical) Exp.-36 years	22nd February, 2007	58	No	Kribhco Shyam Fertilizer Ltd.
5.	K. C. Shrama#	65,50,577	Permanent	No	Company Secretary (upto 31st January, 2018)	Company Secretary Exp. – 29 years	17th May, 2004	60	No	GAIL (India) Ltd.
6.	Avnit Kumar Chopra	59,71,284	Permanent	No	Sr. VP (L & D)	MBA, LLB Exp.-37 years	1st September, 2006	59	No	Indian Oil Corporation Ltd.
7.	Samar Bahadur Singh	58,54,429	Permanent	No	Sr. VP (Plant Head)	BE (Chemical) Exp. – 30 Years	19th March, 2003	54	No	Indo Gulf Fertilizers Ltd.
8.	Sanjay Gupta	58,49,670	Permanent	No	Sr. VP (BD-Marine)	Master F.G. Exp.- 39 years	1st December, 2006	58	No	The Shipping Corporation of India Ltd.
9.	Rajeev Agarwal	53,36,576	Permanent	No	President (Projects)	B.E. (Mechanical) Exp- 33 years	30th April, 2012	57	No	ONGC
10.	Hemant Verma	50,15,955	Permanent	No	VP (Shipping)	Master F.G. Exp.- 30 years	1st March, 2008	56	No	J. M. Baxi & Co.

Note – **1.** *No employee of the Company was in receipt of remuneration of Rs. 8.50 Lakh per month or Rs. 1.02 Crore per annum.*

2. **Inclusive of Commission on Profit payable for the financial year 2017-18.*

3. #Inclusive of Retirement benefits.

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	Shri Prabhat Singh	9.4:1
2	Shri R. K. Garg (upto 19th July, 2017)	6.6:1
3	Shri Rajender Singh	7.6:1
4	Shri Subhash Kumar (w.e.f. 5th August, 2017 to 31st January, 2018)	5.3:1

Note - Remuneration includes incentive paid in 2017-18 for the year 2016-17 and retirement benefits, if any.

(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 from 8%-11%

(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 30.3% excluding the remuneration paid to the KMP.

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

The total number of employees on the rolls of the Company as on 31st March, 2018 was 486 excluding two 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 8% to 11%.

•Average percentage increase in remuneration of all employees other than Key Managerial Personnel has been around 32.3%

Every year, Company grants to each employee, including the three Whole Time Directors, an annual increment of 5% on the basic salary. In addition to that, the factors that contributed to this increase is career progression of 76 employees and payment of one-time special incentive of Rs. 1.50 Lacs to each employee on 20th Foundation Day of the Company.

(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.

Annexure to Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To,

The Members 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 31st March, 2018** complied with statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in pLakhe 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 **31st March, 2018** 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) Sexual Harassment of Women at WorkpLakhe (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 and listing agreements with Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd ;

(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) During the year, the Composition of Board of Directors was not having sufficient number of Independent Director as required in terms of Regulation 17 of SEBI (LODR) Regulations, 2015.

(b) The Composition of Audit Committee and Nomination and Remuneration Committee of the Board of Directors were not in terms of Regulation 18 and Regulation 19 of SEBI (LODR) Regulations, 2015 respectively during the period from 15th January, 2018 to 31st March, 2018.

(c) The Company has formed "Petronet LNG Foundation" a 'Section 8 company' under the Companies Act, 2013 with objects to carry on Corporate Social Responsibility Activities as specified in Schedule VII to the Act read with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014.The Company spent Rs.8.55 crore on CSR activities as against the eligible amount of R.30.29 crore during the financial year 2017-18.

(d) The amount/rate of stamp duty payable by the Company on issue of bonus shares is in dispute with the Collector of Stamp, Government of NCT of Delhi. The Company has raised legal contentions before the Collector of Stamp and the issues have yet to be resolved.

(e) A meeting of independent directors as required under Regulation 25(3) of SEBI(LODR) Regulations, 2015, has not been held during the financial year under report.

(f) Intimation of allotment of bonus shares to non-resident Indians under FEMA (Transfer or Issue of Securities to a Person Resident outside India) Regulations, has not been given to the Reserve Bank of India.

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.

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:

(a) Postal ballot process conducted by the Company for increase of authorized share capital and amendment of relevant clauses of Memorandum and Articles of Association;

(b). Issue of bonus shares in the ration of 1:1.

(c). Increase in the limit of holding of FIIs from 30per cent to 40 per cent of the paid up share capital.

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.

Place: New Delhi
Date: May 21, 2018

For A.N.Kukreja & Co
Company Secretaries
(A.N.Kukreja)
Proprietor
FCS 1070; CP 2318.

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

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

Place New Delhi

Date: May 21, 2018

Management Discussion and Analysis

Review of 2017

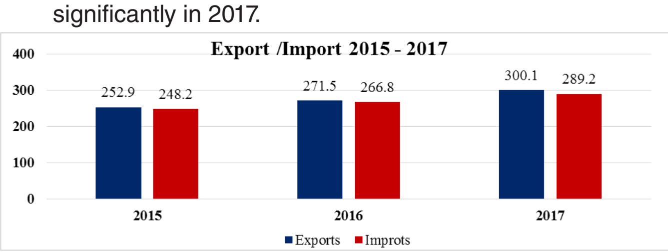
Belying expectations since 2015, the LNG glut which was expected to produce a significant surplus in the markets and lead to a transformational change in how LNG business will be conducted, has yet to make itself felt in a more significant manner. In 2017, LNG supply from Liquefaction Terminals worldwide rose by approximately 10.50% to about 300 MMT in 2017. This was 28.6 MMT more than in 2016, with imports on the other hand rising by 11.3% to 297 MMT from 266.8 MT in 2016 as shown in Table 1 below. This supply growth in 2017 set a new record for the fourth consecutive year. From 2012 to 2015, the average growth rate in supply was about 0.5%. **(Source: IGU 2017)**

Table 1: Import –Export 2015 to 2017

Year	Exports (MMT)	Increase (MMT)	Increase (%)	Imports (MMT)	Increase (MMT)	Increase (%)
2017	300.1	28.6	10.5	297.0	30.2	11.3
2016	271.5	18.6	7.4	266.8	18.6	7.5
2015	252.9	-	-	248.2	-	-

Source: Waterborne LNG data, IHS Markit

According to LNG market experts, the much anticipated LNG wave to hit the market due to supply increase from Australia and the US has been delayed, but is expected to eventually appear in the market. Due to supply disruptions in various countries like Yemen, Egypt and Angola, coupled with lower than expected production by new LNG projects that have recently come online, LNG volumes entering the market have been lower than projected. According to the International Association of Energy Economics (IAEE), the LNG trade rose by 27 MMTPA between 2014 and 2016, even though 65 MMTPA of nameplate production capacity was added. As shown in Chart 1 below, the oversupply of LNG rose from 1.9 MMT in 2016 to 8 MMT in 2017. This surplus was not excessive and did not impact the market significantly in 2017.



Source: Waterborne LNG data, IHS Markit

Uncertainly in the market

There is a great deal of uncertainty with regard to how long the LNG glut will last. Estimates range from early to the late 2020s. This wide range of time shows that there is basically no consensus in the industry on how long the buyer's market in LNG will last. This uncertainty in the market means that project developers are hesitant to advance their projects, as they do not want to commission their projects in the low LNG price environment. This lack of certainty becomes evident as one looks at the project development in 2016. Only 3 trains had reached financial closure in that year and they were incremental capacity additions in brownfield projects. 2017 was the worst year of project development since 1999, as only one LNG project reached FID, the Coral FLNG.

In the last few years the shift to a buyer's market in LNG has further strengthened buyers demand to have LNG SPAs with smaller volumes, shorter term contracts with greater flexibility on commercial terms like delivery destinations and lower slopes resulting in lower prices. This trend accelerated in 2017 and it was not just buyers who were keen on limiting contracts, but sellers were also reluctant to make long term commitments, as they want the current market conditions to improve and get better prices for their LNG volumes.

In addition to this, power and gas market liberalization in the large LNG importing markets like Japan have added to this uncertainty. Financiers of LNG projects have funded low risk LNG projects in which the buyers were public utilities which had regional monopolies with guaranteed markets and had a great deal of certainty when it came to their demand profile.

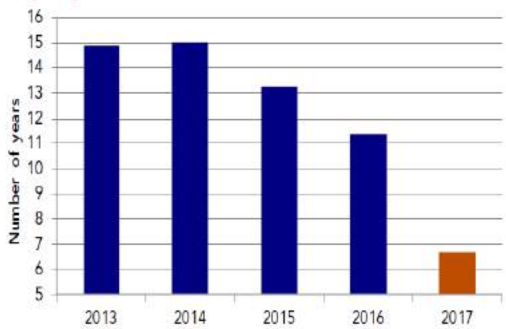
This is no longer the case with Japanese utilities, as they are having to compete for market share in Japan's newly-liberalized domestic gas and power sectors. This makes these utilities increasingly price sensitive and there is less demand certainty. These risks will have to be reflected in their upstream LNG SPAs. Japan and Korea, the two major LNG buyers in the World, also face uncertainty from the impact of nuclear restarts on LNG demand. Japan has five reactors in operation currently, but expects another four to start up in 2018. Korea also has issues with reactor startups and this make demand forecasting uncertain.

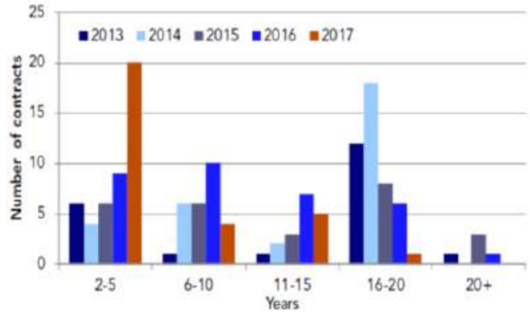
This general uncertainty about the timing of the LNG surplus has led to a change in contracting practices which has an impact on pricing and trade. They are 5 key developments in this regard in 2017 and the following section will throw some light on them.

1. Shrinking Term of Contracts

According to a study carried out on LNG contracts executed in 2017 by Poten and Partners, the tenure of the LNG SPA contracts executed from 2014 onwards has declined dramatically to about half from 15 years to about 6 to 7 years in 2017, as can be seen in Chart 2 below. Also Chart 3 shows the term of contract executed from 2013 to 2017. 2017 has 20 contracts executed with a term of just 2 to 5 years, which is more than double the number signed in 2016. In 2017 out of the total 30 contracts executed, more than 60% (20 numbers) were in the 2 to 5 year band. Out of the remaining 10 contracts, 4 were in the 6 to 10 year band, while 5 were in the 11 to 15 year band. Only one was in the 16 to 20 year band.

Chart 2: Average length of bilateral contracts Chart 3: Tenure of Contracts Executed Year-wise





Source: Poten LNG in the World Market, January 2018

2. Decline in contract volumes

Traditionally, a large share of LNG volumes sold in the market has been underpinned by long-term contracts and no destination flexibility. Over the last decade, a growing number of cargoes have been sold under short term contracts or on the spot market. This is due to the proliferation of flexible-destination contracts and an emergence of portfolio players and traders. In 2017, it was noticed that the average volume committed under LNG SPAs was less than in the previous years. As shown in Chart 4 below, in 2017, contracts with terms between 2 to 5 years, had a decline in average volumes to about 0.6 MMTPA, in 2017, from 0.8 MMTPA in 2016. For contracts with longer terms between 6 to 10 years, in 2017 the average contract volumes was 0.2 MMTPA, declining from almost 0.8 MMTPA. From chart we can see that the biggest decline in average contracted volume in 2017 was in medium term contracts between 6 to 10 years.

Chart 4: LNG Volume per Contract Term

Source: Poten LNG in the World Market, January 2018

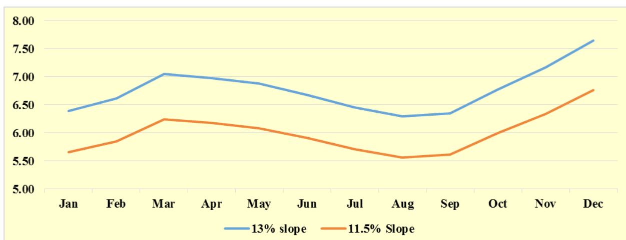
The total volume of LNG contracted in 2017 was about 22 MMT as compared to more than 30 MMT for 2016 and 22 MMT in 2015.

3. <u>LNG Pricing</u> - Contract Pricing Shifting back to Oil

For 30 contracts signed in 2017, 14 were oil linked with majority using dated Brent. 3 were linked to Europe Gas Hubs and 2 were Hybrid with a Brent / Henry Hub linkage. The slope to oil has declined in 2017 from 2016 for short term deals (2 to 5 years) due to surplus LNG available in the market. In 2017, the slopes for short term deals were within the low to mid 11% range, while in 2016, the slope ranged between mid-11% to above 13%. Japanese's Crude Cocktail has fallen out of favor with sellers as the JCC price is too low for their liking. Brent is a sweet crude, therefore, commands a premium as compared to JCC which is based on sour crudes imported from the Middle East. Also JCC prices are released after a few months of supplies and are not immediately available, so the LNG prices linked to JCC take long time to reflect actual market conditions. The reason for a shift back to oil linked pricing from gas hub, LNG indices and hybrid mechanism was due to the uncertainty in the market and no agreement in the market in general about what will be a benchmark alternative to oil linked pricing.

For the purposes of illustration, Chart 5 below shows the prices for 2017 linked to a 3 month Brent spot price average with a slope of 13% and 11.5%. The price difference between these two slopes would be between $0.70 to $0.80 /mmbtu.

Chart 5: LNG FoB price with Brent Linkage (3 Month Average)



Source: EIA, Poten

Spot LNG prices

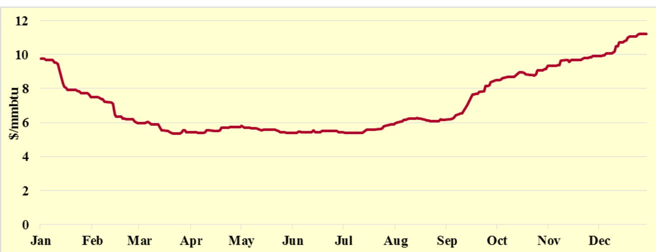
As far as spot prices are concerned, they are more based on the short term demand and supply dynamics, with factors like seasonal temperatures, immediate shortages in supply, shipping and unexpected spike in demand due unforeseen factors and, as China has shown, unexpected government policy measures.

In 2017, spot prices were recorded at their highest in the last 3 years. Spot prices in 2017 began in the high $9/mmbtu range coming off from the peak winter demand of 2016. As spot prices seasonally drop after winter, the pricing assessments dropped to a low of $5.25/mmbtu.

Chart 6 below shows that at the start of 2017, the LNG spot prices peaked due to the ongoing winter season in North East Asia and utilities in the region were procuring more LNG volumes for heating purposes. As winter comes to an end, temperatures become more moderate; so demand for heating in households and buildings declines. This means reduced demand for LNG spot cargoes and, as a consequence, LNG spot prices will decline as reflected in the pricing assessments from January onwards. During summer we would expect to see another spike in LNG spot prices as summer temperatures will lead to more demand for air conditioning. This summer price spike did not occur in 2017, as a few LNG trains were commissioned and they were ramping up LNG production in 2017, causing excess LNG supply in the market, which resulted in keeping LNG price for spot cargoes depressed during the summer. Additionally, large importer's like Japan went in for short term contracts in April 2017, as the slopes which determine LNG prices were very low during that time. This meant that they would not have to enter the spot market during peak summer time for spot purchases as they had already met their requirements through these short term contracts.

At the end of the year, as there was an onset of winter, a very sharp rise in prices took place. The key reason for this was unexpected strength of Chinese LNG demand. This increase in demand was because of three factors, firstly cold weather, secondly government policy directives encouraging coal-to-gas switching in power generation to combat air pollution, and lastly the replacement of coal-fired heating with gas-fired boilers in households in China this year. South Korea lost its position as the second largest importer of LNG in the World to China, with first position being held by Japan. This is despite South Korean LNG imports rising the highest since 2010 due to nuclear shutdown issues.

Chart 6: JKM Platts Pricing Assessment 2017



Source: Platts LNG Daily

4. Lack luster project development

In 2016, 5.9 MMTPA of new capacity was sanctioned, the lowest since 2008, but 2017 broke that record with only one FID for the Coral FLNG making it the lowest year since 1999 for new project sanctioning. But now due to the LNG surplus in the market and added uncertainty of the direction the market will head in and for how long, buyers now demand more flexibility in addition to shorter term contract and small volumes.

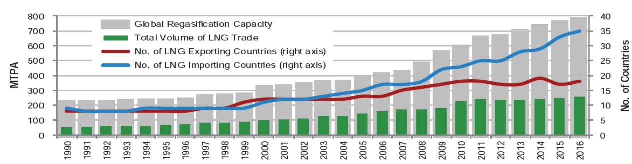
This new commercial paradigm for contracting LNG has put developers under great pressure as banks naturally prefer the more secure long term contracts, which guarantee cash flow for the life of the project. As the market has changed, the financiers of the projects have suggested that project developers at least secure some volumes under term contracts and the remaining volumes can be contracted out under shorter tenure contracts, allowing there to be a portfolio of contracts with varying terms and volumes. So far, no project has achieved financial closure under this commercial structure. Therefore, the portion of volumes of LNG that need to be contracted under term contracts and what will be the tenure of the contract itself, is not clear. As the commercial terms change of the new projects with the percent of longer-term contracts going down out of the total volume of LNG marketed, the risk level of these projects rises, so the debt-to-equity ratio will go down as financial institutions lend less to these projects and expect the promoters to share a bigger burden of the total financing cost. This change in financing structure will lead to a higher price of LNG as the project margins charged will go up to support the higher equity participation. Therefore, new project financing structures will have to emerge and even financial institutions backing these projects will have to accept more risk and new innovative pricing formulas and contract terms like destination flexibility.

5. Buyer's strategy for SPAs

In a new development in LNG contracting, of all the SPAs executed by buyers in 2017, with a term more than 2 years, approximately 8 SPAs were done through the tender route. Volume wise this method of LNG contracting accounted for only 10% of the total volume of LNG sold under new contracts in 2017. Out of the 8 SPAs, 6 had a term between 3 to 5 years, while 2 SPAs were of 15 years each. Two countries that were the main drivers for this method of LNG contracting were India and Pakistan. All these tenders were issued by buyers only. Traditionally tenders were generally used for spot trades or for fulfilling seasonal demand, but in 2017, tenders were used for LNG contracting and even for one contract with a term up to 15 years. Though the average term for contracts executed via the buy tender route was slightly more than 6 years, they were all delivered ex-ship and had oil price linkages, according to the study carried by Poten and Partners.

LNG Trade

Chart 7: LNG Trade and Buyers & Sellers



(Source IGU Edition 2017- 2016 in review)

The above chart shows the rise in LNG trade from 1990 to 2016, as well as the rising number of buyer and seller countries joining the LNG market, boosting liquidity. In 2017 there was no new addition to the LNG buyers or sellers club, which is a first since 2002.

In 2017, LNG trade faced some tense times. One critical episode was the diplomatic crisis which Qatar faced with some Middle East countries and passed without having a major adverse impact on the market. Also the Australian government's decision to regulate LNG exports to protect the domestic market prices also caused some jitters in the market. On the flip side, there is gradually slowing demand from major North East countries and some major term contracts with large volumes coming to an end of the tenure. This will release more LNG in the market and put further pressure on the market.

There was also an impact of government regulation on the LNG market, as the Japanese government declared that clauses that restrict destination in LNG SPAs are anticompetitive. In response to this, European Union also agreed to corporate with Japan and end destination restrictions on re-sales of LNG from Europe.

The growth of short term and spot trade accelerated in 2011 because of the Japanese Fukushima nuclear crisis, coupled with the massive increase in gas from the shale gas exploration in the United States. However, the share of LNG traded without a long-term contract as a percentage of the global market has tapered off since 2013. According to the International Gas Union (IGU), short-term trade is defined as agreements of less than 2 years and accounts for the vast majority of all volumes traded without a long-term contract in 2016. In 2016, short-term trade was 67.6 MT, or 25.8% of total gross traded LNG. The decline in short term trade in 2016 was due to several emerging markets like Pakistan and Malaysia importing LNG under new long-term contracts, while other markets that typically rely very heavily on spot and short-term volumes, like Brazil, measured large drops in LNG imports. Further, the majority of new liquefaction projects that started operations in 2015 and 2016 in the Asia-Pacific region are supported by long-term contracts that are starting, so these projects will to be able to offer much LNG volumes into the spot market or short term market.

International Group of Liquefied Natural Gas Importers (GIIGNL) defines spot trades as trades whereby cargoes are delivered within 3 months from the transaction date and GIIGNL estimated that for 2016, approximately 18% of total LNG volumes were under spot trade, which is about 47 MMT. This was an increase from the previous year 2015, of 15%, which is 37 MMT. The reason for this growth in spot trade was countries like China, India and Egypt, accounting together for 30% or about 15 MMT of the total spot LNG volumes in 2016. In 2017, China set a new record of increasing its imports by 12 MMT, which is the largest ever by a single country in a year. China also overtook South Korea to become second largest LNG importer, despite Korean imports increasing by the greatest amount since 2010.

Despite recording breaking demand by North East Asian Countries in 2017, no new buyers were added in the year and the recent buyers that have entered the market in the last few years will gradually continue to transit from spot and short term volumes to term volumes.

LNG outlook 2018 and beyond

According to Platts Analytics, global supply capacity growth is expected to outpace demand growth in 2018, with 31.8 MMTPA of new capacity due to come online, versus a forecast global demand growth of 23.3 MMTPA on year. Demand for LNG is forecast to grow by 7.9% from 2017 to a total of 317.4 MMT. The main driver for this demand growth will be the Asia Pacific region with demand rising by 11% in 2018 to 231.2 MMT.

In Northeast Asia, the total imports from Japan, South Korea, China and Taiwan are expected to increase 4.6% in 2018 from 2017 to 181 MMT. That growth is supported solely by China's demand growth, with the other three key importers to have declining imports. China's imports are expected to grow by 32.1% or by nearly 12 MMT to reach nearly 49 MMT in 2018. The impact of government policy promoting coal-to-gas switching is expected to be significant in 2018. While in Japan, the world's largest LNG consumer, LNG imports are expected to decline by 4.1% year on year to 78.9 MT, as the country pushes to restart its nuclear reactor fleet. In South Korea, LNG imports for 2018 are expected to decline by 1.1% to 36.7 MMT. This is because in 2017 LNG imports were supported by nuclear outages in the first quarter of 2017 and the commissioning of three new storage tanks. In Taiwan, LNG imports for 2018 are expected to decline by 1.6% to 16.1 MMT because of newly commissioned coal-fired power generation capacity that is expected to reduce demand for gas-fired power generation. Additional demand from India, Pakistan, Bangladesh, Singapore, Thailand, Malaysia and Indonesia could hit 50 MMT in 2018, up 41% from 35.4 MMT in 2017.

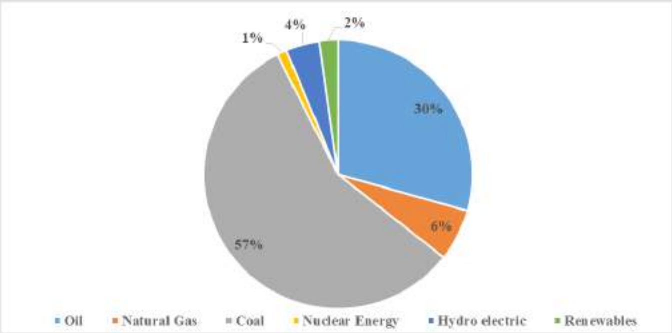
According to some industry experts, 100 MMTPA of new capacity will be starting up between 2017-2020, out of which 85 MMTPA will be commissioned in 2019. This supply boost will come mainly from 2 countries, USA and Australia, with 50% of it coming from Australia alone. Some expected that the LNG market may achieve balance between demand and supply before the mid-2020s, but by Qatar's July, 2017, announcement that it would expand LNG liquefaction capacity by 30% to 100 MMTPA by 2023, this LNG glut may last now well into the late 2020s. In conclusion, it seems the LNG market will be entering a period of long term structural oversupply, with more liquidity and flexibility in LNG procurement. This augers well for developing LNG markets like India which are price sensitive and lack a gas rich geology.

Indian Gas Scenario 2017: Year in Review

According to the International Energy Agency's (IEA) World Energy Outlook, India's economy is expected to grow more than five times its current size by 2040, leading to a massive increase in energy demand. In addition to this, India's population is expected to exceed 1.6 billion, overtaking China in the early 2020s.

India's current share of global energy consumption, according to the BP Statistical Review of World Energy 2017 is 5.5%, compared to 30% to that of China. Coal and oil will have the biggest shares of India's energy basket, contributing heavily towards emissions. Therefore, with a view to control emissions the government is targeting an increase in the share of natural gas. The emissions target India has under the Intended Nationally Determined Contributions (INDCs) of the United Nations Framework Convention on Climate Change (UNFCCC) for reductions in greenhouse gases is the reduction of emissions intensity of its GDP by 33 to 35 per cent by 2030 from 2005 level and to create an additional carbon sink of 2.5 to 3 billion tonnes of CO2 equivalent through additional forest and tree cover by 2030. Chart 8 below shows coal and oil in 2016 accounted for 87% of the total energy consumed in India.

Chart 8: Fuel share in India's Energy Consumption in 2016



Source: BP Statistics 2017

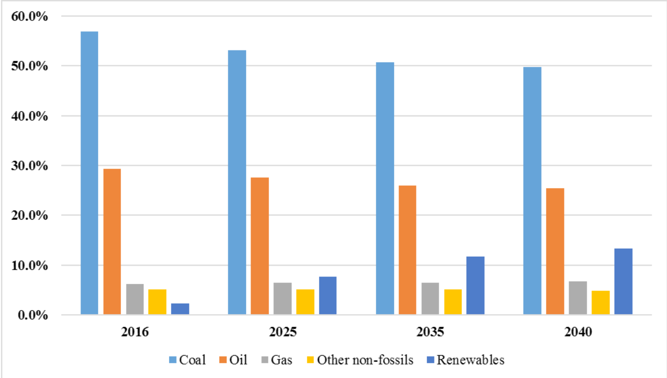
According to the BP Energy Outlook 2035, the usage of coal and oil in India's primary energy consumption will continue to be high, despite a drop in their respective shares from 57% and 29% in 2016 to 49% and 25% in 2040. Natural gas's share in India's energy consumption on the other hand, rises marginally from 6.2% to 6.7% throughout the projected period, while demand for gas is expected to expand by 286% as against 230% and 232% for oil and coal respectively, from 2016 to 2040. Non-Fossil and Renewables will have the highest growth as in 2016 they have relatively a smaller base to start from, as compared to other fuels. Despite their high growth, they will still account for a small percentage of the total energy consumption by 2040 in India.

Table 2: India's Energy Consumption growth from 2016 – 2040 (MTOE)

Fuel Type	2016	Share 2016	2040	Share 2040	Growth in % 2016-2040	CAGR
Oil	212.7	29.38%	489.50	25.4%	230.16	3.53
Natural Gas	45.1	6.23%	129.00	6.7%	286.13	4.48
Coal	411.9	56.91%	959.13	49.7%	232.83	3.58
Non-Fossil Fuel	37.7	5.21%	257.06	13.3%	681.85	8.33
Renewables	16.5	2.27%	94.43	4.9%	573.51	7.55
Total	723.9	100.0%	1,929	100.0%	266.49	4.17

Source: BP energy Statistic 2017, BP Energy Outlook 2035

Chart 9: Fuel share in India's Energy Consumption 2016-2040



Source: BP energy Statistic 2017, BP Energy Outlook 2035

Thus, while these trends signify that natural gas usage in India will remain marginal as compared to oil and coal, it then begs the question of how the government's ambitious target to more than double the share of natural gas to 15% in India's energy consumption is going to be achieved. Given the need for India to curb its emissions coupled with projections for marginal increase in gas use till 2040, the current liquefied natural gas glut, India's push towards natural gas to fuel its economy, is well timed.

Push For Gas

Even though the BP projections paint a very bleak picture for gas in India, it must be remembered that these are forecasts and do not accurately predict the future. They are based on the current scenario existing in India and are not taking into account changes in government policy or market conditions and other disruptive changes that may take place, like in renewables.

The new government's plans to more than double the share of natural gas in the energy mix to 15 per cent by 2022 will require a huge increase in imports of LNG and the construction of more LNG terminals, as domestic gas production is not expected to grow significantly. India has four terminals to receive LNG and over the next seven years there are plans to build another 10 terminals. India plans to electrify millions of households that still burn wood for light, heat and cooking and also plans to reduce its heavy reliance on coal, the biggest polluter.

Upstream Push

From NELP to HELP

Since the advent of New Exploration Licensing Policy (NELP), over 250 blocks were awarded under nine rounds of bidding held over a period between 1990 and 2010. The government in order to boost Exploration and Production (E&P) activity in India and make the E&P sector more attractive, has shifted from NELP to Hydrocarbon Exploration Licensing Policy (HELP).

Chart 9: Architecture of HELP

Source: Director General Hydrocarbon

Under HELP, each block on offer has been carved out by prospective bidders under the open acreage licensing (OAL) policy and a total of 55 fields were offered under the first auction. Now contractors will themselves identify blocks for which they want to bid, unlike in NELP, wherein they bid for blocks offered by the government under different NELP rounds. Contractors can submit Expression of Interest (EoIs) throughout the year which will be then be evaluated together every six months. Six Indian companies have submitted bids for 55 blocks, covering 59,000 sq. km, which are now being opened to bids by others. Profit-sharing model of NELP has been replaced with a revenue-sharing system to avoid possible dispute and litigation over capital expenditure claims by contractors. Besides this, there is now a unified license that would allow harnessing of both conventional and non-conventional hydrocarbon resources and contractors of the blocks have also been given marketing and pricing freedom.

Despite the best efforts by the government to encourage as much interest in the oil and gas sector, the response was disheartening. No foreign oil company had submitted any bid and there were only six domestic companies. ONGC had bid for 41 blocks and Vedanta's Cairn India for 15 blocks, with four smaller domestic oil companies. Reliance did not participate in the bidding process. According to some, due to this lackluster response, the government's goal of reducing oil imports by 10% in 2022 will be very hard to achieve.

Discovered Small and Marginal Fields (DSF)

In addition to the above, the government successfully auctioned out 44 discovered marginal fields (28 onland and 16 offshore) in February, 2016 under the Discovered Small and Marginal Fields (DSF) round of auction. The government's expectation is that about 40 million tons of oil and 22 BCF over a 15 year period can be produced from these fields. These fields which were offered in the first DSF round were originally discovered by ONGC and Oil India and not developed as they were considered to be economically unviable at that time.

The government after evaluating the response and bids results from the first DSF auction have also decided to launch a second round of DSF. The 60 discovered marginal fields to be put on offer for the second round are estimated to have 194.65 mtoe oil and gas reserves in place and this is a bigger offering than the round 1.

Coal Bed Methane (CBM) pricing policy

To further encourage gas production in the country, the government approved pricing and marketing freedom to producers of natural gas from coal seams (CBM). To discover the arm's length sales, a contractor has to ensure a fully transparent and competitive bidding process from among users of the CBM gas with the objective that the best possible price is realized for the gas. Of the 33 CBM bearing blocks awarded so far in four auction rounds and on a nomination basis, gas is being produced from only 4, so the government is hoping that this new pricing and marketing policy will incentivise further production. The 4 CBM blocks in production have a combined output of 1.17 MMSCMD. As many as 18 blocks have either been relinquished or are in the process of being relinquished, as operators found that it did not make economic sense to produce gas at the prevailing rates. According to the Directorate General of Hydrocarbons (DGH), India has the 5th largest proven coal reserves in the world and holds significant prospects for exploration and exploitation of CBM. The estimated CBM resources in the country are about 92 TCF. The 33 CBM blocks awarded so far hold a total of 62.4 Tcf of the estimated CBM resource, of which so far, 9.9 Tcf has been established as Gas in Place.

Shale- An opportunity lost?

In October, 2013, government granted permission for Shale gas and oil exploration and exploitation initially only by National Oil Companies (NOCs) i.e. ONGC & OIL for on-land nomination blocks i.e. blocks awarded to the NOCs on nomination basis before the advent of Pre-NELP and NELP PSCs. The policy was announced with exclusive purpose of promoting Shale Gas & Oil operations in the existing on-land areas under Nomination.

As per the policy, the NOCs have been permitted three Assessment Phases for exploration (Phase I, II & III) of 3 years. Each Phase will culminate in a development and production phase depending on the results of the Assessment Phase.

By November 2016, ONGC stated that they were having limited success in shale oil and gas fracking. Shale gas exploration are not conducive in India as the availability of huge water resources, needed for shale gas operations, remains a major challenge. Shale gas exploration not only involves the use of fresh water, but land acquisition, which also is a potential issue due to the large tracts of land required for fracking that may lead to displacement of people. India is a densely populated country and the legal and logistical issues for acquiring land required for shale oil and gas pose serious problems for companies.

Downstream Push

In tandem with the push by government in the upstream sector, there is also a push by government in the downstream gas consumption sector. The government is trying to build up gas demand in the country through various downstream initiatives. They include infrastructure development of LNG import terminals, gas pipelines and other policy and regulatory measures like uniform tariffs of gas pipelines.

LNG Import Terminals

There is a push in India to develop more LNG Import Terminals. The nameplate capacity of the 4 operating terminals is about 30 MMTPA. Two Terminals are under construction and are of 5 MMTPA each, while one is an expansion of 2.5 MMTPA at the Dahej Terminal of PLL. The rest are under planning stage.

Table 3: LNG Import Terminal Status

No.	TERMINAL	DEVELOPERS	CAPACITY (MMTPA)
	Existing Terminal		
1	Dahej	Petronet LNG Limited	15.0
2	Hazira	Royal Dutch Shell, Total Gaz Electricite	5.0
3	Dabhol	GAIL,NTPC	5.0
4	Kochi	Petronet LNG Limited	5.0
	TOTAL EXISTING		**30.0**
	UNDER CONSTRUCTION		
1A	Dahej Expansion Phase III B	Petronet LNG Limited	2.5
5	Mundra	GSPC, Adani	5.0
6	Ennore	Indian Oil Corp, TIDCO	5.0
	TOTAL UNDER-CONSTRUCTION		**12.5**
	PLANNED		
7	Dhamra	Adani	5.0
8	Jafrabad (FSRU)	Swan, Exmar	5.0
9	Jaigarh	H Energy	5.0
	TOTAL PLANNED		**15.0**
	PROPOSED		
10	Gangavaram	Petronet LNG Limited	5.0
11	Kakinada	GAIL, APGDC, Shell **or** VGS	2.5
12	Kolkata Port	H Energy	2.5
13	Chhara	HPCL & Shapoorji Pallonji	5.0
14	Krishnapatnam	LNG Bharat	2.5
	TOTAL PROPOSED		**17.5**
	GRAND TOTAL		**75.0**

Source: PPAC; PLL analysis

Pipeline connectivity is a major issue in the gas markets as a LNG Import Terminal with limited pipeline access cannot have market penetration. The last mile connection to the industrial and residential users is essential, as without that the gas market cannot develop. Petronet LNG Ltd's Kochi Terminal, is one such facility facing a challenge in reaching consumers as it does not have sufficient gas pipeline connectivity. The gross capacity is expected to be 75 MMTPA in the best case scenario of all terminals listed here getting commissioned, but the actual number to be commissioned will be lower as all projects may not reach financial closure.

Gas Pipeline Network

To tap into a bigger gas market and increase the last mile connectivity for gas, the government's National Gas Grid Plan (Pradhan Mantri Urja Ganga) envisages developing additional 15,000 km of gas pipeline network. At present, the natural gas grid in the country predominantly connects the western, northern and south-eastern gas markets with major gas sources. As a commitment to provide clean energy in the Eastern part of the country, the Government has approved a capital grant of Rs. 5,176 Crore (40 per cent of the estimated capital cost of Rs. 12,940 Crore of the entire gas pipeline project).When it comes to gas pipelines, India currently has 16,470 Km of gas pipelines with 387 MMSCMD of capacity. Another 13,489 Km is under construction with an estimated capacity of 548 MMSCMD.

City Gas Distribution

The PNGRB, has put these 86 geographical areas (GAs) on offer under the ninth bid round, expects to attract investment of around Rs70,000 crore.

The contracts entail supplying piped cooking gas and compressed natural gas (CNG) to 174 districts across 22 states and Union territories and the licenses will be awarded by October 2018. This is in support of the government policy of developing a gas-based economy. The plan is to connect 10 million households to piped natural gas by 2020.

So far, India has CGD networks in 91 GAs operated by 36 firms. With 16,500km of pipelines in operation, 42 lakh domestic consumers and 33,000 industrial and commercial consumers, 19% of India's population has been covered by the CGD network.

The 86 new GAs on offer will cover 24% of the country's area and 29% of its population.

Indian government is planning to reduce its carbon emissions by 33-35% from its 2005 levels by 2030, as part of its commitments to the United Nations Framework Convention on Climate Change adopted by 195 countries in Paris in 2015.

In the current bid round regulations have been relaxed to increase marketing exclusivity from five to eight years, with infrastructure exclusivity provided for 25 years.

Regulatory and Policy Impact

Uniform Gas Pipeline Tariff

The Petroleum and Natural Gas Regulatory Board (PNGRB) has recently issued a Public Discussion Document inviting opinions on the proposal. This is due to a massive investment program by GAIL of Rs 12,940 Crore on constructing a pipeline for eastern India, as part of the National Gas Grid. GAIL is of the view that the transmission tariff for carrying gas through new pipelines may be too high for customers connected to it and has proposed a scheme to pool the tariff across seven existing pipelines. The impact of this will be the reduction in gas transmission tariff for new lines and increasing tariff on existing gas pipelines lines. The main pipeline of 1,836 kms will be from Jagdishpur in UP to Haldia in West Bengal, near Kolkata. It will interconnect with a second line that connects Bokaro in Jharkhand to Dhamra on the Odisha coast. The combined pipeline will be 2,539 km long, with capacity to transport 16 mmscmd of Natural Gas. GAIL has also estimated the Unified Tariff to be Rs.57/mmbtu. But there are pros and cons to this tariff structure and in a pooled tariff system certain parties, due to lower charges benefit, while other parties will lose as their charges will rise to compensate for the lower charge. This may lead to majority of the consumers protesting the implementation of the Uniform Tariff. The Table 4 below shows the net impact on GAIL's revenue, which will be a positive of Rs. 1009 crores.

Table 4: Gas Pipeline Tariffs vs Uniform Tariff

	Pipeline name	Current tariff	Unified tariff
		Rs/mmbtu	Rs/mmbtu
1	Dadri Bawana Nangal DBNPL	73.36	57
2	Chhainsa Chhajjar Hissar CJHPL	67.17	57
3	Dabhol Bangalore DBPL	40.83	57
4	Dahej Uran Panvel Dabhol DUPL-DPPL	24.49	57

Source: InfralinePlus

The Uniform Tariff will be beneficial for a growing industry as many new gas pipeline projects need to be implemented in the future, as the government tries to increase the penetration of gas in the country. To encourage industries to connect to these pipelines and use gas instead of liquid fuels it is critical that gas prices be as competitive and that means minimizing cost across the gas supply chain. Therefore a Unified Tariff is one way to ensure that new users connecting to newly built pipelines do not pay higher tariffs than consumer who are connect to older infrastructure.

Unbundling

In order to stimulate gas market development, the government is also considering the unbundling of GAIL India Ltd., as it is the largest gas pipeline owner in the country and is also a gas marketer which is in direct conflict of interest with its gas transmission business. In order to provide a fair and an open access system for gas transmission in the country, the government is now considering unbundling of GAIL. In 2017, GAIL earned over 70% revenue from marketing operations, while over 40% of the profit came from natural gas transmission.

A sole company dedicated to building gas pipelines will have an incentive to build as quickly as possible as many gas pipelines it can in the country and will want to encourage as many shippers to transmit gas through the gas pipeline network. This ease of gas transmission on a transparent capacity booking system will encourage a more liquid market.

LNG/Gas Hub in India

In order to have a market determined price discovery of gas in India, the government is also putting together a plan to set up a domestic gas hub, where both imported natural gas (LNG) and domestically produced gas will be traded. An electronic trading platform is expected to be ready sometime in 2018, which will allow only physical trading. This project, if successful, will be a major development for the gas industry, as market prices will be determined by bids by buyers and offers by sellers. Demand and supply dynamics in India will start to determine the actual price of gas in the market rather than any form of government control or formula based on other gas markets.

LNG in India Review 2017

The balance between domestic gas and R-LNG consumption was evenly divided with R-LNG accounting for 51% of the gas consumed in the country and 49% by domestic gas. The sector wise consumption for domestic gas and R-LNG is shown in Table 5 below

Table 5: Domestic and R-LNG consumption for 2017 MMSCM			
Sectors	**Domestic gas consumption**	**R-LNG consumption**	**Total Consumption (Domestic gas +RLNG)**
Fertilizer	**19.28**	**20.60**	**39.87**
Power	**25.87**	**7.03**	**32.89**
City Gas	**12.48**	**10.01**	**22.49**
Other Industries	**12.47**	**33.92**	**46.39**
Total	**70.10**	**71.56**	**141.65**
*** Petrochemicals/ Refineries/Internal consumption/LPG Shrinkage/ Manufacture/Sponge Iron**			

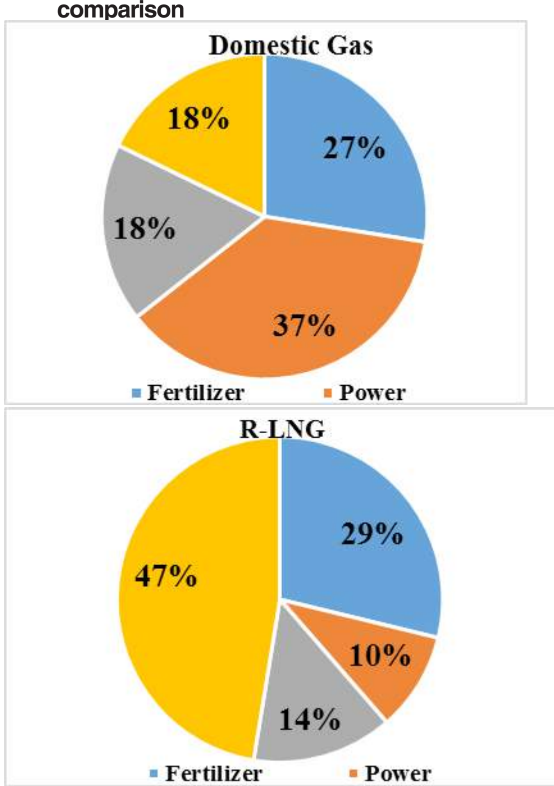
Source: PPAC

It can be seen from the above table that in the power sector, domestic gas constitutes about 80% of the gas consumed and R-LNG only 20%. This is because the power consumers are very price sensitive and power produced with only R-LNG will prove to be too expensive to sell. City Gas Distribution has higher affordability, while in fertilizer, the cost of production is a pass through with government subsidizing the difference between the cost price and the selling price of Urea. The sector called Other Industries includes Manufacturing, Petrochemicals, Refineries, Sponge Iron etc. They have higher affordability so they can absorb more R-LNG.

Chart 10 below shows the sector wise break up for domestic gas and R-LNG consumption in the country. For domestic gas it can be seen that 64% of the gas consumed in 2017 was by the power and fertilizer sector. Power and Fertilizer are generally the biggest consumers of gas, but they are regulated industries, as fertilizer prices are regulated by government and power tariff are also regulated by state and central regulatory authorities. Due to this, they are more price sensitive than other industries which are not subject any government price controls. Domestic Gas being cheaper has to be sold to them as per the governments Gas Utilization Policy.

As far as R-LNG is concerned, as the price is market determined and no government policy regulates R-LNG's price, its affordability for the Fertilizer and Power drops significantly and is consumed more by industries like refineries, sponge iron, manufacturing, petrochemicals, etc. Chart 10 below shows that power and fertilizer consumer a total of 39% for R-LNG consumed, while consumers classified as Other Industries consumes 47%. The Other Industries also do not have their selling price like power and fertilizer regulated and can afford to pass on any cost increase to the consumer.

Chart 10: Domestic Gas vs R-LNG Sector-wise consumption comparison

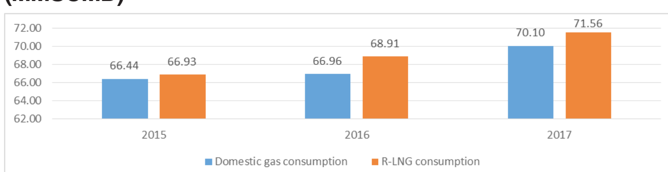


Source: PPAC

India's LNG Imports in 2017

Table 5 shows the LNG consumption of India as compared to domestic gas consumption from 2015 to 2017. From 2015 to 2017 gas consumption rose incrementally by about 8 MMSCMD and the R-LNG's share of the gas market in India was hovering around 50%.

Chart 11: 2015 to 2017 LNG and Domestic Gas consumption (MMSCMD)



Source: PPAC

LNG industry in India started on a somber note in 2017 as in January, 2017, the imports declined by 14.7% from December, 2016, due to the economic impact of demonetization coupled with high spot prices during that period caused by peak winter heating demand. Spot prices during that period reached about $10/mmbtu. This made term contract prices in India cheaper and Indian buyers were put off buying spot LNG from the market. In 2016-2017 cumulative imports were higher than 2015-16, as there was a subsidy given by government to gas based power producers, lower LNG prices internationally which encouraged more buying by Indian importers and a 1 MMTPA CFR contract with Qatar Gas and Petronet LNG Ltd, which led to increased imports under a long term contract. According to the government, gas demand in the country is at least double the current consumption level, but is constrained due to lack of gas pipeline infrastructure. Chart 12 below shows the domestic consumption vs R-LNG in 2017. On an average, for every month, they are almost evenly split.

Chart 12: Domestic vs R-LNG Consumption (MMSCMD)

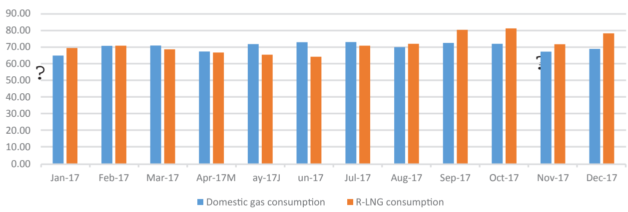


Chart 13: R-LNG Import (MMSCMD)

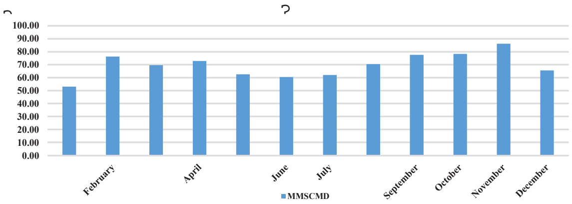


Chart 13 above shows the monthly LNG imports into the country. In February, LNG imports went up sharply to 76 MMSCMD from 53 MMSCMD in January, which was an increase of more than 40%, while consumption remained at January levels. This was because LNG importers in India were stock building. This was due to oil prices rising and as a consequence LNG became comparatively cheaper. Domestic gas demand in February was also gradually recovering as the demonetization impact was slowly wearing off, but the first preference would be to consume the cheaper domestic gas. Domestic gas consumption rose from 65 MMSCMD to 70 MMSCMD. At the same time spot LNG prices dropped from $10 to $6/mmbtu.

For March and April there was a minor variance in LNG imports from 70 to 72 MMSCMD. During this period spot prices continued their steady decline to $5.50/mmbtu. In May, imports fell by 14%. This was due to slow down in manufacturing growth as aggregate demand in the country was slowing, due to sluggish GDP growth. In June there was further decline in LNG imports. Though at the beginning of the year there a sharp recovery in LNG imports, the impact of demonetization was still being felt and economic growth was struggling. In June a smaller fall in LNG imports was recorded of about 3%.

In July there was a reversal in the decline of LNG imports, since March, though it was an incremental increase of 2% from June to 62 MMSCMD. In August LNG imports continued to rise and was 8% higher than last July. In April to Jun 2017, economic growth slowed to a three year low due to the impact of demonization which was implemented in late 2016. Also the implementation of GST in July, 2017, also impacted small to medium businesses in manufacturing as they adjusted to the new taxation code.

In September, LNG imports rose to 77 MMSCMD. This was because as coal stockpiles were declining and coal inventory was very low, which would result in coal based thermal power plants reducing generation and gas based power plants would have to fill the gap. This would lead to additional LNG imports to meet increased gas based power sector demand. In October the LNG import story was the same as more gas was needed to support increase gas based power generation.

For November, LNG imports went up by 8% from October to 86 MMSCMD and the majority of the LNG cargos were bought from Angola LNG. This was due to destination restrictions placed by Angola LNG as they wanted the LNG Vessels back quickly from trade runs back to their load port. In December a sharp decline took place in LNG imports of 20% from November. This was due to rising spot prices which depressed demand and an increase in coal stocks which reduced demand for gas based power. December is the winter month and demand by North East Asian countries rises as they require additional LNG to meet rising heating demand, which pushes up LNG spot prices.

Outlook for gas in India

Gas is a fuel which will be an essential component of the Indian energy mix. Though there is much emphasis on the renewable sector, one has to be realistic about the expectations one has about how much this sector can contribute. There are issues of variability for wind and solar and the additional issue of storage. These technologies, specially for storage will take time to develop and till then fossil fuels will continue to play a vital role in India. Gas will have to be a bridge fuel which has to be used increasingly to offset the impact of fossil fuel emissions. Fossil fuels are here to stay for the long term, but with new technologies and better emission controls reduces their negative impact on the environment. As far as energy independence is concerned from the point of view of fossil fuel imports, it does not seem to be possible for India to achieve energy independence, as the geology of India is not very rich in hydrocarbon resources. As India is expected to be increasingly dependent on imports of oil in the future, gas will also face the same demand supply imbalance. It seems LNG will have to play an increasingly major role in India's environmentally sustainable growth story for a long time to come.

Threat from Competition

All the major players in the Indian hydrocarbon business and many new players, including foreign entities, have plans to enter the natural gas business. Competition is expected across the gas value chain.PLL is prepared to face the competition 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. However, gas demand has a fairly 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.

Many new players are in the process of setting up LNG terminals – land based and / or FSRUs at various locations in the Country. LNG terminals at Mundra and Ennore are expected to be commissioned in the next few months. Being in the same market, the LNG terminal at Mundra is expected to compete with the Dahej LNG terminal.

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).

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.
- 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 MMTPA, PLL also has another long-term contract with the Australian entity of Exxon Mobil for supply of around 1.44 MMTPA of LNG from its Gorgon project. Similar arrangements of offtake have been made with BPCL, GAIL and Indian Oil.

PLL also provide regas services to third parties who import LNG directly. PLL has executed 8.25 MMTPA equivalent contracts to provide long- term regas services to GAIL, IOCL, BPCL, GSPC and Torrent from existing and expansion plans of Dahej. PLL entered into an Agreement with ONGC for extraction of C2-C3 which is extracted at ONGC's Plant located near to Dahej Terminal.

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, 2018, was Rs. 30916.02 Crore including other income as against Rs. 24962.67 Crore in FY 2016-17. The net profit during the financial year ended 31st March, 2018, was Rs. 2077.85 Crore as against Rs. 1705.67 Crore in 2016-17.

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.

Cautionary Statement

Statements in the Management's Discussion & Analysis describing the Company's objectives, expectations or anticipations may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from the expectations. Critical factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of products, input availability and prices, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations.

REPORT ON CORPORATE GOVERNANCE FORMING PART OF DIRECTORS' REPORT

Company's Philosophy on Corporate Governance

The Philosophy of the Company for Corporate Governance is to ensure transparency, 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 details of the total strength of the Board as on 31st March, 2018 is detailed herein below:

S No	Name	Designation	Category (Whole-time / Non-executive / Independent)
1	Shri K. D. Tripathi	Chairman	Non-executive
2	Shri Prabhat Singh	Managing Director & CEO	Whole-time
3	Shri Rajender Singh	Director (Technical)	Whole-time
4	Shri Shashi Shanker	Director, Nominee of ONGC	Non-executive
5	Shri D. Rajkumar	Director, Nominee of BPCL	Non-executive
6	Shri G. K. Satish	Director, Nominee of IOCL	Non-executive
7	Shri Subir Purkayastha	Director, Nominee of GAIL	Non-executive
8	Dr. T. Natarajan	Director, Nominee of GMB	Non-executive
9	Dr. Jyoti Kiran Shukla	Director	Independent

The Company is in the process of appointing sufficient numbers of Independent Directors in order to comply with the statutory provisions in this regard.

Number of Board Meetings

S. No	Date of Meeting	Place	Board Strength	No. of Directors present
1.	09.05.2017	New Delhi	13	13
2.	10.08.2017	New Delhi	12	10
3.	08.11.2017	New Delhi	11	11
4.	08.02.2018	New Delhi	9	6

Attendance records of Directors at Board Meetings and Annual General Meeting

Attendance of each Director at the Board Meetings and at the last Annual general Meeting held during the Financial year 2017-18 is given below:

Name of Directors	Designation	Board Meetings held	Board Meetings attended	Attendance at last AGM held on 15th Sep., 2017
Executive Directors				
Shri Prabhat Singh	Managing Director & CEO	4	4	Yes
Shri R. K. Garg (upto 19th July, 2017) Shri Subhash Kumar (w.e.f. 5th August, 2017 upto 31st January, 2018)	Director (Finance)	4	1 2	NA Yes
Shri Rajender Singh	Director (Technical)	4	4	Yes
Non-Executive Directors				
Shri K. D. Tripathi	Chairman	4	4	No
Shri Subir Purkayastha	Nominee Director of GAIL	4	3	No

Name of Directors	Designation	Board Meetings held	Board Meetings attended	Attendance at last AGM held on 15th Sep., 2017
Shri D. K. Sarraf (upto 30th September, 2017) Shri Shashi Shanker (w.e.f. 17th October, 2017)	Nominee Director of ONGC	4	2 1	No NA
Shri D. Rajkumar	Nominee Director of BPCL	4	3	No
Shri G. K. Satish	Nominee Director of IOCL	4	4	No
Mr. Eric Ebelin (upto 12th June, 2017)	Nominee Director of GDF International	4	1	NA
Dr. T. Natarajan	Nominee Director of GMB	4	2	No
Non-Executive Independent Directors				
Shri Arun Kumar Misra (upto 13th August, 2017)	Independent Director	4	2	NA
Shri Sushil Kumar Gupta (upto 14th January, 2018)	Independent Director	4	3	Yes
Dr. Jyoti Kiran Shukla	Independent Director	4	4	No

Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies as on 31st March, 2018

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	1	1	NIL	NIL	NIL
Shri Prabhat Singh	2	1	NIL	NIL	NIL
Shri Rajender Singh	NIL	NIL	NIL	NIL	NIL
Shri D. Rajkumar	1	3	NIL	1	800
Shri Shashi Shanker	NIL	7	NIL	NIL	NIL
Shri Subir Purkayastha	4	NIL	1	1	200
Shri G. K. Satish	3	1	NIL	NIL	NIL
Dr. T. Natarajan	6	3	4	NIL	NIL
Dr. Jyoti Kiran Shukla	1	NIL	NIL	NIL	NIL

***** The Membership / Chairmanship of Committee is considered only for Audit Committee and Stakeholders' Relationship Committee

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the listed companies in which they are a Director. All the Directors have made requisite disclosures regarding Directorship / Committee position occupied by them in other companies.

A brief resume of the Directors, who are being appointed / re-appointed at the forthcoming Annual General Meeting, is given in the notice of the AGM.

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 : https://www.petronetlng.com/Familiarisation_Programme.php

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. An exercise is being 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 Company is in process of adopting all the requirements as stated in SEBI (LODR) Regulations, 2015.

Succession for appointments to the Board and Senior Management

The Company has well defined plans for orderly succession for appointment to the MD & CEO and Whole-time Directors on the Board as well as Senior Management.

Separate meeting of Independent Directors

As per statutory requirements, the Company arranges for separate meeting of Independent Director every year. During the year, though the Independent Directors discussed separately on the matters as per the statutory requirements such as assessing the quality, quantity and timelines of the information necessary for Board to effectively and reasonable perform their duties, before the Board Meeting scheduled, however, no formal record could be made in respect of those meetings of Independent Directors.

Disclosure of relationship amongst Directors

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

Compliance Reports

The Company is complying with all the applicable laws as on date except the composition of Board of directors with regard to Independent Directors, Board evaluation and formal meeting of Independent Director(s). The Board has reviewed Compliance Report of all the Laws applicable to the Company and the steps taken by the Company to rectify instances of non-compliances.

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 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 Code of Conduct for Board Members & Senior Management Personnel for the year ended 31st March, 2018.

(Prabhat Singh)

MD&CEO

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 Nomination and Remuneration Committee to assess the reasonableness to attract, retain and motivate Directors and other senior managerial personnel.

Nomination and Remuneration Committee (NRC)

In terms of provisions of Section 178 of Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee (NRC) comprises of the following Members during the year ended 31st March, 2018:

1. Dr. Jyoti Kiran Shukla, Independent Director, Chairperson (w.e.f. 12th September, 2017)
2. Shri Arun Kumar Misra, Independent Director, Chairman, (upto 13th August, 2017)
3. Shri D. K. Sarraf, Nominee Director (ONGC), Member (upto 30th September, 2017)
4. Shri G. K. Satish, Nominee Director (IOCL), Member (w.e.f. 8th November, 2017)
5. Shri Sushil Kumar Gupta, Independent Director, Member (upto 14th January, 2018)

The Company Secretary is the Secretary of the Committee.

The Detail of Meetings of Nomination and Remuneration Committee held during the financial year 2017-18 and the attendance of the Members is given below:

S. No	Date of meeting	Name of Members	Category	Attendance
1.	9.05.2017	Shri Arun Kumar Misra	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
2.	31.05.2017	Shri Arun Kumar Misra	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
3.	18.09.2017	Shri Sushil Kumar Gupta	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Not Present
		Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Member	Present
4.	03.11.2017	Shri Sushil Kumar Gupta	Non-Executive (Independent), Chairman	Present
		Shri Shashi Shanker	Non-Executive (Nominee), Member	Not Present
		Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Member	Present
5.	20.11.2017	Shri Sushil Kumar Gupta	Non-Executive (Independent), Chairperson	Present
		Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Member	Present
		Shri G. K. Satish	Non-Executive (Nominee), Member	Not Present
6.	08.02.2018	Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Chairperson	Present
		Shri G. K. Satish	Non-Executive (Nominee), Member	Present
7.	20.02.2018	Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Chairperson	Present
		Shri G. K. Satish	Non-Executive (Nominee), Member	Present

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.

Remuneration paid to MD & CEO, Whole-time Directors and Non - executive Directors during the year ended 31st March, 2018

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 Rupees)

S No	Name Shri	Designation	Salaries & Allowances	Contribution to PF & Gratuity Fund	Other Benefits & Perks	Commission on Profit payable for the year 2017-18	Total
1	Prabhat Singh	Managing Director & CEO	8,190,403	380,851	827,204	2,250,000	11,648,458
2	Rajender Singh	Director (Technical)	6,105,605	277,934	741,958	2,250,000	9,375,497
3	Subhash Kumar	Ex-Director (Finance)	2,008,062	117,443	382,900	1,109,589	3,617,994
4	R. K. Garg	Ex-Director (Finance)	3,507,233	93,026	3,944,614	678,082	8,222,955

The remuneration to Non-executive Directors 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.

The details of the sitting fees paid to Non-executive Directors or their nominated Organization / Company during the year ended 31st March, 2018 is as detailed below:

S. No.	Name	Sitting Fees paid during 2017-18 (Rs.)
1	MoPNG, Government of India	80,000
2	Bharat Petroleum Corporation Ltd.	80,000
3	Oil & Natural Gas Corporation Ltd.	2,40,000
4	Indian Oil Corporation Ltd.	1,80,000
5	GAIL (India) Ltd.	1,20,000
6	Gujarat Maritime Board (GMB)	40,000
7	GDFI	20,000
8	Shri Arun Kumar Misra	2,20,000
9	Shri Sushil Kumar Gupta	3,40,000
10	Dr. Jyoti Kiran Shukla	2,60,000

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 2017-18 (Rs.)
1	Shri Arun Kumar Misra	3,14,384
2	Shri Sushil Kumar Gupta	6,73,014
3	Dr. Jyoti Kiran Shukla	8,50,000

Terms of appointment of Directors

The Company has the following Whole - time Directors including MD & CEO during the year ended 31st March, 2018:

1. Shri Prabhat Singh, Managing Director & CEO
2. Shri Rajender Singh, Director (Technical)
3. Shri R. K. Garg, Director (Finance) (upto 19th July, 2017)
4. Shri Subhash Kumar, Director (Finance), (w.e.f. 5th August, 2017 and upto 31st January, 2018)

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 Act.

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 the 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.

The initial tenure of MD & CEO and 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 as well as Members of the Company.

The appointment of MD & CEO and 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.

Details of Subsidiary and Joint Ventures

(i) Petronet LNG Foundation

Petronet LNG Foundation, a Company Limited by Guarantee, has been incorporated on 31st March, 2017 by Petronet LNG Limited (PLL) as Promoter of the Company under the provisions of Section 8 of the Companies Act, 2013 and the rules made thereunder. Petronet LNG Foundation is facilitating the Promoter to comply with its CSR under provisions of Section 135 of Companies Act, 2013 and rules made thereunder.

(ii) Adani Petronet (Dahej) Port Private Ltd.

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

(iii) India LNG Transport Co. (No. 4) Pvt. Ltd. ('ILT4')

India LNG Transport Co. (No. 4) Pvt. Ltd. ('ILT4') is joint venture of your Company with 26% ownership interest. ILT4 is the owner of vessel MT Prachi and is primarily engaged in transportation of LNG. It is one of the Company's strategic investments and has the principal place of business in Singapore.

Audit Committee

The Audit Committee comprises of the following Directors during the year ended 31st March, 2018:

1 Dr. Jyoti Kiran Shukla, Independent Director, Chairperson (w.e.f. 12th September, 2017)

2 Shri Subir Purkayastha, Nominee Director (GAIL),Member (w.e.f. 8th November, 2017)

3 Shri Arun Kumar Misra, Independent Director, Chairman, (upto 13th August, 2017)

4 Shri Sushil Kumar Gupta, Independent Director, Member (upto 14th January, 2018)

5 Shri D. K. Sarraf, Nominee Director (ONGC), Member (upto 30th September, 2017)

The Company Secretary is the Secretary of the Committee.

The Detail of Meetings of Audit Committee held during the financial year 2017-18 and the attendance of the Members is given below:

S. No	Date of Meeting	Name of Members	Category	Attendance
1.	9.05.2017	Shri Arun Kumar Misra	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
2.	15.06.2017	Shri Arun Kumar Misra	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Not Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
3.	10.08.2017	Shri Arun Kumar Misra	Non-Executive (Independent), Chairman	Present
		Shri D. K. Sarraf	Non-Executive (Nominee), Member	Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
4.	08.11.2017	Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Chairperson	Present
		Shri Sushil Kumar Gupta	Non-Executive (Independent), Member	Present
		Shri Shashi Shanker	Non-Executive (Nominee), Member	Not Present
5.	08.02.2018	Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Chairperson	Present
		Shri Subir Purkayastha	Non-Executive (Nominee), Member	Present

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
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 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.

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 MD & CEO and Whole-time Directors periodically reviews the procedures to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system. During the year ended 31st March, 2018, the Risk Management Committee comprises of the following Directors:

1. Shri Prabhat Singh, MD & CEO, Chairman
2. Shri Rajender Singh, Director (Technical), Member
3. Shri R. K. Garg, Director (Finance),Member (upto 19th July, 2017)
4. Shri Sushil Kumar Gupta, Independent Director, Member (upto 14th January, 2018)
5. Shri Subhash Kaumar, Director (Finance), Member (w.e.f.10th August, 2017 and upto 31st January, 2018)

The Company Secretary is the Secretary of the Committee.

The Detail of Meeting of Risk Management Committee held during the financial year 2017-18 and the attendance of the Members is given below:

S. NO	Date of Meeting	Name of Members	Category	Attendance
1.	16.10.2017	Shri Prabhat Singh	Chairman	Not Present
		Shri Sushil Kumar Gupta	Chairman	Present
		Shri Subhash Kumar	Member	Present
		Shri Rajender Singh	Member	Present

Stakeholders' Relationship Committee

In terms of provisions of Companies Act, 2013 as well as SEBI (Listing and Obligation Disclosure Requirement), Board of Directors has renamed Shareholders'/Investors' Grievances Committee as Stakeholders' Relationship Committee. During the year ended 31st March, 2018, the Stakeholders' Relationship Committee comprises of the following Directors:

1 Dr. Jyoti Kiran Shukla, Independent Director, Chairman

2 Shri Rajender Singh, Director (Technical), Member

3 Shri R. K. Garg, Director (Finance), Member (upto 19th July, 2017)

4 Shri Subhash Kaumar, Director (Finance),Member (w.e.f.10th August, 2017 and upto 31st January, 2018)

The Company Secretary is the Secretary of the Stakeholders' Relationship Committee.

The Details of Meetings of Stakeholder's Relationship Committee held during the financial year 2017-18 and the attendance of the Members is given below:

S . No	Date of Meeting	Name of Members	Category	Attendance
1.	20.11.2017	Dr. Jyoti Kiran Shukla	Non-Executive (Independent), Chairperson	Present
		Shri Subhash Kumar	Executive, Member	Present
		Shri Rajender Singh	Executive, Member	Present

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 MD & CEO and Whole-time Directors namely;

1 Shri Prabhat Singh, Chairman

2 Shri Rajender Singh, Member

3 Shri R. K. Garg, Member (upto 19th July, 2017)

4 Shri Subhash Kaumar, Member (w.e.f.10th August, 2017 and upto 31st January, 2018)

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

Further, 99.98% 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.

Accounting Treatment

The Financial Statements have been prepared as per generally accepted accounting principles and in accordance with the prescribed Accounting Standards.

Commodity price risk or Foreign Exchange Risk and hedging activities

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

CEO/CFO Certification

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

Vigil Mechanism

The Board of Directors of the Company has approved the Vigil Mechanism in terms of provisions of Section 177 of 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 Vigil Mechanism.

Details of Complaints received and redressed during the year ended 31st March, 2018

In terms of Regulation 13 (3) of SEBI (LODR) Regulations, 2015, the details of Investors' Complaints for the year ended 31st March, 2018 are as follows –

Particulars	No. of Complaints
Complaints pending as on 1st April, 2017	1
Complaints received during the year	1147
Complaints redressed during the year	1148
Complaints pending as on 31st March, 2018	NIL

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 either with NSDL or CDSL.

As on 31st March, 2018, the Company has following numbers of equity shares in physical and dematerialised form as per details given here under:-

Nature of Holding	Records / No. of shareholders	No. of Shares	Percentage (%)
Physical	4,961	3,10,553	0.02
NSDL (Dematerialized)	2,31,918	7082,74,067	47.22
CDSL (Dematerialized)	88,843	7914,15,468	52.76
TOTAL	**3,25,722**	**15000,00,088**	**100.00**

Annual General Meetings (AGMs)

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

Year	2014-15	2015-2016	2016-2017
Date & Time	24th September, 2015 at 10.00 AM	21st September, 2016 at 10.00 AM	15th September, 2017 at 10.00 AM
Venue	FICCI, K. K. Birla Auditorium, 1, Tansen Marg, New Delhi 110001	Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi-110010	Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi-110010
Details of Special Resolutions	1). Approval to enter Related Party Transactions. 2). Approval to issue non-convertible debentures of Rs. 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/.	NIL	1) To increase FII investment limit in equity shares of the Company upto an aggregate limit of 40% of the paid up equity share capital of the Company.
Special Resolutions passed through Postal Ballot	1). Alteration of Object Clause of Memorandum of Association of the Company.	NIL	1) Approval to increase Authorised Share Capital of the Company. 2) Approval to issue Bonus Shares by way of capitalisation of Reserves.

Extra Ordinary General Meeting(s) (EGMs)

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

Means of Communication

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

Day & Date	Friday, 14th September, 2018
Financial Year	2017-18
Time	10.00 a.m.
Venue	Siri Fort Auditorium, August Kranti Marg, Siri Institutional Area, New Delhi, 110049
Date of Book Closure	From 8th September, 2018 to 14th September, 2018 (both days inclusive)

Dividend Payment Date

The Board of Directors of the Company have recommended payment of Final Dividend of Rs. 4.50 per share (on the face value of Rs. 10/- each) for the financial year ended 31st March, 2018 subject to the approval of the shareholders in the ensuing AGM. The Dividend payment date for final dividend for financial year ended 31th March 2018 is Wednesday, 19th September, 2018. The dividend warrant will be posted on or after 19th September, 2018 and within stipulated period as per the statutory requirements.

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, 2018 were taken on record and approved by the Board in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April - June, 2017	10th August, 2017
July - September, 2017	8th November, 2017
October - December, 2017	8th February, 2018
Year Ended	
31st March, 2018	21st May, 2018

Listing on Stock Exchange(s)

ISIN	INE347G01014
Scrip Code	532522
Scrip Symbol	PETRONET

Performance of PLL's Share Price in comparison to BSE Sensex during the financial year 2017-2018

Month	BSE (in Rs.)		NSE (in Rs.)		BSE Sensex	
	High	Low	High	Low	High	Low
April, 2017	453.65	403.55	454.50	403.05	30,184.22	29,241.48
May, 2017	458.80	420.30	459.00	421.65	31,255.28	29,804.12
June, 2017	454.45	421.00	454.90	424.25	31,522.87	30,680.66
July, 2017	223.35	198.70	223.45	198.60	32,672.66	31,017.11
August, 2017	236.65	198.45	236.40	198.20	32,686.48	31,128.02
September, 2017	242.20	220.60	241.70	220.30	32,524.11	31,081.83
October, 2017	275.20	231.65	275.05	232.00	33,340.17	31,440.48
November, 2017	275.45	247.40	275.65	247.15	33,865.95	32,683.59
December, 2017	259.65	239.20	259.90	239.20	34,137.97	32,565.16
January, 2018	260.00	231.80	259.45	231.75	36,443.98	33,703.07
February, 2018	258.60	233.40	255.45	234.00	36,256.83	33,482.81
March, 2018	246.50	224.45	246.75	223.60	34,278.63	32,483.84

Distribution Schedule As on 31st March, 2018

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in Rs.	% of Amount
Upto – 5000	2,55,258	78.37	4,59,39,111	45,93,91,110	3.06
5001 – 10000	41,870	12.85	3,27,80,501	32,78,05,010	2.19
10001 – 20000	17,936	5.51	2,77,37,672	27,73,76,720	1.85
20001 – 30000	4,264	1.31	1,08,48,951	10,84,89,510	0.72
30001 – 40000	1,945	0.60	70,78,348	7,07,83,480	0.47
40001 – 50000	949	0.29	44,00,801	4,40,08,010	0.29
50001 – 100000	1,626	0.50	1,18,21,878	11,82,18,780	0.79
100001 & Above	1,874	0.57	1,35,93,92,826	13,59,39,28,260	90.63
TOTAL	**3,25,722**	**100.00**	**1,50,00,00,088**	**15,00,00,00,880**	**100.00**

Shareholding Pattern of the Company as on 31st March, 2018

	Category	No. of Shares Held	% of Shareholding
A	**Promoter's holding**		
1	Promoters		
	- Indian Promoters	75,00,00,000	50.00
	- Foreign Promoters	Nil	Nil
	Sub- Total (A)	**75,00,00,000**	**50.00**
B	**Non- Promoters holding**		
1	Institutional Investors		
a	Mutual Funds	14,59,40,443	9.73
b	Banks, Financial Institutions	14,06,731	0.09
c	Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	0	0.00
d	FII including FPI	37,65,80,933	25.11
	Sub-Total (B1)	**52,39,28,107**	**34.93**
2	Others		
a	Private Corporate Bodies	4,84,13,892	3.24
b	HUF and Foreign Nationals	49,69,512	0.33
c	Non Resident Indians (NRI) including Non Repatriable	60,41,579	0.40
d	IEPF	10,59,821	0.07
e	Resident Individuals	15,69,69,462	10.46
f	Alternate Investment Fund	19,99,370	0.13
g	NBFC	1,50,502	0.01
e	Any other (Clearing Members, Trusts)	64,67,843	0.43
	Sub-Total (B2)	**22,60,71,981**	**15.07**
	GRAND TOTAL (A+B1+B2)	**1,50,00,00,088**	**100.00**

List of Shareholders Holding More than 1% of Equity Capital as on 31st March, 2018

Name	No. of Shares Held	% of Shareholding
Promoters' Holding		
Bharat Petroleum Corporation Ltd.	18,75,00,000	12.50
GAIL (India) Ltd.	18,75,00,000	12.50
Indian Oil Corporation Ltd.	18,75,00,000	12.50
Oil & Natural Gas Corporation Ltd.	18,75,00,000	12.50
Non-promoters' Holding		
Smallcap world fund, inc	2,29,20,000	1.53
Motilal Oswal Most Focused Multicap 35 Fund	1,95,19,388	1.30
Societe Generale	1,84,93,122	1.23
Franklin Temletion Mutual Fund A/c Franklin Indiahigh Growth Companies fund	1,82,00,096	1.21

Aditya Birla Sun Life Trustees Private Limited A/C Aditya Birla Sun Life Advantage Fund	1,56,43,872	1.04
Kotak Select Focus Fund	1,55,28,016	1.03

Detail of Unclaimed Shares as on 31st March, 2018

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, 2017.	624	126800
2	Number of shareholders who approached for transfer of shares from suspense account during the year.	3	600
3	Number of shareholders to whom shares were transferred from suspense account during the year.	3	600
4	Aggregate number of shareholders and outstanding shares in the suspense account at the end of year i.e. 31st March, 2018.	621	252400

Liquidity

The Company's shares are actively traded on National Stock exchange of India and BSE Limited.

Transfer of amounts / securities to Investor Education and Protection Fund

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 and Rules made thereunder, the Company has deposited the amount lying in Unpaid/Unclaimed Dividend account for the financial year 2006-07 to 2010-11 to Investor Education and Protection Fund. Detail of the same is available at website of the Company at the following link – https://www.petronetlng.com/UnpaidDividend.php

Further, pursuant to the provisions of Section 124(6) of Companies Act 2013, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more were also transferred to IEPF Suspense Account. Detail of the same is available at website of the Company at the following link – https://www.petronetlng.com/PDF/IEPFSuspense.pdf

Proceeds from Public Issues, Rights Issues and Preferential Issues

The Company has not raised any money through Public Issue, Right Issues or any Preferential Issues during the financial year 2017-18. However, the Company issued bonus shares in the ratio of 1:1, i.e., one bonus share in the ratio of one share held during the financial year ended on 31st March, 2018. Consequently, the paid-up share capital increased from Rs. 750 crore to Rs. 1500 Crore.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and also the relevant Accounting Standard, the promoters of the Company i.e. IOCL, BPCL, ONGC, and GAIL, Petronet LNG Foundation, 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 as well as in ordinary course of business. 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 : https://www.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.

Disclosure

1. Details of transactions between the Company and its subsidiaries, associates, key managerial personnel during the year 2017-18 are given in Financial Statement for the year ended 31st March, 2018. These transactions does not have any potential conflict with the interests of the Company at large.
2. There were no penalties or strictures imposed on the Company by any statutory authorities for noncompliance on any matter

related to capital markets, during the last three years.

3. It is always Company's endeavour to present unqualified financial statements.

4. Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practice and Procedure for Fair Disclosure of Un-published Price Sensitive Information and Code of Conduct to Regulate, Monitor and Report Trading by its Employees and other Connected Persons. The details of the same have been posted on the website of the Company.

Non-Mandatory Requirements

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

Major Plant / Unit Location(s)

Dahej Plant Location	**Kochi 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	Survey No. 347, Puthuvypu (Puthuypeeen SEZ) P.O. 682508, Kochi Tel: 0484-2502259/60 Fax : 0484-2502264
Registered & Corporate Office	**Registrar & Share Transfer Agent**
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 Website: www.petronetlng.com	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: einward@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 Website: www.sbicaptrustee.com

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Prabhat Singh, Managing Director & CEO and V. K. Mishra, Director (Finance) & CFO of Petronet LNG Limited certify that:

a) We have reviewed financial statements and the Cash Flow Statement for the year 2017-18 and that to the best of our knowledge and belief;

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or voilative of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness to the internal control systems of the company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps have been taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee-

   (i) significant changes in internal control during the year;

   (ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

(V. K. Mishra)	(Prabhat Singh)
Director (Finance) & CFO	Managing Director & CEO
(DIN 08125144)	(DIN 03006541)

Auditors' Certificate on Compliance with the conditions of Corporate Governance

To the Shareholders of Petronet LNG Limited

1. We have examined the compliance of conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31st 2018 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company or ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that except for one condition given below, the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 as applicable:
   - During the year, the Composition of Board of Directors was not having sufficient number of Independent Director as required in terms of Regulation 17 of SEBI (LODR) Regulations, 2015.
   - The Composition of Audit Committee and Nomination and Remuneration committee of the Board of Directors were not in terms of Regulation 18 and Regulation 19 of SEBI (LODR) Regulations, 2015 respectively during the period from 15th January, 2018 to 31st March, 2018.
   - The company had formulated a policy for annual evaluation of Board of Director(s); however, the formal evaluation of the Board is yet to be concluded.
   - A meeting of Independent Directors as required under Regulation 25 (3) of SEBI (LODR) Regulations, 2015, has not been held during the financial year under report.
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
FRN. 006711N / N500028

Neena Goel
(Partner)
Membership No. 057986

Place: New Delhi
Date: May 21, 2018

Business Responsibility Report

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**	www.petronetlng.com
5.	**Email id**	investors@petronetlng.com
6.	**Financial Year reported**	April 2017- March 2018
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise)**	Oil and Gas – LNG
	Industrial Group	**Description**
	1110	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):**	RegasifiedLiquefied Natural Gas
9.	**Total number of locations where business activity is undertaken by the Company**	Total three locations: 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	Total three locations: 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)** : 1500 Crore
2. **Total turnover (INR)** : 30916.02 Crore
3. **Total profit after taxes (INR)** : 2077.85 Crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 0.41** % i.e. Rs 8.55 Crore
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

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**

   Petronet LNG Foundation (PLF) incorporated as Wholly Owned Subsidiary on 31st March, 2017.

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 releases its own dedicated BR report and our Company's principle promoters and off-takers of gas i.e. GAIL, ONGC, IOCL and BPCL, are required to and undertake BR activities and release their own 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	:	03006541
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#	N##	Y	N**	Y	N#,$
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y*	NA	Y*	NA	NA	Y*	NA	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	NA	Y (Ref C)	NA	Y (Ref D)	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	NA	Y	NA	Y	NA

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Does the Company have a specified committee of the Board/Director / Official to oversee the implementation of the policy?	Y	NA	Y	NA	NA	Y	NA	Y	NA
6.	Indicate the link for the policy to be viewed online?	Ref A	NA	Ref &	NA	NA	Ref &	NA	Ref D	NA
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	NA	Y	NA	NA	Y	NA	Y	NA
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	NA	Y	NA	NA	Y	NA	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	NA	Y	NA	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.

PLL strictly adheres to all applicable labour laws and other statutory requirement in order to uphold human rights within its organizational boundary. Further, the Company has also formulated Sexual Harassment Policy under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

* 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. Senior Vice Presidents, and Vice Presidents or released as 'office orders' upon approval by the Board.

** The Company undertakes need-based advocacy on certain industry specific issues. The Company currently does not have a stated policy. However, it will continue to assess the evolving business and regulatory environment in future in this regard.

$ PLL has processes in place for customer engagement and grievance redressal. Further, the Company gives the highest priority to responsibility towards its customers.

A: Code of Conduct for Board Members and Senior Management Personnel: http://www.petronetlng.com/codeconduct.Aspx

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

C: QHSE Policy

D: CSR Policy: https://www.petronetlng.com/PDF/CSR_ Policy_27042015.pdf

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

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.**

Being in the energy sector, PLL recognizes the importance of sustainable growth and need for judiciously utilizing the planet's depleting natural resources. In this regard, PLL has received high corporate values from its principle promoters including GAIL, ONGC, IOCL and BPCL, who are all amongst the leading sustainability champions in India. PLL's Board constitutes of representatives from all these institutions which puts sustainability high on the Board agenda. As part of our risk and compliance 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 and decision making. 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?**

PLL has been assessing its sustainability performance from past six years and publishing its annual sustainability report from FY 2012-13. These reports can be found at our website: https://www.petronetlng.com/SustainabilityReport.php

FY 2017-18 sustainability report will be shortly released after compilation. Further, since FY 2012-13, PLL has been releasing its Business Responsibility Report in line with the SEBI mandate. The previous report was released for FY 2016-17 and formed part of the Company's Annual Report 2016-17. The same can be assessed at https://www.petronetlng.com/PDF/AR2016-17.pdf

Further, in addition to SEBI mandate, PLL is also a member of the Global Compact Network (GCN) from past six years and has been strictly following and disclosing performance against GCN principles covering aspects of anti-corruption, human rights and labour practices etc. Our performance can be accessed through the mentioned web-link: https://www.unglobalcompact.org/what-is-gc/participants/14483-Petronet-LNG-Limited#cop

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?***

   The Company believes in the conduct of the affairs of it's constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Company's commitment to ethical and transparent corporate governance practices are highlights of the Code of Conduct and Business Ethics policies which 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. The Company would like to ensure that all the employees are aware about the policies and procedures of the company relevant to their respective areas of operation so as to enable them to take proper and effective decisions. Company also have checks and balances in place to ensure ethical business conduct across its operations. Further, PLL has safeguards in place which discourages bidders to engage in any corrupt practices during tendering process.

   The company, as a responsible corporate citizen, believes that the role of reporting genuine concerns is not just restricted to employees, in fact any of the stakeholder which also includes suppliers, customers, civil society members etc. have the right to point out any unethical behaviour, actual or suspected fraud or violation of Company's code of conduct. Therefore, Petronet Vigilance Mechanism and Vigil Mechanism are established. The same has also been hosted at the website of the Company.

   To strengthen company's commitment against workplace harassment, PLL has come out with sexual harassment order in line with the sexual harassment of women at workplace act 2013, which is stringently governed and enforced across the organization.

   Also, PLL has been following and disclosing performance against GCN principles covering aspects of human rights, labour practices, and anti-corruption etc. The most recent Communication on Progress (CoP) was released for FY 15-16 . The same can be accessed at: https://www.unglobalcompact.org/what-is-gc/participants/14483-Petronet-LNG-Limited#cop , the next CoP is due to be released in 2018.

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 1147 shareholder complaints during the FY 2017-18, while 1 complaint was pending from previous financial year. 1148 complaints were successfully resolved during the year while NIL complaint was pending as on 31st March 2018.

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. 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 massive tanker ships and gas pipelines thus reducing transport related environmental footprint. However, we are still committed to ensure responsible handling and marketing of our product, and hence have in place state of the art product handling equipment at our facilities. During the FY 2017-18 period, no change has transpired in our product and services portfolio, neither has there been any substantial change in our operational footprint. We comply with all existing regulations of the concerned land. Also, for supply to local vendors, PLL ensures that transportation does not pose unintended harm to the environment and to persons involved in road transportation.

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 include implementation of ISO 14001 and OHSAS 18001 standardization systems at our Dahej and Kochi terminal, reducing overall dependence on direct fuel consumption at our operational sites. Also, efforts such as use of food waste generated on site for vermin composting, use of condensate water from operations for gardening purposes and use of chilled water from plant operations for air conditioning in the building 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 supplementing 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 would be suited for customers not connected though gas pipelines, and with medium to small requirements. The hubs developed for these purposes can further be used for supplying PNG and CNG to customers.

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.***

The Company does not have dedicated procedures for sustainable sourcing, however PLL is taking efforts to promote sustainable practices across various functions of the Company. Majority of Company's raw material is transported from international supplier's sites through large tanker ships to company terminals in Dahej, Gujrat and Kochi, Kerala. The final regasified product is transported to customers through installed pipelines. Both these modes of transportation are considered highly clean and sustainable. The product has the least carbon emission amongst fossil fuels. Here, in addition to applicable maritime and other regulations, procedures and practices are strictly followed and monitored throughout the product transport and supply phases.

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?***

PLL's procurement approach is based on least price tendering 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 our primary and only product portfolio remains import, storage and regasification of Liquefied Natural Gas, 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, some quantities of used oily waste is generated annually during periodic maintenance of various equipment, i.e. waste oil, oil contaminated cloth, oil drums etc. Some quantities of paint and biomedical waste is also generated. All this generated waste is properly collected, stored and disposed through authorized agencies on regular intervals. Also it is significant 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 :*** *486* Permanent Employees (as on 31st March, 2018)

2. ***Please indicate the total number of employees hired on temporary / contractual / casual basis***

Category of employees	No of employees
Sub-contracted employees	2989

3. ***Please indicate the number of permanent women employees :*** *31* (as on 31st March, 2018)

4. ***Please indicate the number of permanent employees with disabilities :*** One

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 as on end of the financial year
1	Child Labour	No	No

2	Forced Labour	No	No
3	Involuntary Labour	No	No
4	Sexual Harassment	No	No

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 Up gradation (No. of employees)
Permanent employees	365	438
Permanent women employees	07	13
Casual / Temporary / Contractual employees	5159	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***

   PLL has always acknowledged the vital contribution of all stakeholders in building a sustainable business. The Company has identified and mapped its key internal and external stakeholders, and employs various mechanisms and practices to facilitate effective dialogues with them for a fruitful and continued relationship. In order to identify material concerns and respond to them in an effective and transparent manner, PLL regularly engages with its community stakeholder group, including those falling under disadvantaged, vulnerable and marginalized category, at and near its sites of significant operations, i.e. Dahej, Gujarat and Kochi, Kerala. The learnings from these interactions are used for better designing of Company's CSR projects for ensuring their optimal benefits to communities.

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

   PLL has mapped and identified underprivileged communities around its business location and is actively working with them towards inclusive growth. The Company's collaborative partnerships with the communities aimed at uplifting disadvantaged, vulnerable and marginalised stakeholders has led to identification and initiation of various CSR projects. The Company has projects solely targeted at improving the quality of life of persons with disabilities who are marginalized, vulnerable and disadvantaged.

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.***

   The Company, having identified the needs and priorities of the stakeholders in and around the location of its operations, is running education, healthcare, community infrastructure development and skill and livelihood development projects. Under the Company's education and empowerment initiatives, PLL promoted skill development of below poverty line youth. Catering to the healthcare needs of the communities, PLL organized free medical check-up and consultation camps under healthcare drive, and contributed towards construction of healthcare infrastructure facilities. Further, PLL has constructed and renovated toilets at local schools under sanitation drives. Furthermore, during financial year, PLL developed roads, culverts, storm water drains, solar lights, constructed community and school toilets, etc. under infrastructure development initiatives.

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?***

   As a socially responsible organisation, PLL believes in equality of all human beings irrespective of their nationality, place of residence, sex, national ethnic origin, colour, religion, language and any other status. Currently, there is no policy explicitly on human rights, however the Company respects and complies with internationally recognized human rights, at all locations and is committed to making certain that it is not complicit in human rights abuse.

   In order to protect and guard human rights, PLL has designed a well organised and effective Grievance Redressal System to provide prompt and orderly resolution of complaints or disputes arising in the course of employment.

   The Company has well defined processes and mechanisms in place to ensure that issues related to sexual harassment of women at workplace are effectively dealt with. An Internal Committee has been created at each location for the prevention, prohibition and redressal of sexual harassment complaints. These committees are headed by woman employees including a representative from an NGO, after approval of Competent Authority.

   PLL has zero tolerance towards child and forced/compulsory labour. The Company ensures that the employment is voluntary and in compliance with local minimum wage laws. Also, it is ensured that no person below the age of eighteen years is employed in the workplace.

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

   No stakeholder complaints regarding breach of human rights aspects were received during the FY 2017-18.

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?***

   The policies related to Principle 6 cover only to the Company and do not extend to the entity/entities with whom PLL does business. PLL's Quality, Health, Safety and Environment (QHSE) Policy is applicable to all employees and stakeholders involved in PLL's business. The senior management provide focused attention while reviewing all parameters related to HSE Standards. The Contractors are also required to monitor report and take strict actions on all such cases. The company regularly conducts audits through third party and enforces compliance to Audit findings. In order to further improve upon our environment and safety practices, we have acquired ISO Certification under the Integrated Management System at Dahej and Kochi terminals where ISO 9001:2008 Quality Management, ISO 18001:2007 OHSAS Management and ISO 14001:2004 Environment Management standards are effectively adhered to in each and every process of the company from housekeeping to the operation of the terminal. Further, we carry out Environment, Health and Safety (EHS) risk assessments regularly at Dahej and Kochi terminals.

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 not an environment-footprint heavy organisation, however PLL is conscious of the environmental impacts of the oil and gas industry. PLL strives to make efforts in meeting and addressing the challenges of climate change. PLL is aware of the impending consequences of climate change and the rising global concern of Green House Gas (GHG) reduction and management. In this regard company's biggest contribution is in the form of its product, i.e. natural gas, which is a cleaner form of fuel compared to fossil fuels, i.e. coal and petroleum products. Further, by improving natural gas availability, PLL contributes not only to serving country's energy needs but also attempts to minimize the impact on environment. Further, majority of PLL's raw material is transported through large tanker ships to Company terminals, while the final product is transported 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 sustainability reports at: https://www.petronetlng.com/SustainabilityReport.php

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

   PLL is conscious of its environmental footprint and is taking proactive steps to mitigate impact of its operations. Company does not have significant process emissions and is generating condensate water as part of regasification of LNG process which is being used for productive internal activities like gardening. Further, as a precautionary approach towards the various environmental challenges, Company carry out studies to validate base line three season data as recommended by MOEF. Appropriate measures and systems to suppress NOx emissions, dust suppression by watering to restrict dust emission etc. are put in place.

   Further, being active in the coastal belts of Dahej, Gujarat and Kochi, Kerala, PLL has identified benefits of mangrove plantation in the regions of highly salty and muddy waters. Mangrove is a halophyte, which is known as salt tolerant forest ecosystem. Some more benefits associated with mangrove plantation in coastal belts include its ability to act as natural wind and tsunami barrier for underlying villages and industries, its ability to bind soil and prevent erosion, and its ability to harbour, promote other flora and fauna in harsh coastal conditions and most importantly serves as indirect employment generative to local community. Further, these can grow in waterlogged clayey/ marshy soils, specifically in coastal intra tidal zones / river banks. PLL has so far signed MoUs with the Gujarat Ecology Commission and Forest Department, Government of Gujarat for undertaking mangrove plantation in the region. Realizing their benefits, mangrove plantation has been taken up near Dahej and Kochi Terminals.

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 mindful of its environmental footprint and is taking active 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.

   As part of in-plant initiatives, Cold energy of LNG is being used for HVAC system and Nitrogen Generation which helps in reducing overall energy consumption. Waste heat of GTG (Gas Turbine Generator) is being utilized for LNG regasification. Although water is not an operational requirement, efforts are being made for reducing and reusing water to the maximum extent possible. In this regard, condensate water from air heaters is used for gardening purposes, and as back up source for fire emergencies. Details of PLL's sustainability initiatives can be found in Company's latest sustainability report at:
   https://www.petronetlng.com/SustainabilityReport.php

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)
   - Natural Gas Society (NGS)
   - Society of International Gas Tanker and Terminal operations ltd (SIGTTO)
   - SEA LNG

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 has a CSR policy with clear vision to actively engage in social, economic, environment and cultural development of the communities through its CSR initiatives primarily around work centres, especially meeting the priority needs of socially/economically backward, marginalized & vulnerable communities, and making them self-reliant. As a responsible Corporate, PLL has been undertaking 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. All activities undertaken are as per the list of activities specified in Schedule VII of the Companies Act 2013.

2. ***Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?***

   To effectively manage, monitor and implement CSR initiatives of the company, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee as a sub-committee to the Board. As the Company is dedicated to inclusive growth and betterment of the community, CSR forms the integral part of PLL's business strategy. Company also engages with 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 local 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. These also allows PLL to gaze the impact of its ongoing initiatives and design / modify future engagements to better assess the needs of the communities.

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 8.55 crores was spent during the financial year 2017-18. This represents 0.41 % 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 Rs. Lac)***
1.	Healthcare and Sanitation	23.27
2.	Education and Empowerment	26.21
3.	Rural Development Projects	6.59
4.	Promoting Rural Sports	3.0
3.	Art and Culture	500
4.	Towards Petronet LNG Foundation#	200
	Total	***759.07***

A wholly owned subsidiary of Petronet LNG Limited

*Note: The total amount spent on Administrative Overheads is Rs. 95.78 Lakhs as per clause 6 of PLL CSR policy. Thus, total amount spent on CSR for the FY 2017-2018 is Rs. 854.85 Lakhs.

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

   PLL regularly engages with local community members to gaze the impact of its ongoing CSR initiatives. Company undertakes need assessment surveys in villages before undertaking these initiatives. Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. These project plans are then assessed under the agreed strategy and are monitored on a quarterly basis. Wherever necessary, midcourse corrections are carried out. Company continuously seek to execute effective CSR interventions to boost the living standards and the overall economic status of under privileged community. 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?***

   Nil cases of customer complaints / consumer case in the reporting period was pending at the end of FY.

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, 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 aspects.

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?***

   We interact and engage with our customers on regular basis. Our principle customers are our primary promoters as well, i.e. GAIL, IOCL and BPCL, with whom we interact and engage on regular basis. Representatives of these organizations are present on PLL's Board ensuring constructive dialogue and sound decision making, thus removing scope for conflicts.

PETRONET LNG LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Petronet LNG Limited

1. Report on the Standalone Financial Statements

   We have audited the accompanying standalone Ind AS financial statements of Petronet LNG Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive income),the Cash Flow Statement and the Statement of Change in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred as "standalone Ind AS financial statements").

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

   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 standalone Ind AS 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 Ind AS financial statements based on our audit.

   We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financialstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give 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 standalone Ind AS financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standaloneInd AS 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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and change in equity 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.

   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 including Other Comprehensive Income, the Cash Flow Statement and the Statement of Change in Equity dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Actread with relevant rule issued thereunder;

e. On the basis of written representations received from the directors as on 31stMarch, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2018, 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 with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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 37B to the standalone Ind ASfinancial statements;

   ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses - Refer Note 37 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 and

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

Neena Goel
(Partner)
M.N. 057986
Date: 21st May 2018
Place: New Delhi

"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, 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, firm, 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 explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

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, Goods and Service Tax and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2018, 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 and as per the records of the Company, the dues of service tax, custom duty and income tax which have not been deposited/deposited under protest with the appropriate authorities on account of any dispute are given below:

8. The Company has not defaulted in the 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.

S. No.	Name of the Statute	Nature of the Dues	Not Deposited (Rs. in Lacs)	Deposited (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Finance Act, 1994	Service Tax and Interest	4,005	--	FY 2008-09 to 2009-2010	Hon'ble Supreme Court of India
2.	Finance Act, 1994	Service Tax, Interest and penalty	--	2,567	FY 2009-10 to FY 2014-15	CESTAT, Delhi
3.	Finance Act, 1994	Service Tax, Interest and penalty	--	689	FY 2014-15	CESTAT, Delhi
4	Finance Act, 1994	Service Tax and Interest	754	--	FY 2006-07 to 2010-11	CESTAT, Delhi
5	Finance Act, 1994	Service Tax and Interest	57	--	FY 2014-2015	Principal Commissioner, Service Tax, Delhi
6	Finance Act, 1994	Service Tax and Interest	19	--	FY 2015-2016	Assistant Commissioner, Service Tax, Delhi
7.	Finance Act, 1994	Service Tax	--	774	FY 2008-10	Assistant Commissioner, Delhi
8.	Finance Act, 1994	Service Tax	--	753	FY 2008-11	Assistant Commissioner, Delhi
9	Finance Act, 1994	Service Tax	--	125	FY 2013-16	Assistant Commissioner, Delhi
10.	Custom Act 1962	Custom Duty and Interest	346		FY 2004-07	Hon'ble High Court, Gujarat
11.	Custom Act 1962	Custom Duty and Interest	112		FY 2009-10	Hon'ble High Court, Gujarat
12.	Custom Act 1962	Custom Duty and Interest	284		FY 2005-08	Hon'ble High Court, Gujarat
13.	Custom Act, 1962	Custom Duty	--	959	FY 2012-13	CESTAT, Ahmedabad
14.	Income Tax Act, 1961	Income Tax and Interest	70	--	FY 2007-08	ITAT, Delhi
15	Income Tax Act, 1961	Income Tax and Interest	7,237	--	FY 2008-09 to 2010-11	ITAT, Delhi
16.	Income Tax Act, 1961	Income Tax and Interest	394	--	FY 2012-13	ITAT, Delhi
17.	Income Tax Act, 1961	Income Tax and Interest	744	--	FY 2011-12	ITAT, Delhi
	Total		**14,022**	**5,867**		

14. **According to the information and explanations given 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

Neena Goel

(Partner)

M.N. 057986

Date: 21st May 2018

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 with reference to Ind AS financial statements of Petronet LNG Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to Ind AS financial statements based on the internal controls 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements 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 Act, 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 ICAI. 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 with reference to financial statements 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 control system with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial control with reference to Ind AS financial statements included obtaining an understanding of internal financial control with reference to Ind AS financial statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements 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

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 with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and such internal financial controls with respect to financial statements were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

Neena Goel
(Partner)
M.N. 057986
Date: 21st May 2018
Place: New Delhi

Standalone Balance Sheet as at 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	802,723	841,851
Capital work-in-progress	4	22,027	4,855
Intangible assets	5	239	453
Investments in Joint Ventures	6	16,438	16,438
Financial assets			
(i) Investments	7	0.13	0.13
(ii) Loans	8	2,295	2,267
(iii) Other non-current financial assets	9	10,949	17,284
Other non-current assets	10	7,990	9,499
Total Non-Current Assets		**862,661**	**892,647**
Current assets			
Inventories	11	49,110	54,052
Financial assets			
(i) Investment	12	395,784	277,073
(ii) Trade receivables	13	165,050	121,079
(iii) Cash and cash equivalents	14	85,530	32,099
(iv) Other bank balances	15	722	635
(v) Other current financial assets	16	106	28
Current tax assets (net)	17	932	2,810
Other current assets	18	5,476	2,487
Total Current Assets		**702,710**	**490,263**
Total Assets		**1,565,371**	**1,382,910**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	150,000	75,000
Other equity	20	822,047	734,389
Total Equity		**972,047**	**809,389**

	Notes	As at 31 March 2018	As at 31 March 2017
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	21	73,341	145,003
Long-term provisions	22	781	656
Deferred tax liabilities (net)	23(B)	104,817	73,018
Other non-current liabilities	24	128,363	138,576
Total Non-Current Liabilities		**307,302**	**357,253**
Current Liabilities			
Financial liabilities			
(i) Trade payables		156,990	94,460
(ii) Other financial liabilities	25	83,144	88,481
Other current liabilities	26	44,678	26,758
Short-term provisions	27	1,210	945
Current tax liabilities (net)	28	-	5,624
Total Current Liabilities		**286,022**	**216,268**
Total Liabilities		**593,324**	**573,521**
Total Equity and Liabilities		**1,565,371**	**1,382,910**

The accompanying notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

Significant accounting policies **2**
Other notes on accounts **37-46**

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

Place : New Delhi
Date : 21 May 2018

Sd/-
Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

PETRONET LNG LIMITED

Standalone Statements of Profit and Loss for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	29	3,059,862	2,461,603
Other income	30	31,740	34,664
Total Income (A)		**3,091,602**	**2,496,267**
Expenses			
Cost of materials consumed	31	2,669,019	2,141,692
Employee benefits expense	32	9,120	7,386
Finance costs	33	16,299	20,965
Depreciation and amotization expense	34	41,165	36,907
Other expenses	35	50,488	53,298
Total Expenses (B)		**2,786,091**	**2,260,248**
Profit/ (Loss) Before Tax (C = (A) - (B))		**305,511**	**236,019**
Tax Expense:			
Current tax (a)	23(A)	65,931	51,288
Deferred tax (b)	23(A)	31,795	14,164
Total Tax Expense (D = (a)+(b))		**97,726**	**65,452**
Profit/ (loss) for the period (E = C - D)		**207,785**	**170,567**
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurement of defined benefit plans		11	(12)
Income tax relateing to remeasurement of defined benefit plans	23(A)	(4)	4
Total Other Comprehensive income for the period (F)		**7**	**(8)**
Total Comprehensive Income for the period (G = E+F)		**207,792**	**170,559**
Earnings per equity share of Rs 10/- each			
Basic (Rs)	36	13.85	11.37
Diluted (Rs)		13.85	11.37

The accompanying notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

Significant accounting policies **2**
Other notes on accounts **37-46**

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

Place : New Delhi
Date : 21 May 2018

Sd/-
Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Standalone Statements of Cash Flow for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**Cash Flow from Operating Activities**		
	Net Profit Before Tax	305,511	236,019
	Adjustment for:		
	Depreciation	41,165	36,907
	Loss on the sale of fixed asset	130	11
	Profit on sale /fair valuation of current Investment	(22,610)	(19,624)
	Interest Expense	16,299	20,965
	Foreign exchange gain/ loss on restatement of financial liabilities	(5,978)	(8,631)
	Fair value losses on derivatives not designated as hedges	6,308	10,004
	Interest Income	(1,017)	(1,893)
	Excess provision written back	(33)	(618)
	Provision for doubtful debts	-	4,142
	Operating Profit Before Working Capital Changes	**339,775**	**277,282**
	Movements in working capital :-		
	(Increase)/ Decrease in loans	(28)	(401)
	(Increase)/ Decrease in inventories	4,942	(29,442)
	(Increase)/ Decrease in trade receivables	(43,971)	(26,369)
	(Increase)/ Decrease in other financial assets	(52)	(60)
	(Increase)/ Decrease in Other assets	(3,051)	3,297
	Increase / (Decrease) in trade payables	62,530	18,123
	Increase / (Decrease) in other financial liabilities	989	10
	Increase / (Decrease) in provisions	402	44
	Increase / (Decrease) in other liabilities	7,704	2,071
	Cash Generated from/ (used in) Operations	369,239	244,555
	Less: Income Tax Paid (net of refunds)	(69,677)	(37,797)
	Net Cash Generated from /(used In) Operating Activities (A)	**299,562**	**206,758**
B.	**Cash Flow From Investing Activities**		
	Net proceeds / (purchase) of property, plant and equipment and capital work in progress	(17,330)	(54,419)
	Net proceeds / (purchase) of intangible assets	(195)	(177)
	Net proceeds / (purchase) of equity accounted investees	-	(7,438)
	Net proceeds/ (purchase) of investments	(95,083)	(257,449)
	Interest received	33	1,992
	Net movement in fixed deposits	(87)	(16)
	Net Cash Generated from / (used in) Investing Activities (B)	**(112,662)**	**(317,507)**

		For the year ended 31 March 2018	For the year ended 31 March 2017
C.	**Cash Flow from Financing Activities**		
	Net proceeds/(Repayment) of Long Term Borrowings	(70,515)	(31,284)
	Interest Expense Paid	(17,821)	(20,973)
	Dividend paid	(45,134)	(22,567)
	Net Cash Generated from / (used in) Financing Activities (C)	**(133,470)**	**(74,824)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**53,431**	**(185,572)**
	Balance at the beginning of the year		
	Cash and cash equivalents at the beginning of the year	32,099	217,671
	Balance at the end of the year	**85,530**	**32,099**

Reconciliation between the opening and closing balances in balance sheet for liabilities arising from financing activities

Particulars	Long Term Borrowings	Debentures	Total
Opening Balance as on 1st April 2017	91,815	1,35,857	**2,27,672**
Financing Cash Flows	(30,515)	(40,000)	**(70,515)**
Non-Cash Changes			-
Interest Accrued	17	(1,539)	**(1,522)**
Forex Reinstatement	(5,978)		**(5,978)**
Closing Balance as at 31st March 2018	**55,339**	**94,318**	**1,49,657**

The accompanying notes are an integral part of these financial statements

This is the Statement of Cash Flow reffered to in 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
Date : 21 May 2018

For and on behalf of Petronet LNG Limited

Sd/-
Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Statement of Changes in Equity for the year ended 31st March 2018

(All amounts are in Rupees lac, unless otherwise stated)

(a) Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the year	750,000,044	75,000	750,000,044	75,000
Changes in equity share capital during the year	750,000,044	75,000	-	-
Balance at the end of the reporting period	**1,500,000,088**	**150,000**	**750,000,044**	**75,000**

(b) Other equity

	Reserves & Surplus				OCI	
	Securities Premium Account	**Debenture Redemption Reserve**	**General Reserve**	**Retained earnings**	**Remeasurement of defined benefit plans**	**Total**
Balance at 31 March 2016	**15,546**	**17,166**	**72,800**	**480,926**	**(41)**	**586,397**
Changes in accounting policy / prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**15,546**	**17,166**	**72,800**	**480,926**	**(41)**	**586,397**
						-
Profit for the year	-	-	-	170,567	-	170,567
Other comprehensive income for the year	-	-	-	-	(8)	(8)
Total comprehensive income for the year	-	-	-	**170,567**	**(8)**	**170,559**
Transfer to debenture redemption reserve	-	7,834	-	(7,834)	-	-
Dividend paid	-	-	-	(18,750)	-	(18,750)
Dividend distribution tax	-	-	-	(3,817)	-	(3,817)
Balance at 31 March 2017	**15,546**	**25,000**	**72,800**	**621,092**	**(49)**	**734,389**

Changes in accounting policy / prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	15,546	25,000	72,800	621,092	(49)	734,389
						-
Profit for the year	-	-	-	207,785	-	207,785
Other comprehensive income for the year	-	-	-	-	7	7
Total comprehensive income for the year	**-**	**-**	**-**	**207,785**	**7**	**207,792**
Issue of bonus share	(15,546)	-	-	(59,454)	-	(75,000)
Transfer to debenture redemption reserve	-	(5,500)	-	5,500	-	-
Dividend paid	-	-	-	(37,500)	-	(37,500)
Dividend distribution tax	-	-	-	(7,634)	-	(7,634)
Balance at 31 March 2018	**-**	**19,500**	**72,800**	**729,789**	**(42)**	**822,047**

The accompanying notes are an integral part of these financial statements
This is the Statement of Change in Equity reffered to in 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
Date : 21 May 2018

For and on behalf of Petronet LNG Limited

Sd/-
Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Notes to the standalone financial statements for the year ended 31 March 2018

1. Reporting Entity

Petronet LNG Limited referred to as “PLL” or “the Company” is domiciled in India. The Company’s registered office is at World Trade Centre, 1st Floor, Babar Road, Barakhamba Lane, New Delhi – 110001.

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 2 April 1998 under the Companies Act, 1956 and received certificate of commencement of business on 1 June 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 15 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.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

i. **Basis of preparation**

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (‘Ind AS’), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; and by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

These financial statements were authorised for issue by the Board of Directors on 21 May’2018.

ii. **Basis of measurement**

The financial statements have been prepared on a historical cost basis except the following items, which are measured on alternative basis on each reporting date:

- Certain financial assets (including derivative instruments) that is measured at fair value
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation

iii. **Functional and presentation currency**

These financial statements are presented in Indian Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest lac, unless otherwise indicated.

iv. **Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Leases: Whether an arrangement contains a lease
- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

b. **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended 31 March 2018 is included below:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Useful life of property, plant & equipment
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

v. **Property, plant and equipment:**

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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 up to the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment.

Any gain on disposal of property, plant and equipment is recognised in Profit and loss account.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

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.

Cost of leasehold land is amortized over the lease period.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively.

vi. **Intangible assets**

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

vii. **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

(A) Financial Assets

(a) Initial recognition and measurement

All financial assets are recognised initially at fair value (plus transaction costs attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

Notes to the standalone financial statements for the year ended 31 March 2018

(b) Classifications

The company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a period, for other basic lending risks, costs (e.g. liquidity risk and administrative costs), and profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Debt instruments at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Debt instrument at Fair Value through Profit and Loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the

received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

The Company assesses the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

(B) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Notes to the standalone financial statements for the year ended 31 March 2018

(c) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(C) Modifications of Financial Assets and Financial Liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

viii. **Inventories**

Raw material, stores and spares are valued at lower of cost or net realizable value. Cost of raw material is determined on the first-in, first-out principle for respective agreements of LNG.

Cost of stores and spares is determined on weighted average cost.

ix. **Revenue Recognition**

(a) Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is primarily derived from Sale of RLNG and is net of sales tax. Transfer of risk and rewards for sale of RLNG is at the point of dispatch.

(b) Rendering of services

Revenue from regasification services is recognised when services are rendered and related costs are incurred in accordance with agreements.

(c) Interest Income

Interest income is recognized using the Effective Interest Rate (‘EIR’) method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

(d) Dividend Income

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

x. **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.

xi. **Employee benefits**

a. **Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. **Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

i) Provident Fund

ii) Superannuation Fund

c. **Defined benefit plans**

The company has only one defined benefit plan i.e. gratuity. The company net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after considering any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

d. **Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The company has following long term employment benefit plans:

Leave encashment

Leave encashment is payable to eligible employees at the time of retirement. The liability for leave encashment is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

xii. **Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Notes to the standalone financial statements for the year ended 31 March 2018

xiii. **Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

a. **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

i) Has a legally enforceable right to set off the recognised amounts; and

ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only if:

a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

xiv. **Interest in Joint Ventures**

Interests in joint ventures accounted for using the equity method are recognised at cost.

xv. **Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the standalone financial statements for the year ended 31 March 2018

xvi. **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

xvii. **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of Petronet LNG Limited has been identified as being the chief operating decision maker by the Management of the company. Refer note no 38 for segment information presented.

xviii. **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xix. **Recent accounting pronouncements**

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that for determining the exchange rate, the date of the transaction is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

3. Property, plant and equipment

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible Assets										
Freehold Land	10,778	-	-	10,778	-	-	-	-	10,778	10,778
Buildings*	48,850	284	-	49,134	3,272	1,855	-	5,127	44,007	45,578
Plant & Equipments*	841,503	1,624	(1,099)	842,028	64,156	38,451	(339)	102,268	739,760	777,347
Office Equipments	1,031	388	(362)	1,057	358	254	(341)	271	786	673
Furniture & Fixtures	541	103	(135)	509	122	71	(110)	83	426	419
Speed Boat	38	-	-	38	10	5	-	15	23	28
Vehicles	186	49	(39)	196	49	28	(25)	52	144	137
Assets taken on finance lease										
Leasehold Land	7,075		-	7,075	184	92	-	276	6,799	6,891
Total	**910,002**	**2,448**	**(1,635)**	**910,815**	**68,151**	**40,756**	**(815)**	**108,092**	**802,723**	**841,851**

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible Assets										
Freehold Land	10,778	-	-	10,778	-	-	-	-	10,778	10,778
Buildings*	39,815	9,035	-	48,850	1,514	1,758	-	3,272	45,578	38,301
Plant & Equipments*	653,157	188,346	-	841,503	29,830	34,326	-	64,156	777,347	623,327
Office Equipments	577	482	(28)	1,031	160	218	(20)	358	673	417
Furniture & Fixtures	453	100	(12)	541	60	67	(5)	122	419	393
Speed Boat	38	-	-	38	5	5	-	10	28	33
Vehicles	164	39	(17)	186	29	29	(9)	49	137	135
Assets taken on finance lease										
Leasehold Land	7,075	-	-	7,075	92	92	-	184	6,891	6,983
Total	**712,057**	**198,002**	**(57)**	**910,002**	**31,690**	**36,495**	**(34)**	**68,151**	**841,851**	**680,367**

Note:

* Plant & Equipment and Buildings includes Jetty & Trestle having gross value of Rs.101,721 (Dahej Phase 1 & additional Jetty) & Rs. 35,871 (Kochi). As per concession agreement, the ownership of Jetty & Trestle (Dahej Phase 1) would be transferred to the Gujarat Maritime Board in the year 2035. The additional Jetty at Dahej would also be transferred to Gujarat Maritime Board as per the yet to be executed concession agreement. The ownership of Jetty & Trestle (Kochi) would be transferred to Cochin Port Trust in the year 2039.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

4. Capital Work-in-Progress

Particulars	As at 31 March 2017	Additions	Deletions	As at 31 March 2018
Dahej Ph-III 15MMTPA	50		(50)	-
Dahej Ph-III 17.5 MMTPA	3,983	15,936		19,919
Others	822	1,286		2,108
Total	**4,855**	**17,222**	**(50)**	**22,027**

Particulars	As at 31 March 2016	Additions	Deletions	As at 31 March 2017
Dahej Ph-III 15MMTPA	154,622	42,652	(197,224)	50
Dahej Ph-III 17.5 MMTPA	-	3,983	-	3,983
Others	426	825	(429)	822
Total	**155,048**	**47,460**	**(197,653)**	**4,855**

5. Intangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Intangible Assets										
Licenses/Softwares	1,335	195	(366)	1,164	882	409	(366)	925	239	453
Total	**1,335**	**195**	**(366)**	**1,164**	**882**	**409**	**(366)**	**925**	**239**	**453**

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Intangible Assets										
Licenses/Softwares	1,157	178	-	1,335	470	412	-	882	453	687
Total	**1,157**	**178**	**-**	**1,335**	**470**	**412**	**-**	**882**	**453**	**687**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
6	**Investments in Joint Ventures**		
	Investment in equity instruments (fully paid-up) (Unquoted)		
	9,00,00,000 Equity Shares (previous year 9,00,00,000) of Rs. 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd.	9,000	9,000
	11,036,558 Equity Shares (previous year 11,036,558) of USD 1 each (INR equivalent Rs. 67.40 each), fully paid up in India LNG Transport Co (No 4) Pvt Ltd. (Pledged with Sumitomo Mitsui Banking Corporation)	7,438	7,438
		16,438	**16,438**
	Aggregate book value of quoted investments	Nil	Nil
	Aggregate book value of un-quoted investments	16,438	16,438
7	**Investments**		
	Investments carried at fair value through profit and loss account (Unquoted)		
	Investment in equity instruments (fully paid-up)		
	300 Ordinary Shares (previous year 300) of US$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta (Rs. 13,476) (Pledged with Sumitomo Mitsui Banking Corporation)	0.13	0.13
		0.13	**0.13**
	Aggregate book value of quoted investments	Nil	Nil
	Aggregate book value of un-quoted investments	0.13	0.13
8	**Non Current Financial Assets-Loans**		
	Unsecured, considered good		
	Loan to related parties (Refer note 42)	469	440
	Loan to others	1,826	1,827
		2,295	**2,267**
9	**Other non-current financial assets**		
	Unsecured, considered good		
	Derivative assets		
	- Cross currency interest rate swaps	9,573	15,881
	Security deposits		
	- Government authorities	946	929
	- Others	200	243
	Employee advances	30	31
	Balances with banks in deposit accounts	200	200
		10,949	**17,284**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
10	**Other non-current assets**		
	Unsecured, considered good		
	Capital advances	1,684	3,256
	Taxes and Duties recoverable (Refer note 37B)	6,306	6,243
		7,990	**9,499**
11	**Inventories**		
	Raw materials	21,955	34,639
	Raw materials in transit	19,049	12,625
	Stores and spares	7,779	6,710
	Stores and spares in transit	327	78
		49,110	**54,052**
	(Refer note 2(viii) *on valuation)*		
12	**Current financial investments**		
	Investments carried at fair value through profit and loss account (Quoted)		
	Mutual funds	395,784	277,073
		395,784	**277,073**
	Aggregate book value of quoted investments	395,784	277,073
	Aggregate book value of un-quoted investments	Nil	Nil
13	**Trade receivables**		
	Unsecured and considered good		
	-from related parties	154,313	110,730
	-from others	10,737	10,349
	Unsecured and considered doubtful		
	-from related parties	4,109	4,142
	Less: Allowances for doubtful receivables	(4,109)	(4,142)
		165,050	**121,079**
	(Refer note 42B on related party)		
14	**Cash and cash equivalents**		
	Balance with banks:		
	- In current account	104	599
	- In term deposits	85,532	31,528
	Less: Interest accrued on term deposits	(106)	(28)
	Cash on hand	0.4	0.5
		85,530	**32,099**

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
15	**Other bank balances**		
	In earmarked accounts		
	- Unclaimed dividend account	722	635
		722	**635**
16	**Other current financial assets**		
	Interest accrued on term deposits	106	28
		106	**28**
17	**Current tax assets (net)**		
	Advance tax (Net of provision for income tax of Rs. 1,85,497 lac)		
	[As at 31 March 2017 - Rs.1,64,492 lac]	932	2,810
		932	**2,810**
18	**Other current assets**		
	Advances to vendors	3,836	1,663
	Taxes and duties recoverable	75	75
	Prepaid expenses	847	722
	Purchase price adjustment of LNG	704	-
	Other Miscellaneous Advances	14	27
		5,476	**2,487**
19	**Share capital**		
	Authorised:		
	3000,000,000 (31 March 2017- 1,200,000,000) equity shares of Rs.10/- each	300,000	120,000
	Issued, subscribed & fully paid up:		
	1500,000,088 (31 March 2017 - 750,000,044) equity Shares of Rs.10/- each	150,000	75,000
		150,000	**75,000**

a. **Terms and rights attached to equity shares**
The Company has only one class of equity shares each having a par value of Rs. 10/- per share. They entitle the holder to participate in dividends and to share in the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote per share.

b. 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.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

c. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	Number of Shares	Amount
Outstanding at the 31 March 2016	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2017	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Equity Shares issued during the year in consideration other than cash	750,000,044	75,000
Outstanding at the 31 March 2018	**1,500,000,088**	**150,000**

d. **Shareholders holding more than 5% shares in the company**

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoters' Holding				
Bharat Petroleum Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
GAIL (India) Ltd.	187,500,000	12.5%	93,750,000	12.5%
Indian Oil Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Oil & Natural Gas Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Non-promoter Holding				
GDF International	-	-	75,000,000	10.0%

	As at 31 March 2018	As at 31 March 2017
20 Other equity		
a. **Securities premium account**		
Balance at the beginning of the year	15,546	15,546
Less : Utilisation against issue of bonus shares	(15,546)	-
Balance at the end of the year	**-**	**15,546**
b. **Debenture redemption reserve**		
Balance at the beginning of the year	25,000	17,166
Addition/ (Deduction) during the year	(5,500)	7,834
Balance at the end of the year	**19,500**	**25,000**
c. **General reserve**		
Balance at the beginning of the year	72,800	72,800
Add: Transfer from surplus balance in the statement of Profit & Loss	-	-
Balance at the end of the year	**72,800**	**72,800**
d. **Retained earnings**		
Balance at the beginning of the year	621,092	480,926
Add: Profit for the year after taxation as per statement of Profit and Loss	207,785	170,567
Less: Issue of Bonus Shares	(59,454)	-
Less: Transfer to general reserves	-	-
Less: Transfer to debenture redemption reserves	5,500	(7,834)
Less: Dividend on equity shares	(37,500)	(18,750)
Less: Dividend distribution tax on equity shares	(7,634)	(3,817)
Balance at the end of the year	**729,789**	**621,092**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

e. Remeasurement of defined benefit plans	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	(49)	(41)
Addition during the year	7	(8)
Balance at the end of the year	**(42)**	**(49)**
Total Equity (a+b+c+d+e)	**822,047**	**734,389**

Nature and purpose of other reserves

Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of The Companies Act, 2013.

Debenture redemption reserve

The Company appropriates a portion out of the profits available for payment of dividend to debenture redemption reserve (DRR) as per The Companies Act, 2013 (which requires creation of DRR upto 25% of the outstanding amount of the bonds during the tenure of bonds). Reduction in DRR is on account of repayment of bonds

General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:
(a) actuarial gains and losses
(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend	As at 31 March 2018	As at 31 March 2017
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended 31 March 2017 Rs. 5 per share (31 March 2016 Rs. 2.5 per share)	37,500	18,750
Dividend Distribution tax on final dividend	7,634	3,817
	45,134	**22,567**
Proposed Dividends on Equity Shares :		
Proposed dividend for the year ended 31 March 2018 Rs. 4.5 per share (31 March 2017: Rs. 5 per share)	67,500	37,500
Dividend Distribution tax on final dividend	13,878	7,634
	81,378	**45,134**

Proposed dividends on equity shares are subject to the approval at the annual general meeting and have not been recognised as liabilities (including DDT theron) as at 31st March.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
21	**Borrowings**		
	Non-convertible bonds *(Unsecured)*	64,318	95,857
	Term loans *(Secured)*		
	- From other parties	13,375	55,020
		77,693	150,877
	Less: Interest accrued	(4,352)	(5,874)
		73,341	**145,003**

a. 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.

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
Series I - 2013	Bullet	2018	8.35%	31,997	31,997
Series II - 2014 (Option 1)	Bullet	2017	9.00%	-	41,539
Series II - 2014 (Option 2)	Bullet	2019	9.05%	62,321	62,321
				94,318	**135,857**
Less: Interest accrued but not due on borrowings				(4,318)	(5,857)
Less : Shown in current maturities of Long term debt				(30,000)	(40,000)
Balance shown as above				**60,000**	**90,000**

b. Term Loans are secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis.

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
IFC (Washington)	Half yearly	2022	7.98%	16,115	18,864
IFC (Washington)	Half yearly	2019	4.35%	23,538	38,909
Proparco, France	Half yearly	2019	3.75%	15,686	25,940
Asian Development Bank	Half yearly	2018	7.46%	-	8,102
				55,339	**91,815**
Less: Interest accrued but not due on borrowings				(34)	(17)
Less : Shown in current maturities of Long term debt				(41,964)	(36,795)
Balance shown as above				**13,341**	**55,003**

The external commercial borrowings from International Finance Corporation (Washington), & Proparco, France are borrowed at an average cost of 8.33% p.a (inclusive of hedge cost).

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
22	**Long-term provisions**		
	Provision for employee benefits		
	- Compensated Absences (Refer note 41(iii))	781	656
		781	**656**
23	**Income Tax**		
A	**Income Tax Expenses**		
i)	**Amounts recognised in profit or loss**		
	Current tax expense		
	Current year	65,300	51,288
	Adjustment for prior years	631	-
		65,931	**51,288**
	Deferred tax expense		
	Changes in recognised temporary differences	31,795	14,164
		31,795	**14,164**
	Total Tax Expense	**97,726**	**65,452**
ii)	**Deferred Tax related to items recognised in Other Comprehensive Income**		
	Remeasurements of defined benefit liability	(4)	4
		(4)	**4**

		For the year ended 31 March 2018		For the year ended 31 March 2017	
iii)	**Reconciliation of effective tax rate**	**Rate**	**Amount**	**Rate**	**Amount**
	Profit before tax from continuing operations	34.61%	305,511	34.61%	236,019
	Tax using the Company's domestic tax rate		105,731		81,681
	Tax effect of:				
	Non-deductible expenses	0.02%	70	0.06%	134
	Tax-exempt income	(2.61)%	(7,960)	(2.86)%	(6,742)
	Tax incentives			(4.08)%	(9,621)
	Impact on deferred tax due to increase in future tax rate	0.41%	1,259		
	Changes in estimates related to prior years	(0.45)%	(1,374)	-	-
	Total Tax Expenses	**31.99%**	**97,726**	**27.73%**	**65,452**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

B Deferred Tax Liabilities (Net)

Movement in deferred tax balances

	As at 31 March 2017	Recognized in P&L	Recognized in OCI	As at 31 March 2018
Deferred Tax Assets				
Employee benefits	248	50	(4)	294
Loans and borrowings	5,433	(2,036)		3,397
Trade receivables	1,434	2		1,436
MAT Credit Entitlement / (Utilisation)	32,158	(7,398)	-	24,760
Sub- Total (a)	**39,273**	**(9,382)**	**(4)**	**29,887**
Deferred Tax Liabilities				
Property, plant and equipment	102,482	25,548	-	128,030
Derivatives	5,496	(2,151)		3,345
Current Investments	4,313	(984)		3,329
Sub- Total (b)	**112,291**	**22,413**	**-**	**134,704**
Net Deferred Tax Liability (b)-(a)	**73,018**	**31,795**	**4**	**104,817**

	As at 31 March 2016	Recognized in P&L	Recognized in OCI	As at 31 March 2017
Deferred Tax Assets				
Employee benefits	223	21	4	248
Loans and borrowings	8,330	(2,897)	-	5,433
Trade receivables	-	1,434	-	1,434
MAT Credit Entitlement / (Utilisation)	28,870	3,288	-	32,158
Sub- Total (a)	**37,423**	**1,845**	**4**	**39,273**
Deferred Tax Liabilities				
Property, plant and equipment	87,323	15,158	-	102,482
Derivatives	8,958	(3,462)	-	5,496
Current Investments	-	4,313	-	4,313
Sub- Total (b)	**96,281**	**16,009**	**-**	**112,291**
Net Deferred Tax Liability (b)-(a)	**58,858**	**14,164**	**(4)**	**73,018**

	As at 31 March 2018	As at 31 March 2017
24 Other Non-Current Liabilities		
Revenue received in advance*		
- from related parties (See Note No 42)	91,233	98,854
- from others	37,130	39,722
	128,363	**138,576**

* The Company has entered into long term agreements for 20 years for providing LNG regasification services (w.e.f. Sept' 2016) by allocating 7 MMTPA out of the total regasification capacity from its Dahej terminal. The advance received by the Company is adjustable against charges on regasification service during the course of the agreement.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
25	**Other current financial liability**		
	Current maturities of long-term debt		
	- from other parties	71,964	76,797
	Interest accrued but not due on borrowings	4,352	5,874
	Unpaid dividend	722	635
	Other payables for:		-
	- Capital goods	5,967	5,064
	- Security deposits / Retention money	139	111
		83,144	**88,481**
26	**Other current liabilities**		
	Statutory dues	40,829	25,609
	Revenue received in advance		-
	- related parties (Refer note No 42)	3,456	-
	- others	51	52
	Other payables	342	1,097
		44,678	**26,758**
27	**Short-term provisions**		
	Provision for employee benefits		
	- Gratuity (Refer note 41)	-	1
	- Compensated Absences (Refer note 41)	60	60
	- Incentives	1,150	884
		1,210	**945**
28	**Current tax liabilities**		
	Provision for Income Tax [Net of advance tax Rs. Nil (as at 31 March 2017 Rs. 70,544 lac)]	-	5,624
		-	**5,624**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
29	**Revenue from operations**		
	Sale of RLNG	2,904,804	2,339,578
	Regasification services	149,325	115,498
	Other operating revenues	5,733	6,527
		3,059,862	**2,461,603**
30	**Other Income**		
	Interest income from financial assets measured at amortised cost		
	- on bank deposits	872	1,727
	- on shareholders' loan	145	166
	Other Interest Inccome	700	2,402
	Gain on sale/fair value of Investments	22,610	19,624
	Foreign exchange fluctuations (net)	5,984	8,631
	Excess provision/ liability written back	33	618
	Miscellaneous income	1,396	1,496
		31,740	**34,664**
31	**Cost of materials consumed**		
	Opening Stock of LNG	34,639	18,580
	Add: Purchases	2,656,335	2,157,751
	Less: Closing Stock of LNG	21,955	34,639
		2,669,019	**2,141,692**
32	**Employee benefits expense**		
	Salaries and wages*	7,797	6,253
	Contribution to provident and other funds	739	695
	Staff welfare expenses	584	438
		9,120	**7,386**
	*Includes Commission to the Whole-time Directors Rs 63 lac (Previous year Rs. 60 lac)		
33	**Finance cost**		
	Interest on long term loans	15,616	19,924
	Interest on short term loans	12	6
	Other borrowing costs	671	1,035
		16,299	**20,965**

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

		For the year ended 31 March 2018	For the year ended 31 March 2017
34	**Depreciation and amotisation expense**		
	Depreciation on tangible assets	40,756	36,495
	Amortisation on intangible assets	409	412
		41,165	**36,907**
35	**Other expenses**		
	Stores and spares consumed	2,250	2,742
	Power and fuel	18,220	15,498
	Repairs and maintenance:		
	- Buildings	929	460
	- Plant and machinery	1,228	1,098
	- Others	148	143
	Dredging expenses	4,050	4,902
	Rent	1,549	1,488
	Rates and taxes	1,764	1,388
	Insurance	1,148	1,261
	Travelling and conveyance	1,673	1,702
	Legal, professional and consultancy charges	2,362	1,458
	Fair value losses on derivatives not designated as hedges	6,308	10,004
	Provision for doubtful debts	-	4,142
	Directors' sitting fees	19	18
	Directors' commission (other than whole time Directors)	22	24
	Loss on sale/ write off of property, plant and equipment (net)	130	11
	Corporate social responsibility (Refer note 44)	823	438
	Others expenses	7,865	6,521
	Total	**50,488**	**53,298**
36	**Earning per share (EPS)**		
	Profit/ (loss) for the period	207,785	170,567
	Weighted average number of equity shares of Rs. 10/- each (In lac)*	15,000	15,000
	EPS - Basic and Diluted (Rs)	13.85	11.37

*Weighted average number of equity shares for all the periods disclosed above have been adjusted for the issue of bonus shares.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

37 Contingent liabilities, contingent assets and commitments

A. Commitments

a. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.16,970 lac (as on 31 March 2017 Rs.31,839 lac).

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

i. 8.5 MMTPA with Ras Laffan Natural Gas Company Limited, Qatar for a period upto April 2028.

ii. 1.44 MMTPA with Mobil Australia Resources Company PTY Ltd, who have commenced supply since January 2017 for a period upto 2035.

Since the Company has entered into materially back to back sale agreements against the above purchase agreements, there is no foreseeable loss on these agreements as on the balance sheet date. The Company has issued Standby Letter of Credit of Rs.325,820 lac (Rs.285,412 lac as on 31 March 2017) to Ras Laffan Natural Gas Company Limited and Rs.48,018 lac (Rs.18,195 lac as on 31 March 2017) to Mobil Australia Resource Company PTY Ltd against the Long Term Purchase Agreements.

B. Contingent Liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of internal legal team. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

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% (revised rates @25%) instead of 20% (Revised rate @15%) of the consumption charges. The Company has challenged the legality and validity of the notices by way of writ petitions before the Hon'ble High Court of Gujarat who had quashed the supplementary bill/demand notice and remanded the case back to the Collector of Electricity Duty vide order dated 1 July 2014. The Company has made its submissions before the Collector of Electricity Duty, Gandhinagar and the order is awaited. The total demand till 31 March, 2018 is Rs. 4,576 lac (as on 31 March 2017 Rs.3,637 lac).

b. The Collector of Stamps, Bharuch had issued notice to the Company to pay stamp duty @ Re.1 per Rs.1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958. The Hon'ble High Court of Gujarat has quashed the notice. Stamp authorities have filed Special Leave Petition (SLP) in Hon'ble Supreme Court against the same and the case is pending as on 31 March 2018. The potential liability from the effective date of amendment i.e. 1 April 2006 till 31 March 2018 on the CIF value would be Rs. 21,801 lac (Previous year till 31 March 2017 is Rs. 19,408 lac).

c. The Company has received refund of Rs.112 lac, Rs.284 lac and Rs.346 lac from Customs department vide CESTAT order dated 7 November 2013, 9 September 2011 and 31 May 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 31 March 2018.

d. Taxes and duties recoverable includes custom duty recoverable amounting to Rs.959 lac (relating to short landing of LNG under spot purchase agreement. The company has received favourable order for the above issue from Commissioner (Appeals) and CESTAT. However, the refund of the amount has been denied by department and Commissioner (Appeals) on the ground of time barred refund application. The company has preferred an appeal against the above order with CESTAT, the outcome of which is pending as on 31 March 2018.

e. The company had received demand for Service Tax on vessel hire charges for the period 16 May 2008 to 30 September 2009 amounting Rs.4,005 lac (including Interest). The Company had paid the demand under protest and preferred an appeal before CESTAT against the above demand and received favourable order on 24 October 2013. The Company had received the refund (including interest), however the department had preferred an appeal against the CESTAT order before the Hon'ble Supreme Court, the outcome of which is pending as on 31 March 2018.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

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. Amount involved in such cases as on 31st March 2018 is Rs.830 lac (as on 31 March 2017 Rs.848 lac).

g. The Principal Commissioner of service tax has issued order against the company regarding service tax demand on boil off quantity of LNG during regasification process (for the period April 2009 to March 2015) amounting to Rs.1,780 lac. The company paid the demand under protest amounting to Rs.3,256 lac (including interest and penalty). Further, the company had suo moto paid service tax and interest amounting to Rs.2,039 lac for the period April'15 – June'18. The company has preferred an appeal against the said orders with CESTAT and the matter is pending for hearing as on 31 March 2018.

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 Rs.1,652 lac (as on 31 March 2017 Rs.1,652 lac). The Company has received the favourable order from CESTAT for Rs.774 lac, however, Assistance Commissioner has raised further query and refund is pending. For balance Rs.878 lac, the application is pending as on 31st March 2018 at Assistant Commissioner level.

i. The sales tax department has issued show cause notice dated 11 February 2016 claiming sales tax amounting to Rs 7,985 lac against the high sea sales transaction made by the company. The reply against the show cause notice was submitted by the company and the matter is pending for adjudication as on date.

j. There are certain claims amounting Rs.18,362 lac (as on 31 March 2017 Rs.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 Experts' opinion was sought and as per their determination, net claim of Rs.10,400 lac (including interest of Rs.5,400 lac) was determined in favor of the contractor. As per the contract, the experts' opinion is not binding on any party and the Company is under discussion with the contractor to settle the dispute. Pending conclusion of the discussion and settlement, final amount of the claim is not ascertainable.

k. The Company had entered into a land lease agreement with Cochin Port Trust (CPT) for building and operating port and regasification facility at Kochi. CPT has raised demand for enhanced lease rent of Rs. 4,258 lac (as on 31 March 2017 Rs. 4,258 lac) (referring order of Tariff Authority for Major Ports (TAMP) dated 10 June 2010). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had awarded the Company to make payment of Rs.2,596 lac as per TAMP 2010 order as applicable to Warehouse usage. Both parties have challenged the award which is pending in District Court Ernakulam as on 31 March 2018. Further, the Company had invoked the jurisdiction of the Ministry of Shipping U/s 54 of the Major Ports Trusts Act,1963 to modify or cancel the lease rental which has been rejected by Secretary Shipping, vide its order dated 19.1.2017 and 06.02.2018. The Company has filed writ petition against the same in the High Court of Kerala which is pending for adjudication as on 31 March 2018.

Further, CPT has raised demand for usage of dredged sand by the Company Rs.2,000 lac (as on 31 March 2017 Rs. 2,000 lac). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had rejected the demand. CPT has challenged the award which is pending in District Court Ernakulam as on 31 March 2018.

The potential liability, as at 31 March 2018 would be approximately Rs.6,798 lac (as on 31 March 2017 Rs.6,258 lac).

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 of Rs 7,237 lac for assessment years 2009-10, 2010-11 and 2011-12 against which the Company has received favourable order from CIT(A) for the abovementioned years. 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 31 March 2018.

m. There are some income tax related matters which are pending at various forum. The potential liability in these case, as on 31st March 2018 would be Rs. 1,208 lac (Rs. 1,208 lac as on 31 March 2017).

C. Contingent Assets

The Company has no contingent assets as at 31 March 2018.

38 Segment information

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Operating Segments

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any new facility.

Board of Directors reviews the operating results at plant level i.e. Kochi, and Dahej to make decisions about resources to be allocated to each segment and to assess its performance. Accordingly, management has identified Kochi and Dahej as two operating segments for the Company.

However, operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. For example, similar long-term average gross margins for two operating segments would be expected if their economic characteristics were similar.

Management believes that Dahej and Kochi plants will have similar long term financial performance. Accordingly, considering the fact Dahej and Kochi plants are similar in all the characteristics and have similar economic characteristics, the two operating segments will fulfill the criteria of aggregation and hence not required to be reported separately.

Accordingly, there is only one Reportable Segment for the Company which is "Natural Gas Business", hence no specific disclosures have been made.

Entity wide disclosures

A. Information about products and services

Company primarily operates in one product line, therefore product wise revenue disclosure is not applicable.

B. Information about geographical areas

The major sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company other than financial instruments, deferred tax assets, post-employment benefit assets are located in India.

C. Information about major customers (from external customers)

The Company derives revenues from the following customers which amount to 10 per cent or more of an entity's revenues:

Customer	For the year ended 31 March 2018	For the year ended 31 March 2017
GAIL	1,518,754	1,312,147
IOCL	853,571	728,701
BPCL	470,978	297,833

39 Leases

Operating lease

The Company has non-cancellable operating leases agreements for taking 3 vessels on lease. The lease periods are in the range of 19-25 years which can further be renewed for a period of 2-5 years.

Further, the company has cancellable operating lease agreement in respect of office premises and guesthouse having lease period 11 months to The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements are cancellable.

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Commitments for minimum lease payments in relation to the above lease arrangements are payable as follows:		
Within one year	52,933	70,428
Later than one year but not later than five years	211,968	285,029
Later than five years	417,815	776,629
	682,716	**1,132,086**

Amounts recognised in profit and loss account

	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of Goods Sold	31	69,518	55,589
Rent expense	35	1,549	1,488
		71,067	**57,077**

40 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.

41 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	For the year ended 31 March 2018	For the year ended 31 March 2017
Contribution to Govt. Provident Fund	283	266
Contribution to Superannuation Fund	354	332

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability		
Liability for Gratuity	-	1
Total employee benefit liabilities	**-**	**1**
Non-current	-	-
Current	-	1

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) / liability and its components:

	31 March 2018			31 March 2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	**612**	**(611)**	**1**	**504**	**(475)**	**29**
Included in profit or loss						
Current service cost	77	-	77	75	-	75
Interest cost (income)	47	(38)	9	40	(38)	2
	124	(38)	86	115	(38)	77
Included in OCI						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	(15)	-	(15)	24	-	24
- experience adjustment	14	(10)	4	(11)		(11)
	(1)	(10)	(11)	13	-	13
Other						
Contributions paid by the employer	-	(96)	(96)	-	(118)	(118)
Benefits paid	(40)	40	-	(20)	20	
	(40)	(56)	(96)	(20)	(98)	(118)
Balance as at 31 March	**695**	**(715)**	**(21)**	**612**	**(611)**	**1**

C. Plan assets

	31 March 2018	31 March 2017
Funds Managed by Insurer (investment with insurer)	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager in order to manage the liability risk.

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

D. Actuarial assumptions

a) Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation aaumptions are as follows which have been selected by the company.

	31 March 2018	31 March 2017
Discount rate	7.85%	7.68%
Expected rate of future salary increase	5.50%	5.50%

b) Demographic assumptions	31 March 2018	31 March 2017
i) Retirement age (years)	60	60
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006-08)	
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

E. Maturity Profile of defined benefit obligation:

Year	Amount
Within 1 Year	38
1-2 Year	13
2-3 Year	12
3-4 Year	12
4-5 Year	11
More than 5 Year	609

The company expects to contribute Rs. 92.16 lac to gratuity fund during next financial year

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(41)	45	(36)	40
Expected rate of future salary increase (0.5% movement)	46	(42)	40	(37)

Senstivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Senstivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

(iii) Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to Rs. 125 Lac (previous year Rs. 100 Lac). The Company determines the expense for compensated absences basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

42 Related parties

A. 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)

Joint Ventures/ Associates in which Joint Venturer is a Venturer

ONGC Petro additions Limited (OPAL)
Indraprastha Gas Limited (IGL)
Mahanagar Gas Limited (MGL)
Dahej SEZ Limited (DSL)
Matrix Bharat Pte Limited (MBPL)

ii. Joint Venture

Adani Petronet (Dahej) Port Pvt. Ltd (APPPL).
India LNG Transport Co (No 4) Pvt. Ltd. (ILT4)

iii. Key Managerial Personnel (KMP)

Sh. K. D. Tripathi
Sh. Prabhat Singh
Sh. Rajender Singh
Sh. R K Garg (upto 19 July'17)
Sh. Subhash Kumar (w.e.f. 5 Aug'17 to 31 Jan'18)
Sh. D. K. Sarraf (upto 30 Sept'17)
Sh. Shashi Shankar (w.e.f. 17 Oct'17)
Sh. T. Natrajan (w.e.f. 21 Sept'16)
Sh. Subir Purkayastha
Sh. Debasis Sen (upto 31 Aug'16)
Sh. G.K. Satish (w.e.f. 21 Sept'16)
Sh. S. Varadarajan (upto 30 Sept'16)
Sh. D Rajkumar (w.e.f. 1 Oct'16)
Sh. Arun Kumar Misra (upto 13 Aug'17)
Sh. Sushil Kumar Gupta (upto 14 Jan'18)
Dr. Jyoti Kiran Shukla

iv. Trust

Petronet LNG Foundation, a Company Ltd. by guarentee (PLF)

B. Transactions with the above in the ordinary course of business

Nature of Transaction	Party Name	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of RLNG	GAIL	1,468,523	1,257,692
	IOCL	828,960	715,728
	BPCL	455,860	293,998
	OPAL	50,104	4,442
	ONGC	20,381	-
	IGL	73	-
	Total	**2,823,901**	**2,271,860**
Regasification Services and Other Services	GAIL	50,231	54,455
	IOCL	24,611	12,973
	BPCL	15,118	3,835
	ONGC	1,793	856
	OPAL	8	0.4
	Total	**91,761**	**72,119**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Nature of Transaction	Party Name	For the year ended 31 March 2018	For the year ended 31 March 2017
Purchase of Vessel Fuel Oil	MBPL	**122**	**-**
Interest Income	ILT 4	**28**	**7**
Contribution to Foundation	PLF	**200**	-
Advance received /(adjusted) against long term regas agreement	GAIL	(3,524)	(708)
	IOCL	(2,223)	(417)
	BPCL	(1,874)	(167)
	Total	**(7,621)**	**(1,292)**
Investment in Equity Shares	ILT4	-	**7,438**
Loans and Advances given/ (Reimbursments)	ILT 4	-	837
	ILT 4	-	(372)
	Total	**-**	**465**
Sitting fees/Commission to the Directors (other than whole time directors)	GAIL on behalf of Subir Purkayastha	1.2	1.4
	IOCL on behalf of G.K. Satish/ Debasis Sen	1.8	1.2
	BPCL on behalf of D Rajkumar/ S. Vardarajan	0.8	0.2
	ONGC on behalf of D. K. Sarraf / Shashi Shanker	2.4	2.2
	GMB on behalf of T. Natrajan	0.4	0.4
	Arun Kumar Misra	5.4	10.9
	Jyoti Kiran Shukla	11.1	8.9
	Sushil Kumar Gupta	10.1	10.7
	Total	**33.2**	**35.9**
Recovery of expenses	GAIL	32	1049
	IOCL	26	63
	BPCL	27	46
	APPPL	-	1
	Total	**85**	**1,159**
Reimbursement of expense to related party	GAIL	70	51
	BPCL		3
	ONGC		5,951
	Total	**70**	**6,005**
Payment of lease and related services	IOCL	559	589
	GAIL	16	-
	ILT 4	13,407	5,732
	Total	**13,982**	**6,321**
Provision for Doubtful Debts	GAIL	(33)	4,142
	Total	**(33)**	**4,142**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Nature of Transaction	Party Name	For the year ended	
		31 March 2018	31 March 2017
a) short-term employee benefits		207	251
b) post-employment benefits		20	21
c) other long-term benefits		40	10
d) termination benefits		-	-
Total		**267**	**282**

Nature of Transaction	Party Name	As at	
		31 March 2018	31 March 2017
Amount recoverable at year end	GAIL*	75,323	66,642
	IOCL	46,813	29,606
	BPCL	27,272	10,344
	OPAL	5,135	-
	ONGC	3,878	-
	ILT4	469	440
	Total	**158,890**	**107,032**
Amount Payable at year end	GAIL	(29)	6
	IOCL	44	0.2
	BPCL	(28)	2
	ONGC	-	0.2
	ILT4	-	1,544
	Total	**(13)**	**1,552**
Advances Outstanding at year end	GAIL	45,892	49,416
	IOCL	27,361	29,583
	BPCL	17,980	19,855
	OPAL	3,456	-
	Dahej SEZ	-	3
	Total	**94,689**	**98,857**

* The amount recoverable is net of provision for doubtful debts of Rs 4,109 lac (Rs 4,142 lac as on 31 March 2017)

The transactions were made on normal commercial terms and conditions and at market rates.

43 Remuneration to Auditor (exclusive of Service Tax)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Statutory Audit Fee (including limited review fees)	17	20
Tax audit and Audit U/s 80IA	7	7
Taxation Services	6	8
Fees for certification	7	8
Reimbursement of expenses	1	1
Total	**38**	**44**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

44 Corporate Social Responsibility

a. Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was Rs. 3,030 lac (Previous year Rs. 2,106 lac)

b. Corporate Social Responsibility (CSR) activities undertaken during the year is Rs.823 lac (Rs.816 lac paid in cash and Rs.7 lac is yet to be paid) {Previous year Rs.438 lac (Rs.406 lac was paid in cash and Rs.32 lac was unpaid)}

45 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial Instruments by Category

	As at 31 March 2018		As at 31 March 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Non-current investments	0.13	-	0.13	-
Loans	-	2,295	-	2,267
Other non-current financial assets	9,573	1,376	15,881	1,403
Current investments	395,784	-	277,073	
Trade receivables	-	165,050	-	121,079
Cash and cash equivalents	-	85,530	-	32,099
Bank balances other than above	-	722	-	635
Other current financial assets	-	106	-	28
	405,357	**255,079**	**292,954**	**157,511**
Financial Liabilities				
Borrowings	-	73,341	-	145,003
Trade payables	-	156,990	-	94,460
Other financial liabilities	-	83,144	-	88,481
	-	**313,475**	**-**	**327,944**

B. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classifiedits financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Investments at FVTPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	395,784	-	-	395,784
Cross currency interest rate swaps	-	9,573	-	9,573
Total Financial Assets	**395,784**	**9,573**	**0.13**	**405,357**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Loans	-	-	2,295	2,295
Other non-current financial assets	-	-	1,376	1,376
Trade receivables	-	-	165,050	165,050
Cash and cash equivalents	-	-	85,530	85,530
Bank balances other than above	-	-	722	722
Other current financial assets	-	-	106	106
Total Financial Assets	**-**	**-**	**255,079**	**255,079**
Financial Liabilities				
Borrowings	-	-	73,341	73,341
Trade payables	-	-	156,990	156,990
Other financial liabilities	-	-	83,144	83,144
Total Financial Liabilities	**-**	**-**	**313,475**	**313,475**

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial Investments at FVPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	277,073	-	-	277,073
Cross currency interest rate swaps	-	15,881	-	15,881
Total Financial Assets	**277,073**	**15,881**	**0.13**	**292,954**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Loans	-	-	2,267	2,267
Other non-current financial assets	-	-	1,403	1,403
Trade receivables	-	-	121,079	121,079
Cash and cash equivalents	-	-	32,099	32,099
Bank balances other than above	-	-	635	635
Other current financial assets	-	-	28	28
Total Financial Assets	**-**	**-**	**157,511**	**157,511**
Financial Liabilities				
Borrowings	-	-	145,003	145,003
Trade payables	-	-	94,460	94,460
Other financial liabilities	-	-	88,481	88,481
Total Financial Liabilities	**-**	**-**	**327,944**	**327,944**

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, overthecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted equity shares	
	31 March 2018	31 March 2017
Opening balance	0.13	0.13
Acquisitions	-	-
Gains/losses recognised in profit or loss	-	-
Closing balance	**0.13**	**0.13**

Valuation process

The amount invested and fair value of unquoted equity shares as on 31 march 2018, 31 March 2017 is Rs 0.13. The fair value is determined using level 3 input i.e. discounted cash flows.

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2018		As at 31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans	2,295	2,295	2,267	2,267
Other non-current financial assets	1,376	1,376	1,403	1,403
Trade receivables	165,050	165,050	121,079	121,079
Cash and cash equivalents	85,530	85,530	32,099	32,099
Bank balances other than above	722	722	635	635
Other current financial assets	106	106	28	28
	255,079	**255,079**	**157,511**	**157,511**

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Financial liabilities				
Borrowings	73,341	73,341	145,003	145,003
Trade payables	156,990	156,990	94,460	94,460
Other financial liabilities	83,144	83,144	88,481	88,481
	313,475	**313,475**	**327,944**	**327,944**

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, current maturities of long term debt, unpaid dividend, and other payable for capital goods are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;

- liquidity risk; and

- market risk

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit Risk

The Company has made investments in Debt based Mutual Funds. These Mutual funds invests in NCD / Bonds / CP / CD of various companies and banks. In case, the investee company defaults on repayment, such losses may have to be borne by the investors of Mutual funds.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 38(C).

Company generally takes Stand by Letter of Credit (SBLC) from its customers, the exceptions being its Promoters namely BPCL, GAIL, IOCL and ONGC. Option to take SBLC from Promoter is also being explored by the company.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. Basis the evaluation, the management has determined that there are credit impairment loss on the trade and other receivables.

Notes to the standalone financial statements for the year ended 31 March 2018
(All amounts are in Rupees lac, unless otherwise stated)

The gross carrying amount of trade receivables is Rs. 1,65,050 lac (31 March 2017 – Rs. 1,25,221 lac).

During the period, the Company has made no write-offs of trade receivables. The Company management also pursue all options for recovery of dues wherever necessary based on its internal assessment.A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31 March 2018	31 March 2018
Opening balance	4,142	-
Changes in loss allowance calculated at life time expected credit losses	(33)	4,142
Closing Balance	**4,109**	**4,142**

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2018	As at 31 March 2017
Floating rate		
Expiring within one year (bank overdraft and other facilities)		
- Fund/ Non fund based (secured)	256,480	326,232
- Fund/ Non fund based (unsecured)	280,816	329,042
Expiring beyond one year (bank loans)	-	
Total	**537,296**	**655,274**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year (as at 31 March 2017 - 1 year).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Carrying Amounts 31 March 2018	Contractual cash flows				
		upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	73,341			63,221	10,120	
Trade payables	1,56,990	1,56,990				
Current maturities of long term debt- other parties	71,964	50,982	20,982			
Interest accrued but not due on borrowings	4,352	2,031	2,321			
Unpaid dividend	722	722				
Other payables for:						
- Capital goods	5,967	5,967				
- Security deposits / Retention money	139	88	15	16	20	-
Total non-derivative liabilities	**3,13,475**	**2,16,780**	**23,318**	**63,237**	**10,140**	**-**

	Carrying Amounts 31 March 2017	Contractual cash flows				
		upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	1,45,003	-	-	71,663	71,040	2,300
Trade payables	94,460	94,460	-	-	-	-
Current maturities of long term debt- other parties	76,797	19,748	57,049	-	-	-
Interest accrued but not due on borrowings	5,874	2,013	3,861	-	-	-
Unpaid dividend	635	635	-	-	-	-
Other payables for:						
- Capital goods	5,064	5,064	-	-	-	-
- Security deposits / Retention money	111	17	71	-	23	-
Total non-derivative liabilities	**3,27,944**	**1,21,937**	**60,981**	**71,663**	**71,063**	**2,300**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iii. Market Risk

Market risk is the risk that changes in market prices – such as commodity prices (LNG), foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

a) Price Risk

To protect the company from fluctuation of commodity prices, same are passed through to the off-takers in long term contract. In spot or short term contract, they are generally pass through to the customers except in few cases, up to 2 cargo load, where the company keeps the commodity price risk with themselves to take benefit from market fluctuation.

b) Currency Risk

PLL imports LNG mainly from Qatar and Australia through long term chartered vessels. The foreign exchange involved in making payment to LNG suppliers, loading port charges and shipper is recovered from off-taker / customer under sale contract, both long term and short term. For foreign currency loans taken by Company, the company has entered into derivative transaction at the time of draw down itself to protect from exchange losses. Company does not take any exposure on account of currency in Foreign Currency Loans. In respect of other payments on account of repair and capex of plant, operating expenses of plant and corporate offices etc. same are monitored on a regular basis to keep the open position at an acceptable level.

Exposure to Currency Risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

(This space has been intentionally left blank)

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

As at 31 March 2018

	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,295	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(9,573)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(7,274)**	-	-	-	-	-	-
Borrowings	39,224	-	-	-	-	-	-
Trade payables	1,48,979	(52)	1	8	(20)	-	-
Other payables for Capital goods	2,142	-	-	-	-	-	-
Net statement of financial position exposure	**1,90,345**	**(52)**	**1**	**8**	**(20)**	-	-

As at 31 March 2017

	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,265	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(15,881)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(13,612)**	-	-	-	-	-	-
Borrowings	64,839	-	-	-	-	-	-
Trade payables	87,783	(7)	94	1	26	10	(7)
Other payables for Capital goods	743	-	-	-	-	-	-
Net statement of financial position exposure	**1,53,365**	**(7)**	**94**	**1**	**26**	**10**	**(7)**

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss, net of tax		**Equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2018				
10% movement				
USD	11,971	(11,971)	11,971	(11,971)
EUR	(3)	3	(3)	3
AUD	0.1	(0.1)	0.1	(0.1)
GBP	1	(1)	1	(1)
JPY	(1)	1	(1)	1

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2017				
10% movement				
USD	9,139	(9,139)	9,139	(9,139)
EUR	(0.4)	0.4	(0.4)	0.4
AUD	6	(6)	6	(6)
GBP	-	-	-	-
JPY	2	(2)	2	(2)
SGD	1	(1)	1	(1)
NOK	(0.5)	0.5	(0.5)	0.5

c) Interest Rate Risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company cash flow to interest rate risk. Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary especially if the borrowing is made in foreign currency. Company has some amount of loan taken from International Finance Corporation, which is at variable rate. The Company ensures that such amount is kept at an acceptable level. The investment of surplus funds made by company in debt based of mutual funds is also subject to this risk. Company makes investment in a manner which minimises such risk and also takes regular feedback from the market experts on such investments. The Company has also given loans to, India LNG Transport Company (No. 3) Limited, Malta and India LNG Transport Company (No. 4) Private Limited, Singapore, which are at Bank Rate and any change in Bank Rate will impact the earnings.

Exposure to Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal Amount	
	31 March 2018	**31 March 2017**
Fixed-rate instruments		
Financial liabilities		
- Fixed rate borrowing	129,204	202,939
	129,204	**202,939**
Variable-rate instruments		
Financial assets		
- Loan	2,295	2,267
Financial liabilities		
- Variable rate borrowing	16,100	18,860
	18,395	**21,127**

	31 March 2018		
	Average interest rate	**Balance**	**% of total loans**
Financial Asset : Loan	6.50%	2,295	100%
Financial Liability: IFC "A loan"	8.00%	16,100	11%

Notes to the standalone financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	31 March 2017		
	Average interest rate	**Balance**	**% of total loans**
Financial Asset : Loan	7.00%	2,267	100%
Financial Liability: IFC "A loan"	8.64%	18,860	8.49%

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss, net of tax		**Equity, net of tax**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2018				
Variable-rate instruments	(105)	105	(105)	105
Cash flow sensitivity (net)	**(105)**	**105**	**(105)**	**105**
31 March 2017				
Variable-rate instruments	(103)	103	(103)	103
Cash flow sensitivity (net)	**(103)**	**103**	**(103)**	**103**

A change of 100 basis points in interest rates would have increased or decreased equity by Rs.105 lac after tax (Previous year Rs. 103 lac). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

46 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital on a yearly basis as well as the level of dividends to ordinary shareholders which is given based on approved dividend policy.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Petronet LNG Limited

1. Report on the ConsolidatedFinancial Statements

   We have audited the accompanying consolidatedInd AS financial statements of Petronet LNG Limited ("the Parent Company") and its joint venture (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March 2018, the Consolidated statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Change in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

2. Management's Responsibility for the Consolidated Financial Statements

   The Parent Company's Board of Directors is responsible for the preparation of the consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated change in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules issued thereunder.

   The respective Board of Directors of the Companies included in the group are responsible for 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; 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 Consolidated Ind AS 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 Parent Company, as aforesaid.

3. Auditor's Responsibility

   Our responsibility is to express an opinion on theseconsolidatedInd AS financial statements based on our audit. While conducting 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidatedInd AS 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 Ind AS 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 Ind AS financial statements.

   We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on theconsolidatedInd AS financial statements.

4. Opinion

   In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate Ind AS financial statement and on the other financial information of joint ventures, the aforesaid consolidatedInd AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs(financial position) of the Group as at 31st March, 2018, and their consolidated profit(financial performanceincluding other comprehensive income), their consolidated cash flows and consolidated change in equity for the year ended on that date.

5. Other Matters

   The consolidated financial statement includes the Group's share of net profit of Rs. 32.59 crores, Other Comprehensive Income of Rs. 0.45 crores and recognition of demerger impact in Reserves of Rs. (6.46) crores for the year ended 31st March 2018, as considered in the consolidated financial results, in respect of its joint venture namely Adani Petronet (Dahej) Port Pvt. Ltd. (APPPL) and India LNG

Transport Co No (4) Pvt. Ltd (ILT4), whose financial statements/financial information have not been audited by us.

The financial statements of APPPL and ILT4 have been audited by other auditor whose report has been furnished to us by the management and our opinion, in so far as it relates to amounts and disclosures included in respect of such Joint venture 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 Ind AS 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 and the financial statement/financial information certified by the management.

6. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on consideration of report of the other auditor on separate financial statement and other financial information of the joint venture, as noted in 'other matter' paragraph,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 Ind AS 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 and the report of the other auditor;

c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss(including Other Comprehensive Income), consolidated Cash Flow Statement and consolidated Statement of Change in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

d. In our opinion, the aforesaid consolidatedInd AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rule issued thereunder.

e. On the basis of written representations received from the directors of the Parent Company as on 31stMarch, 2018, taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its joint venture incorporated in India, none of the directors of the Group companies is disqualified as on 31stMarch, 2018, 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 with reference to consolidated Ind AS financial statements of the group and its joint venture entity incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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 and based on the consideration of the report of the other auditor on separate financial statement as also the other information of the joint venture, as noted in 'Other Matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 37 Bto 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 37 A (b)to the consolidated Ind AS 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 Regn No. 006711N / N500028

Neena Goel
(Partner)
M.N. 057986
Date: 21st May 2018
Place: New Delhi

"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 Ind AS financial statements of the Company as of and for the year ended 31 March 2018, 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 controlswith reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 control system with reference to consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of Joint Venture, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below,is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

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 consolidated 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 consolidated 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

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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statementsmay become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to explanations given to us, the Parent Company and its joint venture entity, which are incorporatedin India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2018,based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to Joint venture company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Neena Goel
(Partner)
M.N. 057986
Date: 21st May 2018
Place: New Delhi

Consolidated Balance Sheet as at 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	802,723	841,851
Capital work-in-progress	4	22,027	4,855
Intangible assets	5	239	453
Investments in Joint Ventures	6	25,520	24,887
Financial assets			
(i) Investments	7	0.13	0.13
(ii) Loans	8	2,295	2,267
(iii) Other non-current financial assets	9	10,949	17,284
Other non-current assets	10	7,990	9,499
Total Non-Current Assets		**871,743**	**901,096**
Current Assets			
Inventories	11	49,110	54,052
Financial assets			
(i) Investment	12	395,784	277,073
(ii) Trade receivables	13	165,050	121,079
(iii) Cash and cash equivalents	14	85,530	32,099
(iv) Other bank balances	15	722	635
(v) Other current financial assets	16	106	28
Current tax assets (net)	17	932	2,810
Other current assets	18	5,476	2,487
Total Current Assets		**702,710**	**490,263**
Total Assets		**1,574,453**	**1,391,359**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	150,000	75,000
Other equity	20	831,129	742,838
Total Equity		**981,129**	**817,838**
Liabilities		-	
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	21	73,341	145,003
Long-term provisions	22	781	656
Deferred tax liabilities (net)	23(B)	104,817	7,3018
Other non-current liabilities	24	128,363	138,576
Total Non-Current Liabilities		**307,302**	**357,253**

	Notes	As at 31 March 2018	As at 31 March 2017
Current Liabilities			
Financial liabilities			
(i) Trade payables		156,990	94,460
(ii) Other financial liabilities	25	83,144	88,481
Other current liabilities	26	44,678	26,758
Short-term provisions	27	1,210	945
Current tax liabilities (net)	28	-	5,624
Total Current Liabilities		**286,022**	**216,268**
Total Liabilities		**593,324**	**573,521**
Total Equity and Liabilities		**1,574,453**	**1,391,359**

The accompanying notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

Significant Accounting Policies	2
Other Notes on Accounts	37 to 48

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
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Place : New Delhi
Date : 21 May 2018

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Consolidated Statements of Profit and Loss for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2018
Revenue			
Revenue from operations	29	3,059,862	2,461,603
Other income	30	31,740	34,664
Total Income (A)		**3,091,602**	**2,496,267**
Expenses			
Cost of materials consumed	31	2,669,019	2,141,692
Employee benefits expense	32	9,120	7,386
Finance costs	33	16,299	20,965
Depreciation and amotization expense	34	41,165	36,907
Other expenses	35	50,488	53,298
Total Expenses (B)		**2,786,091**	**2,260,248**
Share of profit of equity-accounted investees, net of tax		3,259	1,746
Profit/ (Loss) before tax (C = A - B)		**308,770**	**237,765**
Tax expense:			
Current tax (a)	23(A)	65,931	51,288
Deferred tax (b)	23(A)	31,795	14,164
Total tax expense (D = A + B)		**97,726**	**65,452**
Profit/ (loss) for the period (E = C - D)		**211,044**	**172,313**
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Remeasurement of defined benefit plans		11	(12)
Income tax relateing to remeasurement of defined benefit plans	23(A)	(4)	4
Equity-accounted investees – share of OCI		45	(171)
Total Other Comprehensive income for the period (F)		**52**	**(179)**
Total Comprehensive Income for the period (G = E + F)		**211,096**	**172,134**
Earnings per equity share of Rs. 10/- each	36		
Basic (Rs.)		14.07	11.49
Diluted (Rs.)		14.07	11.49

The accompanying notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

Significant Accounting Policies **2**

Other Notes on Accounts **37 to 48**

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
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Membership No - 057986

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Prabhat Singh
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Director - Finance
DIN: 08125144

Place : New Delhi
Date : 21 May 2018

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

PETRONET LNG LIMITED

Consolidated Statements of Cash Flow for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Cash flow from operating activities		
Net Profit before tax	308,770	237,765
Adjustment for:		
Depreciation	41,165	36,907
Loss on the sale of fixed asset	130	11
Profit on sale /fair valuation of current Investment	(22,610)	(19,624)
Interest Expense	16,299	20,965
Foreign exchange gain/ loss on restatement of financial liabilities	(5,978)	(8,631)
Fair value losses on derivatives not designated as hedges	6,308	10,004
Share of Profit of JV's	(3,259)	(1,746)
Interest Income	(1,017)	(1,893)
Excess provision written back	(33)	(618)
Provision for doubtful debts	-	4,142
Operating profit before working capital changes	**339,775**	**277,282**
Movements in working capital :-		
(Increase)/ Decrease in loans	(28)	(401)
(Increase)/ Decrease in inventories	4,942	(29,442)
(Increase)/ Decrease in trade receivables	(43,971)	(26,369)
(Increase)/ Decrease in other financial assets	(52)	(60)
(Increase)/ Decrease in Other assets	(3,051)	3,297
Increase / (Decrease) in trade payables	62,530	18,123
Increase / (Decrease) in other financial liabilities	989	10
Increase / (Decrease) in provisions	402	44
Increase / (Decrease) in other liabilities	7,704	2,071
Cash Generated from/ (used in) operations	**369,239**	**244,555**
Less: Income Tax Paid (net of refunds)	(69,677)	(37,797)
Net Cash generated from /(used in) operating activities (A)	**299,562**	**206,758**
B. Cash flow from investing activities		
Net proceeds / (purchase) of property, plant and equipment and capital work in progress	(17,330)	(54,419)
Net proceeds / (purchase) of intangible assets	(195)	(177)
Net proceeds / (purchase) of equity accounted investees	(0)	(7,438)
Net proceeds/ (purchase) of investments	(95,083)	(257,449)
Interest received	**33**	**1,992**
Net movement in fixed deposits	**(87)**	**(16)**
Net Cash Generated from / (Used in) Investing Activities (B)	**(112,662)**	**(317,507)**

		For the year ended 31 March 2018	For the year ended 31 March 2017
C.	Cash Flow from Financing Activities		
	Net proceeds/(Repayment) of Long Term Borrowings	(70515)	(31,284)
	Interest Expense Paid	(17821)	(20,973)
	Dividend paid	(45134)	(22,567)
	Net Cash generated from / (used in) Financing Activities (C)	**(133470)**	**(74,824)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**53431**	**(185572)**
	Balance at the beginning of the year		
	Cash and cash equivalents at the beginning of the year	32099	217671
	Balance at the end of the year	**85530**	**32099**

Reconciliation between the opening and closing balances in balance sheet for liabilities arising from financing activities

Particulars	Long Term Borrowings	Debentures	Total
Opening Balance as on 1st April 2017	91,816	1,35,857	**2,27,673**
Financing Cash Flows	(30,516)	(40,000)	**(70,516)**
Non-Cash Changes			-
Interest Accrued	17	(1,539)	**(1,522)**
Forex Reinstatement	(5,978)		**(5,978)**
Closing Balance as at 31st March 2018	**55,339**	**94,318**	**1,49,657**

The accompanying notes are an integral part of these financial statements
This is the Statement of Cash Flow referred to in our report of even date

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

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Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Place : New Delhi
Date : 21 May 2018

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Consolidated Statement of Changes in Equity for the year ended 31st March 2018

(All amounts are in Rupees lac, unless otherwise stated)

(a) Equity share capital	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	750,000,044	75,000	750,000,044	75,000
Changes in equity share capital during the year	750,000,044	75,000	-	-
Balance at the end of the reporting period	**1,500,000,088**	**150,000**	**750,000,044**	**75,000**

(b) Other equity

	Reserves & Surplus					OCI	Total
	Capital Reserve	Securities Premium Account	Debenture Redemption Reserve	General Reserve	Retained earnings	Remeasurement of defined benefit plans	
Balance at 31 March 2016	**-**	**15,546**	**17,166**	**72,800**	**485,737**	**(3)**	**591,246**
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	**15,546**	**17,166**	**72,800**	**485,737**	**(3)**	**591,246**
Profit for the year	-	-	-	-	172,313	-	172,313
Other comprehensive income for the year	-	-	-	-	-	(179)	(179)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**172,313**	**(179)**	**172,134**
Transfer to debenture redemption reserve	-	-	7,834	-	(7,834)	-	-
Dividend paid	-	-	-	-	(18,750)	-	(18,750)
Dividend distribution tax	-	-	-	-	(3,817)	-	(3,817)
Purchase of interest in equity accounted investees	2,025	-	-	-	-	-	2,025
Balance at 31 March 2017	**2,025**	**15,546**	**25,000**	**72,800**	**627,649**	**(182)**	**742,838**
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	**15,546**	**25,000**	**72,800**	**627,649**	**(182)**	**742,838**

	Reserves & Surplus					OCI	
	Capital Reserve	Securities Premium Account	Debenture Redemption Reserve	General Reserve	Retained earnings	Remeasurement of defined benefit plans	Total
Profit for the year	-	-	-	-	211,044	-	211,044
Other comprehensive income for the year	-	-	-	-	-	52	52
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**211,044**	**52**	**211,096**
Impact of Scheme of Arrangement (refer note 6 (A))	-	-	-	-	(646)		(646)
Issue of bonus share	-	(15,546)	-	-	(59,454)	-	(75,000)
Transfer to debenture redemption reserve	-	-	(5,500)	-	5,500	-	-
Dividend paid	-	-	-	-	(37,500)	-	(37,500)
Dividend distribution tax	-	-	-	-	(7,634)	-	(7,634)
Adjustment against purchase of interest in equity recognised in early years (refer note 6(B))	(2,025)	-	-	-	-	-	(2,025)
Balance at 31 March 2018	**-**	**-**	**19,500**	**72,800**	**738,959**	**(130)**	**831,129**

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

Sd/-
Neena Goel
Partner
Membership No - 057986

Place : New Delhi
Date : 21 May 2018

For and on behalf of Petronet LNG Limited

Sd/-
Prabhat Singh
Managing Director & CEO
DIN: 03006541

Sd/-
Vinod Kumar Mishra
Director - Finance
DIN: 08125144

Sd/-
Mukesh Kumar Gupta
VP(F&A) and Officiating CS
Membership No - 11448

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

1. Reporting Entity

Petronet LNG Limited referred to as “PLL” or “the Company” is domiciled in India. The Company’s registered office is at World Trade Centre, 1st Floor, Babar Road, Barakhamba Lane, New Delhi – 110001.

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 2 April 1998 under the Companies Act, 1956 and received certificate of commencement of business on 1 June 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 15 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.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

i. Basis of preparation

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (‘Ind AS’), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; and by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

These financial statements were authorised for issue by the Board of Directors on 21 May 2018.

ii. Basis of measurement

The financial statements have been prepared on a historical cost basis except the following items, which are measured on alternative basis on each reporting date:

- Certain financial assets (including derivative instruments) that is measured at fair value
- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation

iii. Principles of equity accounting

The consolidated financial statement of Petronet LNG Limited (‘the Company’) includes financial statements of Adani Petronet (Dahej) Port Pvt. Ltd. and India LNG Transport Co (No 4) Ltd (‘the JV Company’), in both of which the Company owns 26% paid up share capital, collectively referred to as ‘the Group’.

The consolidated financial statements have been prepared on the following basis:

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company’s share of the post-acquisition profits or losses and other comprehensive income. Pre-acquisition period dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note xv below.

iv. Functional and presentation currency

These financial statements are presented in Indian Rupee (‘INR’), which is the Company’s functional currency. All amounts have been rounded to the nearest lac, unless otherwise indicated.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

v. **Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Leases: Whether an arrangement contains a lease
- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year ended 31 March 2018 is included below:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Useful life of property, plant & equipment
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

vi. Property, plant and equipment:

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment.

Any gain on disposal of property, plant and equipment is recognised in Profit and loss account.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

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.

Cost of leasehold land is amortized over the lease period.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively.

vii. Intangible assets

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

viii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

(A) Financial Assets

(a) Initial recognition and measurement

All financial assets are recognised initially at fair value (plus transaction costs attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss).

(b) Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a period, for other basic lending risks, costs (e.g. liquidity risk and administrative costs), and profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Debt instruments at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at fair value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

(d) Impairment of financial assets

The Company assesses the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

(B) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

(c) Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(C) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

ix. Inventories

Raw material, stores and spares are valued at lower of cost or net realizable value. Cost of raw material is determined on first-in, first-out principle for respective agreements of LNG.

Cost of stores and spares is determined on weighted average cost.

x. Revenue Recognition

(a) Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is primarily derived from Sale of RLNG and is net of sales tax. Transfer of risk and rewards for sale of RLNG is at the point of dispatch.

(b) Rendering of services

Revenue from regasification services is recognised when services are rendered and related costs are incurred in accordance with agreements.

(c) Interest income

Interest income is recognized using the Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

(d) Dividend income

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

xi. 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.

xii. Employee benefits

a) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

i) Provident Fund

ii) Superannuation Fund

c) Defined benefit plans

The company has only one Defined benefit plan - Gratuity. The company net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after considering any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

d) **Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The company has following long term employment benefit plans:

Leave encashment

Leave encashment is payable to eligible employees at the time of retirement. The liability for leave encashment is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

xiii. Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

Other borrowing costs are expensed in the period in which they are incurred.

xiv. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

i) Has a legally enforceable right to set off the recognised amounts; and

ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only if:

i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

xv. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

xvi. **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

xvii. **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of Petronet LNG Limited has been identified as being the chief operating decision maker by the Management of the company. Refer note 38 for segment information presented.

xviii. **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xix. **Recent accounting pronouncements**

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the performance obligation is transferred to the customer. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that for determining the exchange rate, the date of the transaction is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the Consolidated financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

3. Property, plant and equipment

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible Assets										
Freehold Land	10,778	-	-	10,778	-	-	-	-	10,778	10,778
Buildings*	48,850	284	-	49,134	3,272	1,855	-	5,127	44,007	45,578
Plant & Equipments*	841,503	1,624	(1,099)	842,028	64,156	38,451	(339)	102,268	739,760	777,347
Office Equipments	1,031	388	(362)	1,057	358	254	(341)	271	786	673
Furniture & Fixtures	541	103	(135)	509	122	71	(110)	83	426	419
Speed Boat	38	-	-	38	10	5	-	15	23	28
Vehicles	186	49	(39)	196	49	28	(25)	52	144	137
Assets taken on finance lease										
Leasehold Land	7,075		-	7,075	184	92	-	276	6,799	6,891
Total	**910,002**	**2,448**	**(1,635)**	**910,815**	**68,151**	**40,756**	**(815)**	**108,092**	**802,723**	**841,851**

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible Assets										
Freehold Land	10,778	-	-	10,778	-	-	-	-	10,778	10,778
Buildings*	39,815	9,035	-	48,850	1,514	1,758	-	3,272	45,578	38,301
Plant & Equipments*	653,157	188,346	-	841,503	29,830	34,326	-	64,156	777,347	623,327
Office Equipments	577	482	(28)	1,031	160	218	(20)	358	673	417
Furniture & Fixtures	453	100	(12)	541	60	67	(5)	122	419	393
Speed Boat	38	-	-	38	5	5	-	10	28	33
Vehicles	164	39	(17)	186	29	29	(9)	49	137	135
Assets taken on finance lease										
Leasehold Land	7,075	-	-	7,075	92	92	-	184	6,891	6,983
Total	**712,057**	**198,002**	**(57)**	**910,002**	**31,690**	**36,495**	**(34)**	**68,151**	**841,851**	**680,367**

*** Note:**

Plant & Equipment and Buildings includes Jetty & Trestle having gross value of Rs.101,721 (Dahej Phase 1 & additional Jetty) & Rs. 35,871 (Kochi). As per concession agreement, the ownership of Jetty & Trestle (Dahej Phase 1) would be transferred to the Gujarat Maritime Board in the year 2035. The additional Jetty at Dahej would also be transferred to Gujarat Maritime Board as per the yet to be executed concession agreement. The ownership of Jetty & Trestle (Kochi) would be transferred to Cochin Port Trust in the year 2039.

Notes to the Consolidated financial statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

4. Capital Work-in-Progress

	As at 31 March 2017	Additions	Deletions	As at 31 March 2018
Dahej Ph-III 15MMTPA	50		(50)	-
Dahej Ph-III 17.5 MMTPA	3,983	15,936		19,919
Others	822	1,286		2,108
Total	**4,855**	**17,222**	**(50)**	**22,027**

Particulars	As at 31 March 2016	Additions	Deletions	As at 31 March 2017
Dahej Ph-III 15MMTPA	154,622	42,652	(197,224)	50
Dahej Ph-III 17.5 MMTPA	-	3,983	-	3,983
Others	426	825	(429)	822
Total	**155,048**	**47,460**	**(197,653)**	**4,855**

5. Intangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Intangible Assets										
Licenses/Softwares	1,335	195	(366)	1,164	882	409	(366)	925	239	453
Total	**1,335**	**195**	**(366)**	**1,164**	**882**	**409**	**(366)**	**925**	**239**	**453**

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2016	Additions	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Intangible Assets										
Licenses/Softwares	1,157	178	-	1,335	470	412	-	882	453	687
Total	**1,157**	**178**	**-**	**1,335**	**470**	**412**	**-**	**882**	**453**	**687**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless ***otherwise stated)***

	As at 31 March 2018	As at 31 March 2017
6 Investments in Joint Ventures		
Investment in equity instruments (fully paid-up) (Unquoted)		
9,00,00,000 Equity Shares (previous year 9,00,00,000) of Rs. 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd.	16,702	15,424
11,036,558 Equity Shares (previous year 11,036,558) of USD 1 each (INR equivalent Rs. 67.40 each), fully paid up in India LNG Transport Co (No 4) Pvt Ltd.* (Pledged with Sumitomo Mitsui Banking Corporation)	8,818	9,463
	25,520	**24,887**
Aggregate book value of quoted investments	NIL	NIL
Aggregate book value of un-quoted investments	25,520	24,887

*Capital reserve was recognised at the time of initial recognition based on the fair value of ILT4. The same has been adjusted during current year base on audited financials of ILT4, which were not available at the time of consolidation during previous year.

Interests in Joint venture (equity accounted)

A. Adani Petronet (Dahej) Port Pvt. Ltd. ('APPPL') is a joint venture in which the Company has joint control and a 26% ownership interest. It is one of the Company's strategic investments and is principally engaged in managing a Solid Cargo Port. The Solid Cargo Port is faciliating import/export of bulk products like coal, steel and fertilizer etc since August 2010 at Dahej Port, India.

APPPL is structured as a separate vehicle and the Company has a residual interest in the net assets of APPPL. Accordingly, the Company has classified its interest in APPPL as a joint venture.

B. India Transport Co (No 4) Pvt. Ltd. ('ILT4') is joint venture in which the Company has joint control and a 26% ownership interest. It is one of the Company's strategic investments and is primarily engaged in transportation of LNG from Gorgon, Australia to Kochi & Dahej terminals through a cargo vessel. The joint venture has the principal place of business in Singapore.

ILT4 is structured as a separate vehicle and the Company has a residual interest in the net assets of ILT4. Accordingly, the Company has classified its interest in ILT4 as a joint venture.

Summarised financial information for joint ventures

A. The following table summarises the financial information of APPPL as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in APPPL.

	APPPL	
	31 March 2018	**31 March 2017**
Percentage ownership interest	**26%**	**26%**
Non-current assets	112,867	123,526
Current assets (including cash and cash equivalents – 31 March 2018: Rs. 400)	32,209	27,563
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions –	(59,508)	(65,281)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 31 March 2018: Rs.18,834	(20,357)	(25,515)
Net assets (100%)	**65,211**	**60,292**
Company's share of net assets (26%)	16954	15,676
Adjustment on account of deemed cost exemption taken by Company	(252)	(252)
Carrying amount of interest in joint venture *	**16,702**	**15,424**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	For the year ended	
	31 March 2018	**31 March 2017**
Revenue	33,503	32,516
Depreciation and amortisation	(7,477)	(6,963)
Interest income	843	602
Interest expense	(6,750)	(5,077)
Income tax expense	(1,733)	(3,765)
Profit/ (loss) from continuing operations	7,228	6,715
Other comprehensive income	175	(656)
Total comprehensive income	7,403	6,059
Company's share of profit/ (loss) from continuing operations (26%)	**1,879**	**1,746**
Company's share of other comprehensive income (26%)	**45**	**(171)**
Company's share of total comprehensive income (26%)	**1,924**	**1,575**
Dividends received by the Company	-	-

*APPPL has demerged its marine business undertaking during the year from the appointed date Aprll 01,2016 as per the Scheme of Arrangement approved by NCLT. The impact of the same transaction {i.e. ` (646) lac} has been accounted for as change in other equity for consolidation purpose.

B. The following table summarises the financial information of ILT4 as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Company's interest in ILT4.

	31 Dec 2017
Percentage ownership interest	**26%**
Non-current assets	135,799
Current assets (including cash and cash equivalents – 31 December 2017: Rs. 5676)	7,265
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions	(115,430)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 31	(7,186)
Net assets (100%)	**20,448**
Company's share of net assets (26%)	5,316
Goodwill *	3,502
Carrying amount of interest in joint venture	**8,818**
Revenue	17,819
Depreciation and amortisation	3,747
Interest income	-
Interest expense	6,968
Income tax expense	-
Profit/ (loss) from continuing operations	6,016
Other comprehensive income	-
Total comprehensive income	6,016
Company's share of profit/ (loss) from continuing operations (26%)**	**1,380**
Company's share of other comprehensive income (26%)	**-**
Company's share of total comprehensive income (26%)	**1,380**
Dividends received by the Company	**-**

* Capital reserve was recognised at the time of initial recognition based on the fair value of ILT4. The same has been adjusted during current year base on audited financials of ILT4, which were not available at the time of consolidation during previous year.

** The Company has consolidated the financial results of ILT4 from the date of acquisition (13 February 2017) till 31 December 2017 on proportionate basis. ILT4 prepares its financials on calender year basis and its financials for the period 1 January 2018 to 31 March 2018 are not available. No material transaction has happened during the quarter which requires significant adjustment.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
7	**Investments**		
	Investments carried at fair value through profit and loss account (Unquoted)		
	Investment in equity instruments (fully paid-up)		
	300 Ordinary Shares (previous year 300) of US$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta (Rs. 13,476) (Pledged with Sumitomo Mitsui Banking Corporation)	0.13	0.13
		0.13	**0.13**
	Aggregate book value of quoted investments	NIL	NIL
	Aggregate book value of un-quoted investments	0.13	0.13
8	**Non Current Financial Assets-Loans**		
	Unsecured, considered good		
	Loan to related parties (Refer note 42)	469	440
	Loan to others	1,826	1,827
		2,295	**2,267**
9	**Other non-current financial assets**		
	Unsecured, considered good		
	Derivative assets		
	- Cross currency interest rate swaps	9,573	15,881
	Security deposits		
	- Government authorities	946	929
	- Others	200	243
	Employee advances	30	31
	Balances with banks in deposit accounts	200	200
		10,949	**17,284**
10	**Other non-current assets**		
	Unsecured, considered good		
	Capital advances	1,684	3,256
	Taxes and Duties recoverable (Refer note 37B)	6,306	6,243
		7,990	**9,499**
11	**Inventories**		
	Raw materials	21,955	34,639
	Raw materials in transit	19,049	12,625
	Stores and spares	7,779	6,710
	Stores and spares in transit	327	78
		49,110	**54,052**
	(Refer note 2(viii) *on valuation)*		
12	**Current financial investments**		
	Investments carried at fair value through profit and loss account (Quoted)		
	Mutual funds	395,784	277,073
		395,784	**277,073**
	Aggregate book value of quoted investments	395,784	277,073
	Aggregate book value of un-quoted investments	NIL	NIL

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
13	**Trade receivables**		
	Unsecured and considered good		
	-from related parties	154,313	110,730
	-from others	10,737	10,349
	Unsecured and considered doubtful		
	-from related parties	4,109	4,142
	Less: Allowances for doubtful receivables	(4,109)	(4,142)
		165,050	**121,079**
	(Refer note 42B on related party)		
14	**Cash and cash equivalents**		
	Balance with banks:		
	- In current account	104	599
	- In term deposits	85,532	31,528
	Less: Interest accrued on term deposits	(106)	(28)
	Cash on hand	0.4	0.5
		85,530	**32,099**
15	**Other bank balances**		
	In earmarked accounts		
	- Unclaimed dividend account	722	635
		722	**635**
16	**Other current financial assets**		
	Interest accrued on term deposits	106	28
		106	**28**
17	**Current tax assets (net)**		
	Advance tax (Net of provision for income tax of Rs. 1,85,497) [As at 31 March 2017 - Rs.1,64,492]	932	2,810
		932	**2,810**
18	**Other current assets**		
	Advances to vendors	3,836	1,663
	Taxes and duties recoverable	75	75
	Prepaid expenses	847	722
	Purchase price adjustment of LNG	704	-
	Other Miscellaneous Advances	14	27
		5,476	**2,487**
19	**Share capital**		
	Authorised:		
	3000,000,000 (31 March 2017- 1,200,000,000) equity shares of Rs.10/- each	300,000	120,000
	Issued, subscribed & fully paid up:		
	15000,00,088 (31 March 2017 - 750,000,044) equity Shares of Rs.10/- each	150,000	75,000
		150,000	**75,000**

a. **Terms and rights attached to equity shares**

The Company has only one class of equity shares each having a par value of Rs. 10/- per share. They entitle the holder to participate in dividends and to share in the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote per share.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

b. 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.

c. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	Number of Shares	Amount
Outstanding at the 31 March 2016	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2017	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Equity Shares issued during the year in consideration other than cash	750,000,044	75,000
Outstanding at the 31 March 2018	**1,500,000,088**	**150,000**

d. **Shareholders holding more than 5% shares in the company**

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	**Percentage**	**No. of Shares**	**Percentage**
Promoters' Holding				
Bharat Petroleum Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
GAIL (India) Ltd.	187,500,000	12.5%	93,750,000	12.5%
Indian Oil Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Oil & Natural Gas Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Non-promoter Holding				
GDF International	-	-	75,000,000	10.0%

20 Other equity

	As at 31 March 2018	As at 31 March 2017
a. **Capital Reserve**		
Balance at the beginning of the year	2,025	-
Addition/(deletion) during the year	(2,025)	2,025
Balance at the end of the year	**-**	**2,025**
b. **Securities premium account**		
Balance at the beginning of the year	15,546	15,546
Less : Utilisation against issue of bonus shares	(15,546)	-
Balance at the end of the year	**-**	**15,546**
c. **Debenture redemption reserve**		
Balance at the beginning of the year	25,000	17,166
Addition/(Deduction) during the year	(5,500)	7,834
Balance at the end of the year	**19,500**	**25,000**
d. **General reserve**		
Balance at the beginning of the year	72,800	72,800
Add: Transfer from surplus balance in the statement of Profit & Loss	-	-
Balance at the end of the year	**72,800**	**72,800**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
e. **Retained earnings**		
Balance at the beginning of the year	627,649	485,737
Add: Profit for the year after taxation as per statement of Profit and Loss	211,044	172,313
Less: Issue of Bonus Shares	(59,454)	-
Less: Transfer to general reserves	-	-
Less: Transfer to debenture redemption reserves	5,500	(7,834)
Less: Dividend on equity shares	(37,500)	(18,750)
Less: Dividend distribution tax on equity shares	(7,634)	(3,817)
Less: Impact of scheme of arrangement	(646)	-
	738,959	**627,649**
Remeasurement of defined benefit plans		
Balance at the beginning of the year	(182)	(3)
Addition during the year	52	(179)
Balance at the end of the year	**(130)**	**(182)**
Total Equity (a+b+c+d+e+f)	**831,129**	**742,838**

Nature and purpose of other reserves

Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of The Companies Act, 2013.

Debenture redemption reserve

The Company appropriates a portion out of the profits available for payment of dividend to debenture redemption reserve (DRR) as per The Companies Act, 2013 (which requires creation of DRR upto 25% of the outstanding amount of the bonds during the tenure of bonds). Reduction in DRR is on account of repayment of bonds.

General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend	As at 31 March 2018	As at 31 March 2018
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended 31 March 2017 Rs.5 per share (31 March 2016 Rs. 2.5 per share)	37,500	18,750
Dividend Distribution tax on final dividend	7,634	3,817
	45,134	**22,567**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Proposed Dividends on Equity Shares :

Proposed dividend for the year ended 31 March 2018 Rs. 4.5 per share (31 March 2017: Rs. 5 per share)	67,500	37,500
Dividend Distribution tax on final dividend	13,878	7,634
	81,378	**45,134**

Proposed dividends on equity shares are subject to the approval at the annual general meeting and have not been recognised as liabilities (including DDT theron) as at 31st March.

21 Borrowings

Non-convertible bonds *(Unsecured)*	64,318	95,857
Term loans *(Secured)*		
- From other parties	13,375	55,020
	77,693	150,877
Less: Interest accrued	(4,352)	(5,874)
	73,341	**145,003**

a. 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.

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
Series I - 2013	Bullet	2018	8.35%	31,997	31,997
Series II - 2014 (Option 1)	Bullet	2017	9.00%	-	41,539
Series II - 2014 (Option 2)	Bullet	2019	9.05%	62,321	62,321
				94,318	**135,857**
Less: Interest accrued but not due on borrowings				(4,318)	(5,857)
Less : Shown in current maturities of Long term debt				(30,000)	(40,000)
Balance shown as above				**60,000**	**90,000**

b. Term Loans are secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
IFC (Washington)	Half yearly	2022	7.98%	16,115	18,864
IFC (Washington)	Half yearly	2019	4.35%	23,538	38,909
Proparco, France	Half yearly	2019	3.75%	15,686	25,940
Asian Development Bank	Half yearly	2018	7.46%	-	8,102
				55,339	**91,815**
Less: Interest accrued but not due on borrowings				(34)	(17)
Less : Shown in current maturities of Long term debt				(41,964)	(36,795)
Balance shown as above				**13,341**	**55,003**

The external commercial borrowings from International Finance Corporation (Washington), Asian Development Bank & Proparco, France are borrowed at an average cost of 8.33% p.a (inclusive of hedge cost).

22 Long-term provisions

Provision for employee benefits		
- Compensated Absences (Refer note 41(iii))	781	656
	781	**656**

	For the year ended 31-Mar-18	For the year ended 31-Mar-17
23 Income Tax		
A i) Income Tax Expenses		
Amounts recognised in profit or loss		
Current tax expense		
Current year	65,300	51,288
Adjustment for prior years	631	-
	65,931	**51,288**
Deferred tax expense		
Changes in recognised temporary differences	31,795	14,164
	31,795	**14,164**
Total Tax Expense	**97,726**	**65,452**
ii) Deferred Tax related to items recognised in Other Comprehensive Income		
Remeasurements of defined benefit liability	(4)	4
	(4)	**4**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

iii) Reconciliation of effective tax rate

	For the year ended 31 March 2018		For the year ended 31 March 2017	
	Rate	**Amount**	**Rate**	**Amount**
Profit before tax from continuing operations	34.61%	308,770	34.61%	237,765
Tax using the Company's domestic tax rate	-	106,859	-	82,285
Tax effect of:				
Non-deductible expenses	0.02%	70	0.06%	134
Tax-exempt income	(2.58%)	(7,960)	(2.84%)	(6,742)
Tax incentives			(4.05%)	(9,621)
Tax impact of share of profit of equity accounted investees	(0.37%)	(1,128)	(0.25%)	(604)
Impact on deferred tax due to increase in future tax rate	0.41%	1,259	-	-
Changes in estimates related to prior years	(0.45%)	(1,374)	-	-
Total Tax Expenses	**31.65%**	**97,726**	**27.53%**	**65,452**

B Deferred Tax Liabilities (Net)

Movement in deferred tax balances

	As at 31 March 2017	Recognized in P&L	Recognized in OCI	As at 31 March 2018
Deferred Tax Assets				
Employee benefits	248	50	(4)	294
Loans and borrowings	5,433	(2,036)	-	3,397
Trade receivables	1,434	2	-	1,436
MAT Credit Entitlement/ (Utilisation)	32,158	(7,398)	-	24,760
Sub- Total (a)	**39,273**	**(9,382)**	**(4)**	**29,887**
Deferred Tax Liabilities				
Property, plant and equipment	102,482	25,548	-	128,030
Derivatives	5,496	(2,151)	-	3,345
Current Investments	4,313	(984)	-	3,329
Sub- Total (b)	**112,291**	**22,413**	**-**	**134,704**
Net Deferred Tax Liability (b)-(a)	**73,018**	**31,795**	**4**	**104,817**

	As at 31 March 2016	Recognized in P&L	Recognized in OCI	As at 31 March 2017
Deferred Tax Assets				
Employee benefits	223	21	4	248
Loans and borrowings	8,330	(2,897)	-	5,433
Trade receivables	-	1,434	-	1,434
MAT Credit Entitlement/ (Utilisation)	28,870	3,288	-	32,158
Sub- Total (a)	**37,423**	**1,845**	**4**	**39,273**
Deferred Tax Liabilities				
Property, plant and equipment	87,323	15,158	-	102,482
Derivatives	8,958	(3,462)	-	5,496
Current Investments	-	4,313	-	4,313
Sub- Total (b)	**96,281**	**16,009**	**-**	**112,291**
Net Deferred Tax Liability (b)-(a)	**58,858**	**14,164**	**(4)**	**73,018**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
24 Other non-current liabilities		
Revenue received in advance*		
- from related parties (See Note No 42)	91,233	98,854
- from others	37,130	39,722
	128,363	**138,576**

* The Company has entered into long term agreements for 20 years for providing LNG regasification services (w.e.f. Sept' 2016) by allocating 7 MMTPA out of the total regasification capacity from its Dahej terminal. The advance received by the Company is adjustable against charges on regasification service during the course of the agreement.

	As at 31 March 2018	As at 31 March 2017
25 Other current financial liability		
Current maturities of long-term debt		
- from other parties	71,964	76,797
Interest accrued but not due on borrowings	4,352	5,874
Unpaid dividend	722	635
Other payables for:		
- Capital goods	5,967	5,064
- Security deposits / Retention money	139	111
	83,144	**88,481**
26 Other current liabilities		
Statutory dues	40,829	25,609
Revenue received in advance		
- related parties (Refer note No 42)	3,456	-
- others	51	52
Other payables	342	1,097
	44,678	**26,758**
27 Short-term provisions		
Provision for employee benefits		
- Gratuity (Refer note 41)	-	1
- Compensated Absences (Refer note 41)	60	60
- Incentives	1,150	884
	1,210	**945**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

		For the year ended 31-Mar-18	For the year ended 31-Mar-17
28	**Current tax liabilities**		
	Provision for Income Tax [Net of advance tax Rs. Nil (as at 31 March 2017 Rs. 70,544)]	-	5,624
		-	**5,624**
29	**Revenue from operations**		
	Sale of RLNG	2,904,804	2,339,578
	Regasification services	149,325	115,498
	Other operating revenues	5,733	6,527
		3,059,862	**2,461,603**
30	**Other Income**		
	Interest income from financial assets measured at amortised cost		
	- on bank deposits	872	1,727
	- on shareholders' loan	145	166
	Other Interest Inccome	700	2,402
	Gain on sale/fair value of Investments	22,610	19,624
	Foreign exchange fluctuations (net)	5,984	8,631
	Excess provision/ liability written back	33	618
	Miscellaneous income	1,396	1,496
		31,740	**34,664**
31	**Cost of materials consumed**		
	Opening Stock of LNG	34,639	18,580
	Add: Purchases	2,656,335	2,157,751
	Less: Closing Stock of LNG	21,955	34,639
		2,669,019	**2,141,692**
32	**Employee benefits expense**		
	Salaries and wages*	7,797	6,253
	Contribution to provident and other funds	739	695
	Staff welfare expenses	584	438
		9,120	**7,386**
	*Includes Commission to the Whole-time Directors Rs 63 lac (Previous year Rs. 60 lac)		
33	**Finance cost**		
	Interest on long term loans	15,616	19,924
	Interest on short term loans	12	6
	Other borrowing costs	671	1,035
		16,299	**20,965**
34	**Depreciation and amotisation expense**		
	Depreciation on tangible assets	40,756	36,495
	Amortisation on intangible assets	409	412
		41,165	**36,907**

35 Other expenses

Stores and spares consumed	2,250	2,742
Power and fuel	18,220	15,498
Repairs and maintenance:		
- Buildings	929	460
- Plant and machinery	1,228	1,098
- Others	148	143
Dredging expenses	4,050	4,902
Rent	1,549	1,488
Rates and taxes	1,764	1,388
Insurance	1,148	1,261
Travelling and conveyance	1,673	1,702
Legal, professional and consultancy charges	2,362	1,458
Fair value losses on derivatives not designated as hedges	6,308	10,004
Provision for doubtful debts	-	4,142
Directors' sitting fees	19	18
Directors' commission (other than whole time Directors)	22	24
Loss on sale/ write off of property, plant and equipment (net)	130	11
Corporate social responsibility (Refer note 44)	823	438
Others expenses	7,865	6,521
Total	**50,488**	**53,298**

36 Earning per share (EPS)

Profit/ (loss) for the period	211,044	172,313
Weighted average number of equity shares of Rs. 10/- each (In lacs)*	15,000	15,000
EPS - Basic and Diluted (Rs)	14.07	11.49

* Weighted average number of equity shares for all the periods disclosed above have been adjusted for the issue of bonus shares.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

37 Contingent liabilities, contingent assets and commitments

A. Commitments

a. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.16,970 lac (as on 31 March 2017 Rs.31,839 lac).

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

a. 8.5 MMTPA with Ras Laffan Natural Gas Company Limited, Qatar for a period upto April 2028.

b. 1.44 MMTPA with Mobil Australia Resources Company PTY Ltd, who have commenced supply since January 2017 for a period upto 2035.

Since the Company has entered into materially back to back sale agreements against the above purchase agreements, there is no foreseeable loss on these agreements as on the balance sheet date. The Company has issued Standby Letter of Credit of Rs.325,820 lac (Rs.285,412 lac as on 31 March 2017) to Ras Laffan Natural Gas Company Limited and Rs.48,018 lac (Rs.18,195 lac as on 31 March 2017) to Mobil Australia Resource Company PTY Ltd against the Long Term Purchase Agreements.

B. Contingent Liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of internal legal team. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

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% (revised rates @25%) instead of 20% (Revised rate @15%) of the consumption charges. The Company has challenged the legality and validity of the notices by way of writ petitions before the Hon'ble High Court of Gujarat who had quashed the supplementary bill/demand notice and remanded the case back to the Collector of Electricity Duty vide order dated 1 July 2014. The Company has made its submissions before the Collector of Electricity Duty, Gandhinagar and the order is awaited. The total demand till 31 March, 2018 is Rs. 4,576 lac (as on 31 March 2017 Rs.3,637 lac).

b. The Collector of Stamps, Bharuch had issued notice to the Company to pay stamp duty @ Re.1 per Rs.1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958. The Hon'ble High Court of Gujarat has quashed the notice. Stamp authorities have filed Special Leave Petition (SLP) in Hon'ble Supreme Court against the same and the case is pending as on 31 March 2018. The potential liability from the effective date of amendment i.e. 1 April 2006 till 31 March 2018 on the CIF value would be Rs. 21,801 lac (Previous year till 31 March 2017 is Rs. 19,408 lac).

c. The Company has received refund of Rs.112 lac, Rs.284 lac and Rs.346 lac from Customs department vide CESTAT order dated 7 November 2013, 9 September 2011 and 31 May 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 31 March 2018.

d. Taxes and duties recoverable includes custom duty recoverable amounting to Rs.959 lac (relating to short landing of LNG under spot purchase agreement. The company has received favourable order for the above issue from Commissioner (Appeals) and CESTAT. However, the refund of the amount has been denied by department and Commissioner (Appeals) on the ground of time barred refund application. The company has preferred an appeal against the above order with CESTAT, the outcome of which is pending as on 31 March 2018.

e. The company had received demand for Service Tax on vessel hire charges for the period 16 May 2008 to 30 September 2009 amounting Rs.4,005 lac (including Interest). The Company had paid the demand under protest and preferred an appeal before CESTAT against the above demand and received favourable order on 24 October 2013. The Company had received the refund (including interest), however the department had preferred an appeal against the CESTAT order before the Hon'ble Supreme Court, the outcome of which is pending as on 31 March 2018.

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. Amount involved in such cases as on 31st March 2018 is Rs.830 lac (as on 31 March 2017 Rs.848 lac).

g. The Principal Commissioner of service tax has issued order against the company regarding service tax demand on boil off quantity of LNG during regasification process (for the period April 2009 to March 2015) amounting to Rs.1,780 lac. The company paid the demand under protest amounting to Rs.3,256 lac (including interest and penalty). Further, the company had suo moto paid service tax and interest amounting to Rs.2,039 lac for the period April'15 – June'18. The company has preferred an appeal against the said orders with CESTAT and the matter is pending for hearing as on 31 March 2018.

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 Rs.1,652 lac (as on 31 March 2017 Rs.1,652 lac). The Company has received the favourable order from CESTAT for Rs.774 lac, however, Assistance Commissioner has raised further query and refund is pending. For balance Rs.878 lac, the application is pending as on 31st March 2018 at Assistant Commissioner level.

i. The sales tax department has issued show cause notice dated 11 February 2016 claiming sales tax amounting to Rs 7,985 lac against the high sea sales transaction made by the company. The reply against the show cause notice was submitted by the company and the matter is pending for adjudication as on date.

j. There are certain claims amounting Rs.18,362 lac (as on 31 March 2017 Rs.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 Experts' opinion was sought and as per their determination, net claim of Rs.10,400 lac (including interest of Rs.5,400 lac) was determined in favor of the contractor. As per the contract, the experts' opinion is not binding on any party and the Company is under discussion with the contractor to settle the dispute. Pending conclusion of the discussion and settlement, final amount of the claim is not ascertainable.

k. The Company had entered into a land lease agreement with Cochin Port Trust (CPT) for building and operating port and regasification facility at Kochi. CPT has raised demand for enhanced lease rent of Rs. 4,258 lac (as on 31 March 2017 Rs. 4,258 lac) (referring order of Tariff Authority for Major Ports (TAMP) dated 10 June 2010). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had awarded the Company to make payment of Rs.2,596 lac as per TAMP 2010 order as applicable to Warehouse usage. Both parties have challenged the award which is pending in District Court Ernakulam as on 31 March 2018. Further, the Company had invoked the jurisdiction of the Ministry of Shipping U/s 54 of the Major Ports Trusts Act,1963 to modify or cancel the lease rental which has been rejected by Secretary Shipping, vide its order dated 19.1.2017 and 06.02.2018. The Company has filed writ petition against the same in the High Court of Kerala which is pending for adjudication as on 31 March 2018.

Further, CPT has raised demand for usage of dredged sand by the Company Rs.2,000 lac (as on 31 March 2017 Rs. 2,000 lac). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had rejected the demand. CPT has challenged the award which is pending in District Court Ernakulam as on 31 March 2018.

The potential liability, as at 31 March 2018 would be approximately Rs.6,798 lac (as on 31 March 2017 Rs.6,258 lac).

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 of Rs 7,237 lac for assessment years 2009-10, 2010-11 and 2011-12 against which the Company has received favourable order from CIT(A) for the abovementioned years. 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 31 March 2018.

m. There are some income tax related matters which are pending at various forum. The potential liability in these case, as on 31st March 2018 would be Rs. 1,208 lac (Rs. 1,208 lac as on 31 March 2017).

C. Contingent Assets

The Company has no contingent assets as at 31 March 2018.

38 Segment information

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Operating Segments

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any new facility.

Board of Directors reviews the operating results at plant level i.e. Kochi, and Dahej to make decisions about resources to be allocated to each segment and to assess its performance. Accordingly, management has identified Kochi and Dahej as two operating segments for the Company.

However, operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. For example, similar long-term average gross margins for two operating segments would be expected if their economic characteristics were similar.

Management believes that Dahej and Kochi plants will have similar long term financial performance. Accordingly, considering the fact Dahej and Kochi plants are similar in all the characteristics and have similar economic characteristics, the two operating segments will fulfill the criteria of aggregation and hence not required to be reported separately.

Accordingly, there is only one Reportable Segment for the Company which is "Natural Gas Business", hence no specific disclosures have been made.

Entity wide disclosures

A. Information about products and services

Company primarily operates in one product line, therefore product wise revenue disclosure is not applicable.

B. Information about geographical areas

The major sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company other than financial instruments, deferred tax assets, post-employment benefit assets are located in India.

C. Information about major customers (from external customers)

The Company derives revenues from the following customers which amount to 10 per cent or more of an entity's revenues:

Customer	For the year ended 31 March 2018	For the year ended 31 March 2017
GAIL	1,518,754	1,312,147
IOCL	853,571	728,701
BPCL	470,978	297,833

39 Leases

Operating lease

The Company has non-cancellable operating leases agreements for taking 3 vessels on lease. The lease periods are in the range of 19-25 years which can further be renewed for a period of 2-5 years.

Further, the company has cancellable operating lease agreement in respect of office premises and guesthouse having lease period 11 months to The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements are cancellable.

	31 March 2018	31 March 2017
Commitments for minimum lease payments in relation to the above lease arrangements are payable as follows: *		
Within one year	52,933	70,428
Later than one year but not later than five years	211,968	285,029
Later than five years	417,815	776,629
	682,716	**1,132,086**

*Lease agreement of one vessel has been terminated during the current year. Due to the same there is substantial reduction in commitment for future lease payments during the year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Amounts recognised in profit and loss account	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of Goods Sold	31	69,518	64,357
Rent expense	35	1,549	1,488
		71,067	**65,845**

40 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.

41 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	For the year ended 31 March 2018	For the year ended 31 March 2017
Contribution to Govt. Provident Fund	283	266
Contribution to Superannuation Fund	354	332

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	31 March 2018	31 March 2017
Net defined benefit liability		
Liability for Gratuity	-	1
Total employee benefit liabilities	**-**	**1**
Non-current	-	-
Current	-	1

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) /liability and its components:

	31 March 2018			31 March 2017		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**
Balance as at 1 April	**612**	**(611)**	**1**	**504**	**(475)**	**29**
Included in profit or loss						
Current service cost	77	-	77	75	-	75
Interest cost (income)	47	(38)	9	40	(38)	2
	124	(38)	86	115	(38)	77
Included in OCI						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	(15)	-	(15)	24	-	24
- experience adjustment	14	(10)	4	(11)		(11)
	(1)	(10)	(11)	13	-	13
Other						
Contributions paid by the employer	-	(96)	(96)	-	(118)	(118)
Benefits paid	(40)	40	-	(20)	20	
	(40)	(56)	(96)	(20)	(98)	(118)
Balance as at 31 March	**695**	**(715)**	**(21)**	**612**	**(611)**	**1**

C Plan assets

	31 March 2018	31 March 2017
Funds Managed by Insurer (investment with insurer)	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager in order to manage the liability risk.

D Actuarial assumptions

a) Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation aaumptions are as follows which have been selected by the company.

	31 March 2018	31 March 2017
Discount rate	7.85%	7.68%
Expected rate of future salary increase	5.50%	5.50%

b) Demographic assumptions

	31 March 2018	31 March 2017
i) Retirement age (years)	60	60
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006-08)	
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

E. Maturity Profile of defined benefit obligation:

Year Amount
Within 1 Year 38
1-2 Year 13
2-3 Year 12
3-4 Year 12
4-5 Year 11
More than 5 Year 609
The company expects to contribute Rs. 92.16 lac to gratuity fund during next financial year

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(41)	45	(36)	40
Expected rate of future salary increase (1% movement)	46	(42)	40	(37)

Senstivities due to mortality and withdrawals are not material and hence impact of change not calculated.
Senstivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

(iii) Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to Rs. 125 lac (previous year Rs. 100 lac). The Company determines the expense for compensated absences basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

42 Related parties

A. 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)

Joint Ventures/ Associates in which Joint Venturer is a Venturer
ONGC Petro additions Limited (OPAL)
Indraprastha Gas Limited (IGL)
Mahanagar Gas Limited (MGL)
Dahej SEZ Ltd (DSL)
Matrix Bharat Pte Limited (MBPL)

ii. Joint Venture
Adani Petronet (Dahej) Port Pvt. Ltd (APPPL).
India LNG Transport Co (No 4) Pvt. Ltd. (ILT4)

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

iii. Key Managerial Personnel (KMP)

Sh. K. D. Tripathi
Sh. Prabhat Singh
Sh. Rajender Singh
Sh. R K Garg (upto 19 July'17)
Sh. Subhash Kumar (w.e.f. 5 Aug'17 to 31 Jan'18)
Sh. D. K. Sarraf (upto 30 Sept'17)
Sh. Shashi Shankar (w.e.f. 17 Oct'17)
Sh. T. Natrajan (w.e.f. 21 Sept'16)
Sh. Subir Purkayastha
Sh. Debasis Sen (upto 31 Aug'16)
Sh. G.K. Satish (w.e.f. 21 Sept'16)
Sh. S. Varadarajan (upto 30 Sept'16)
Sh. D Rajkumar (w.e.f. 1 Oct'16)
Sh. Arun Kumar Misra (upto 13 Aug'17)
Sh. Sushil Kumar Gupta (upto 14 Jan'18)
Dr. Jyoti Kiran Shukla

iv. Trust

Petronet LNG Foundation, a Company Ltd. by guarentee (PLF)

B. Transactions with the above in the ordinary course of business

Nature of Transaction	Party Name	For the year ended	
		31 March 2018	**31 March 2017**
Sale of RLNG	GAIL	14,68,523	12,57,692
	IOCL	8,28,960	7,15,728
	BPCL	4,55,860	2,93,998
	OPAL	50,104	4,442
	ONGC	20,381	-
	IGL	73	-
	Total	**28,23,901**	**22,71,860**
Regasification Services and Other Services	GAIL	50,231	54,455
	IOCL	24,611	12,973
	BPCL	15,118	3,835
	ONGC	1,793	856
	OPAL	8	0.4
	Total	**91,761**	**72,119**
Purchase of Vessel Fuel Oil	MBPL	**122**	**-**
Interest Income	ILT 4	**28**	**7**
Contribution to Foundation	PLF	**200**	-
Advance received /(adjusted) against long term regas agreement	GAIL	(3,524)	(708)
	IOCL	(2,223)	(417)
	BPCL	(1,874)	(167)
	Total	**(7,621)**	**(1,292)**
Investment in Equity Shares	**ILT4**	**-**	**7,438**
Loans and Advances given/ (Reimbursments)	ILT 4	-	837
	ILT 4	-	(372)
	Total	**-**	**465**

PETRONET LNG LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Nature of Transactions	Party Name	31 March 2018	31 March 2017
Sitting fees/Commission to the Directors (other than whole time directors)	GAIL on behalf of Subir Purkayastha	1.2	1.4
	IOCL on behalf of G.K. Satish/ Debasis Sen	1.8	1.2
	BPCL on behalf of D Rajkumar/ S.Vardarajan	0.8	0.2
	ONGC on behalf of D. K. Sarraf/ Shashi Shanker	2.4	2.2
	GMB on behalf of T. Natrajan	0.4	0.4
	Arun Kumar Misra	5.4	10.9
	Jyoti Kiran Shukla	11.1	8.9
	Sushil Kumar Gupta	10.1	10.7
	Total	**33.2**	**35.9**
Recovery of expenses	GAIL	32	1049
	IOCL	26	63
	BPCL	27	46
	APPPL	-	1
	Total	**85**	**1,159**
Reimbursement of expense to related party	GAIL	70	51
	BPCL	-	3
	ONGC	-	5,951
	Total	**70**	**6,005**
Payment of lease and related services	IOCL	559	589
	GAIL	16	-
	ILT 4	13,407	5,732
	Total	**13,982**	**6,321**
Provision for Doubtful Debts	GAIL	(33)	4,142
	Total	**(33)**	**4,142**
Remuneration to Key Managerial Personnel			
a) short-term employee benefits		207	251
b) post-employment benefits		20	21
c) other long-term benefits		40	10
d) termination benefits		-	-
Total		**267**	**282**

Amount recoverable at year end	GAIL*	75,323	66,642
	IOCL	46,813	29,606
	BPCL	27,272	10,344
	OPAL	5,135	-
	ONGC	3,878	-
	ILT4	469	440
	Total	**1,58,890**	**1,07,032**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Nature of Transactions	Party Name	31 March 2018	31 March 2017
Amount Payable at year end	GAIL	(29)	6
	IOCL	44	0.2
	BPCL	(28)	2
	ONGC	-	0.2
	ILT4	-	1544
	Total	**(13)**	**1,552**
Advances Outstanding at year end	GAIL	45,892	49,416
	IOCL	27,361	29,583
	BPCL	17,980	19,855
	OPAL	3,456	-
	Dahej SEZ	-	3
	Total	**94,689**	**98,857**

* The amount recoverable is net of provision for doubtful debts of Rs 4,109 lac (Rs 4,142 lac as on 31 March 2017)

The transactions were made on normal commercial terms and conditions and at market rates.

43 Remuneration to Auditor (exclusive of Service Tax)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Statutory Audit Fee (including limited review fees)	17	20
Tax audit and Audit U/s 80IA	7	7
Taxation Services	6	8
Fees for certification	7	8
Reimbursement of expenses	1	1
Total	**38**	**44**

44 Corporate Social Responsibility

a. Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was Rs. 3,030 lac (Previous year Rs. 2,106)

b. Corporate Social Responsibility (CSR) activities undertaken during the year is Rs.823 lac (Rs.816 lac paid in cash and Rs.7 lac is yet to be paid) {Previous year Rs.438 lac (Rs.406 lac was paid in cash and Rs.32 lac was unpaid)}

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

45 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

	As at 31 March 2018		As at 31 March 2017	
	FVTPL	**Amortised Cost**	**FVTPL**	**Amortised Cost**
Financial assets				
Non-current investments	0.13	-	0.13	-
Loans	-	2,295	-	2,267
Other non-current financial assets	9,573	1,376	15,881	1,403
Current investments	395,784	-	277,073	
Trade receivables	-	165,050	-	121,079
Cash and cash equivalents	-	85,530	-	32,099
Bank balances other than above	-	722	-	635
Other current financial assets	-	106	-	28
	405,357	**255,079**	**292,954**	**157,511**
Financial liabilities				
Borrowings	-	73,341	-	145,003
Trade payables	-	156,990	-	94,460
Other financial liabilities	-	83,144	-	88,481
	-	**313,475**	**-**	**327,944**

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	395,784	-	-	395,784
Cross currency interest rate swaps	-	9,573	-	9,573
Total financial assets	**395,784**	**9,573**	**0.13**	**405,357**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Loans	-	-	2,295	2,295
Other non-current financial assets	-	-	1,376	1,376
Trade receivables	-	-	165,050	165,050
Cash and cash equivalents	-	-	85,530	85,530
Bank balances other than above	-	-	722	722
Other current financial assets	-	-	106	106
Total financial assets	**-**	**-**	**255,079**	**255,079**
Financial liabilities				
Borrowings	-	-	73,341	73,341
Trade payables	-	-	156,990	156,990
Other financial liabilities	-	-	83,144	83,144
Total financial liabilities	**-**	**-**	**313,475**	**313,475**

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Investments at FVPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	277,073	-	-	277,073
Cross currency interest rate swaps	-	15,881	-	15,881
Total financial assets	**277,073**	**15,881**	**0.13**	**292,954**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Loans	-	-	2,267	2,267
Other non-current financial assets	-	-	1,403	1,403
Trade receivables	-	-	121,079	121,079
Cash and cash equivalents	-	-	32,099	32,099
Bank balances other than above	-	-	635	635
Other current financial assets	-	-	28	28
Total financial assets	**-**	**-**	**157,511**	**157,511**
Financial liabilities				
Borrowings	-	-	145,003	145,003
Trade payables	-	-	94,460	94,460
Other financial liabilities	-	-	88,481	88,481
Total financial liabilities	**-**	**-**	**327,944**	**327,944**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-thecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted equity shares	
	31 March 2018	**31 March 2017**
Opening balance	0.13	0.13
Acquisitions	-	-
Gains/losses recognised in profit or loss	-	-
Closing balance	**0.13**	**0.13**

Valuation process

The amount invested and fair value of unquoted equity shares as on 31 march 2018, 31 March 2017 is Rs 0.13 lac. The fair value is determined using level 3 input i.e. discounted cash flows.

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2018		**As at 31 March 2017**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Loans	2,295	2,295	2,267	2,267
Other non-current financial assets	1,376	1,376	1,403	1,403
Trade receivables	165,050	165,050	121,079	121,079
Cash and cash equivalents	85,530	85,530	32,099	32,099
Bank balances other than above	722	722	635	635
Other current financial assets	106	106	28	28
	255,079	**255,079**	**157,511**	**157,511**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Borrowings	73,341	73,341	145,003	145,003
Trade payables	156,990	156,990	94,460	94,460
Other financial liabilities	83,144	83,144	88,481	88,481
	313,475	**313,475**	**327,944**	**327,944**

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, current maturities of long term debt, unpaid dividend, and other payable for capital goods are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit Risk

The Company has made investments in Debt based Mutual Funds. These Mutual funds invests in NCD / Bonds / CP / CD of various companies and banks. In case, the investee company defaults on repayment, such losses may have to be borne by the investors of Mutual funds.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 38(C).

Company takes Stand by Letter of Credit (SBLC) from each of the customer with which the Company deals with the exception of its Promoters namely BPCL, GAIL, IOCL and ONGC. Option to take SBLC from Promoter is also being explored by the company.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. Basis the evaluation, the management has determined that there are credit impairment loss on the trade and other receivables.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

The gross carrying amount of trade receivables is Rs. 1,65,050 lac (31 March 2017 – Rs. 1,25,221 lac).

During the period, the Company has made no write-offs of trade receivables. The Company management also pursue all options for recovery of dues wherever necessary based on its internal assessment.A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31 March 2018	31 March 2017
Opening balance	4,142	-
Changes in loss allowance calculated at life time expected credit losses	(33)	4,142
Closing balance	**4,109**	**4,142**

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2018	As at **31 March 2017**
Floating rate		
Expiring within one year (bank overdraft and other facilities)		
- Fund/ Non fund based (secured)	256,480	326,232
- Fund/ Non fund based (unsecured)	280,816	329,042
Expiring beyond one year (bank loans)	-	
Total	**537,296**	**655,274**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year (as at 31 March 2017 - 1 year).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

	Carrying Amounts 31 March 2018	Contractual cash flows upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	73,341			63,221	10,120	
Trade payables	1,56,990	1,56,990				
Current maturities of long term debt- other parties	71,964	50,982	20,982			
Interest accrued but not due on borrowings	4,352	2,031	2,321			
Unpaid dividend	722	722				
Other payables for:						
- Capital goods	5,967	5,967				
- Security deposits / Retention money	139	88	15	16	20	-
Total non-derivative liabilities	**3,13,475**	**2,16,780**	**23,318**	**63,237**	**10,140**	**-**

	Carrying Amounts 31 March 2017	Contractual cash flows upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	1,45,003	-	-	71,663	71,040	2,300
Trade payables	94,460	94,460	-	-	-	-
Current maturities of long term debt- other parties	76,797	19,748	57,049	-	-	-
Interest accrued but not due on borrowings	5,874	2,013	3,861	-	-	-
Unpaid dividend	635	635	-	-	-	-
Other payables for:						
- Capital goods	5,064	5,064	-	-	-	-
- Security deposits / Retention money	111	17	71	-	23	-
Total non-derivative liabilities	**3,27,944**	**1,21,937**	**60,981**	**71,663**	**71,063**	**2,300**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to d financial liabilities held for risk management purposes and which are not usually closed out before contractual matu

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

iii. Market Risk

Market risk is the risk that changes in market prices – such as commodity prices (LNG), foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Price Risk

To protect the company from fluctuation of commodity prices, same are passed through to the off-takers in long term contract. In spot or short term contract, they are generally pass through to the customers except in few cases, up to 2 cargo load, where the company keeps the commodity price risk with themselves to take benefit from market fluctuation.

b) Currency Risk

PLL imports LNG mainly from Qatar and Australia through long term chartered vessels. The foreign exchange involved in making payment to LNG suppliers, loading port charges and shipper is recovered from off-taker / customer under sale contract, both long term and short term. For foreign currency loans taken by Company, the company has entered into derivative transaction at the time of draw down itself to protect from exchange losses. Company does not take any exposure on account of currency in Foreign Currency Loans. In respect of other payments on account of repair and capex of plant, operating expenses of plant and corporate offices etc. same are monitored on a regular basis to keep the open position at an acceptable level.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

As at 31 March 2018	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,295	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(9,573)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(7,274)**	-	-	-	-	-	-
Borrowings	39,224	-	-	-	-	-	-
Trade payables	1,48,979	(52)	1	8	(20)	-	-
Other payables for Capital goods	2,142	-	-	-	-	-	-
Net statement of financial position exposure	**1,90,345**	**(52)**	**1**	**8**	**(20)**	-	-

As at 31 March 2017	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,265	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(15,881)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(13,612)**	-	-	-	-	-	-
Borrowings	64,839	-	-	-	-	-	-
Trade payables	87,783	(7)	94	1	26	10	(7)
Other payables for Capital goods	743	-	-	-	-	-	-
Net statement of financial position exposure	**1,53,365**	**(7)**	**94**	**1**	**26**	**10**	**(7)**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2018				
10% movement				
USD	11,971	(11,971)	11,971	(11,971)
EUR1	(3)	3	(3)	3
AUD	0.1	(0.1)	0.1	(0.1)
GBP	1	(1)	1	(1)
JPY	(1)	1	(1)	1

	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2017				
10% movement				
USD	9,139	(9,139)	9,139	(9,139)
EUR1	(0.4)	0.4	(0.4)	0.4
AUD	6	(6)	6	(6)
GBP	-	-	-	-
JPY	2	(2)	2	(2)
SGD	1	(1)	1	(1)
NOK	(0.5)	0.5	(0.5)	0.5

c) Interest Rate Risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company cash flow to interest rate risk. Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary especially if the borrowing is made in foreign currency. Company has some amount of loan taken from International Finance Corporation, which is at variable rate. The Company ensures that such amount is kept at an acceptable level. The investment of surplus funds made by company in debt based of mutual funds is also subject to this risk. Company makes investment in a manner which minimises such risk and also takes regular feedback from the market experts on such investments. The Company has also given loans to, India LNG Transport Company (No. 3) Limited, Malta and India LNG Transport Company (No. 4) Private Limited, Singapore, which are at Bank Rate and any change in Bank Rate will impact the earnings.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal Amount	
	31 March 2018	**31 March 2017**
Fixed-rate instruments		
Financial liabilities		
- Fixed rate borrowing	129,204	202,939
	129,204	**202,939**

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

Variable-rate instruments		
Financial assets		
- Loan	2,295	2,267
Financial liabilities		
- Variable rate borrowing	16,100	18,860
	18,395	**21,127**

	31 March 2018		
	Average interest rate	**Balance**	**% of total loans**
Financial Asset : Loan	6.50%	2,295	100%
Financial Liability: IFC "A loan"	8.00%	16,100	11.08%

	31 March 2017		
	Average interest rate	**Balance**	**% of total loans**
Financial Asset : Loan	7.00%	2,267	100%
Financial Liability: IFC "A loan"	8.64%	18,860	8.49%

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss, net of tax		**Equity, net of tax**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2018				
Variable-rate instruments	(105)		(105)	
		105		105
Cash flow sensitivity (net)	**(105)**	**105**	**(105)**	**105**
31 March 2017				
Variable-rate instruments	(103)	103	(103)	103
Cash flow sensitivity (net)	**(103)**	**103**	**(103)**	**103**

A change of 100 basis points in interest rates would have increased or decreased equity by Rs.105 lac after tax (Previous year Rs. 103 lac).

46 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital on a yearly basis as well as the level of dividends to ordinary shareholders which is given based on approved dividend policy.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Notes to the Consolidated Financial Statements for the year ended 31 March 2010

(All amounts are in Rupees lac, unless otherwise stated)

47. Additional information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as joint ventures

Name of Enterprise	Net assets i.e. (Total assets minus total liabilites)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Assets	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount
Parent	97%	955,609	98%	207,785	13%	7	98%	207,792
Joint Venture (Investments as per equity method)								
Indian								
Adani Petronet (Dahej) Port Pvt. Ltd	2%	16,702	1%	1,879	87%	45	1%	1,924
Foreign								
India LNG Transport Co (No 4) Pvt. Ltd.	1%	8,818	1%	1,380	-	-	1%	1,380
Total	**100%**	**981,129**	**100%**	**211,044**	**100%**	**52**	**100%**	**211,096**

For the year ended 31 March 2017

Name of Enterprise	Net assets i.e. (Total assets minus total liabilites)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Assets	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount
Parent	97%	792,951	99%	170,567	4%	(8)	99%	170,559
Joint Venture (Investments as per equity method)								
Indian								
Adani Petronet (Dahej) Port Pvt. Ltd	2%	15,424	1%	1,746	96%	(171)	1%	1,575
Foreign								
India LNG Transport Co (No 4) Pvt. Ltd.	1%	9,463	-	-	-	-	-	-
Total	100%	817,838	100%	172,313	100%	(179)	100%	172,134

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts are in Rupees lac, unless otherwise stated)

48. Additional information, as required under Schedule III of the Companies Act, 2013 of enterprises consolidated as joint ventures

1	**Name of Joint Venture**	**Adani Petronet (Dahej) Port Pvt. Ltd.**	**India LNG Transport Co No (4) Pvt. Ltd.**
2	Last Audited Balance Sheet Date*	31-Mar-18	31-Dec-17
3	Shared of the Joint Venture held by the Company on the year end		
	Number	900,00,000	110,36,558
	Amount of Investment in Joint Venture	9,000	7,438
	Extent of Holding%	26%	26%
4	Description of How there is significant influance	Joint Venture Agreement	Joint Venture Agreement
5	Reason why the Joint Venture is not considered	N.A.	N.A.
6	Net Worth attributable to shareholding as per latest audited balance sheet*	16702	8818
7	Profit/loss for the year		
	i. Considered in Consolidation*	1924	1380
	ii. Not Considered in Consolidation	-	-

PETRONET LNG LIMITED
NEW DELHI

Regd. Office: World Trade Centre, First Floor, Babar Road, Barakhamba Lane, New Delhi- 110 001
Tele: +91 11 23411411, 23472525 Fax: +91 11 23472550 Website: www.petronetlng.com
Email: investors@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 :
DP ID/ Client Id* :

I/We, being the member (s) of the Company holding .... shares, hereby appoint,

1.	Name:	E-mail Id:
	Address:	Signature: ……………., or failing him/her
2.	Name:	E-mail Id: ……………………
	Address:	Signature: ……………., or failing him/her
3.	Name:	E-mail Id:
	Address: ……………………	Signature: ……………. or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th (Twentieth) Annual General Meeting of the Company, to be held on Friday, 14th day of September, 2018 at 10:00 a.m. at Siri Fort Auditorium, August Kranti Marg, Siri Institutional Area, New Delhi, 110049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution(s)	**For	**Against
A.	**Ordinary Business**		
1.	To receive, consider and adopt the Audited Standalone as well as Consolidated Financial Statements of the Company for the year ended 31st March, 2018 together with the Reports of Directors and Auditors thereon.		
2.	To consider declaration of final dividend on equity shares.		
3.	To appoint a Director in place of Shri G. K. Satish (DIN 06932170) who retires by rotation and being eligible offers himself for re-appointment.		
4.	To appoint a Director in place of Shri T. Natarajan (DIN 00396367) who retires by rotation and being eligible offers himself for re-appointment.		
B.	**Special Business**		
5.	To appoint Shri Shashi Shankar (DIN 06447938) as Director of the Company		
6.	To appoint Shri V. K. Mishra (DIN 08125144) as Director (Finance) of the Company		
7.	To appoint Shri Sidhartha Pradhan (DIN 06938830) as Independent Director of the Company		
8.	To appoint Dr. M. M. Kutty (DIN 01943083) as Director and Chairman of the Company		
9.	To ratify the remuneration of Cost Auditor for the financial year 2018-19		
10.#	To approve Related Party Transactions entered or to be entered by the Company during the financial year 2018-19		
11.	To reappoint Dr. Jyoti Kiran Shukla (DIN 03492315) as Independent Director of the company		
12.	To approve recoverable advance given to Shri V. K. Mishra, Director (Finance) of the Company		

In term of provisions of Section 188 of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, IOCL, BPCL, GAIL, ONGC, Adani Petronet Dahej Port Pvt. Ltd., Petronet LNG Foundation, India LNG Transport Co. (No. 4) Pvt. Ltd. Singapore and KMPs qualify as Related Party(s), hence, they are not entitled to vote in respect of Resolution at Item No. 10.

Signed this…… day of……… 2018

Signature of Shareholder

Signature of Proxy holder(s)

1. 2. 3.

Affix
Revenue
stamp

* Applicable for investors holding shares in electronic form.

Notes:

(1) 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.
(2) A Proxy need not be a member of the Company.
(3) For Resolutions, Explanatory Statements and Notes, please refer to the Notice of 20th Annual General Meeting.
(4) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
**(5) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
(6) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
(7) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

PETRONET LNG LIMITED
NEW DELHI

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

Attendance Slip

DP. Id* :

Client Id* :

Folio No.*(holding shares in physical mode)* :

Name and Address of the Shareholder :

Name of the Joint Member, if any :

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 20th (Twentieth) Annual General Meeting of the Company to be held on Friday, the14th day of September, 2018 at 10.00 a.m. at Siri Fort Auditorium, August Kranti Marg, Siri Institutional Area, New Delhi-110049

…………………………………..
Signature of First holder/Proxy/Authorised Representative

…………………………………………..
Signature of Joint holder(s)

Place:

Date:

* Applicable for shareholders holding shares in electronic mode

Notes:
1. Please fill and sign this attendance slip and hand it over at the Attendance Verification Counter at the venue of the Meeting.
2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.
3. **NO GIFTS SHALL BE DISTRIBUTED IN THE ANNUAL GENERAL MEETING OR AFTERWARDS.**

E-VOTING

Users who wish to opt for e-voting may use the following login credentials:

EVEN (E-VOTING EVENT NO.)	USER ID	PASSWORD
______________	______________	______________

Note:

Please follow steps for remote e-voting procedure which is given in the Notice of 20th AGM and on the Company's website http://www.petronetlng.com. or by logging on to https://evoting.karvy.com.

E-Voting Instructions

1. The process and manner for remote e-voting is as under:

A. In case a Member receives Notice of 20thAGM through email [for members whose email IDs are registered with the Company/Depository Participant(s)/RTA]:

i. Initial password is provided in the body of the e-mail.

ii. Launch internet browser by typing the following URL:https://evoting.karvy.com.

iii. Enter the login credentials i.e., User ID and password mentioned in your email. Your Folio No/DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your votes.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the Password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT i.e., Petronet LNG Limited.

viii. On the voting page, the number of shares (which represents the number of votes) as held by the member as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution then enter all shares and click “FOR”/ “AGAINST” as the case may be or partially in “FOR” and partially in “AGAINST”, but the total number in “FOR / AGAINST” taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.

ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account.

x. Cast your votes by selecting an appropriate option and click on “SUBMIT”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

xi. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the scrutinizer through e-mail id savitajyoti@yahoo.com. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format “Corporate Name_ EVENT No.”

xii. In case of any queries, you may refer the FrequentlyAsked Questions (FAQs) for members and e-voting UserManual available at the “download” section of https://evoting.karvy.com or call M/s Karvy ComputersharePrivate Limited on 1800 345 4001 (toll free).

B. In case a Member receives physical copy of the Notice of 20thAGM [for members whose email IDs are not registeredwith the Company/Depository Participants(s)/RTA orrequesting physical copy] :

i. User ID and Initial password as provided.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

2. The voting rights of members shall be in proportion to theirshares of the paid up equity share capital of the Company as onthe cut-off date i.e. Friday, 7th September, 2018.

3. Any person, who acquires shares of the Company and becomemember of the Company after dispatch of the Notice of 20thAGM and holding shares as of the cut-off date i.e. Friday, 7th September, 2018, may obtain the login ID and password bysending a request at raju.sv@karvy.com.

4. A person, whose name is recorded in the register of membersor in the register of beneficial owners maintained by thedepositories as on the cut-off date only shall be entitled to availthe facility of remote e-voting as well as voting at the 20thAGMthrough ballot paper. A person who is not a member as on cut-offdate should treat this Notice for information purposes only.

5. Ms. SavitaJyoti, Practising Company Secretary, has been appointed as the Scrutinizer by the Board ofDirectors of the Company to scrutinize the voting and remotee-voting process in a fair and transparent manner.

6. The Chairman shall, at the 20thAGM, atthe end of discussion on the resolutions on which voting is tobe held, allow voting with the assistance of Scrutinizer, by useof ballot paper for all those members who are present at the 20th AGM but have not cast their votes by availing the remotee-voting facility.

7. The Scrutinizer shall after the conclusion of voting at the 20thAGM, will first count the votes cast at the meeting andthereafter unblock the votes cast through remote e-voting inthe presence of at least two witnesses not in the employmentof the Company and shall make, not later than three days of theconclusion of the 20th AGM, a consolidated Scrutinizer's Reportof the total votes cast in favour or against, if any, to the Chairmanor a person authorized by him in writing,who shall countersign the same and declare the result of thevoting forthwith.

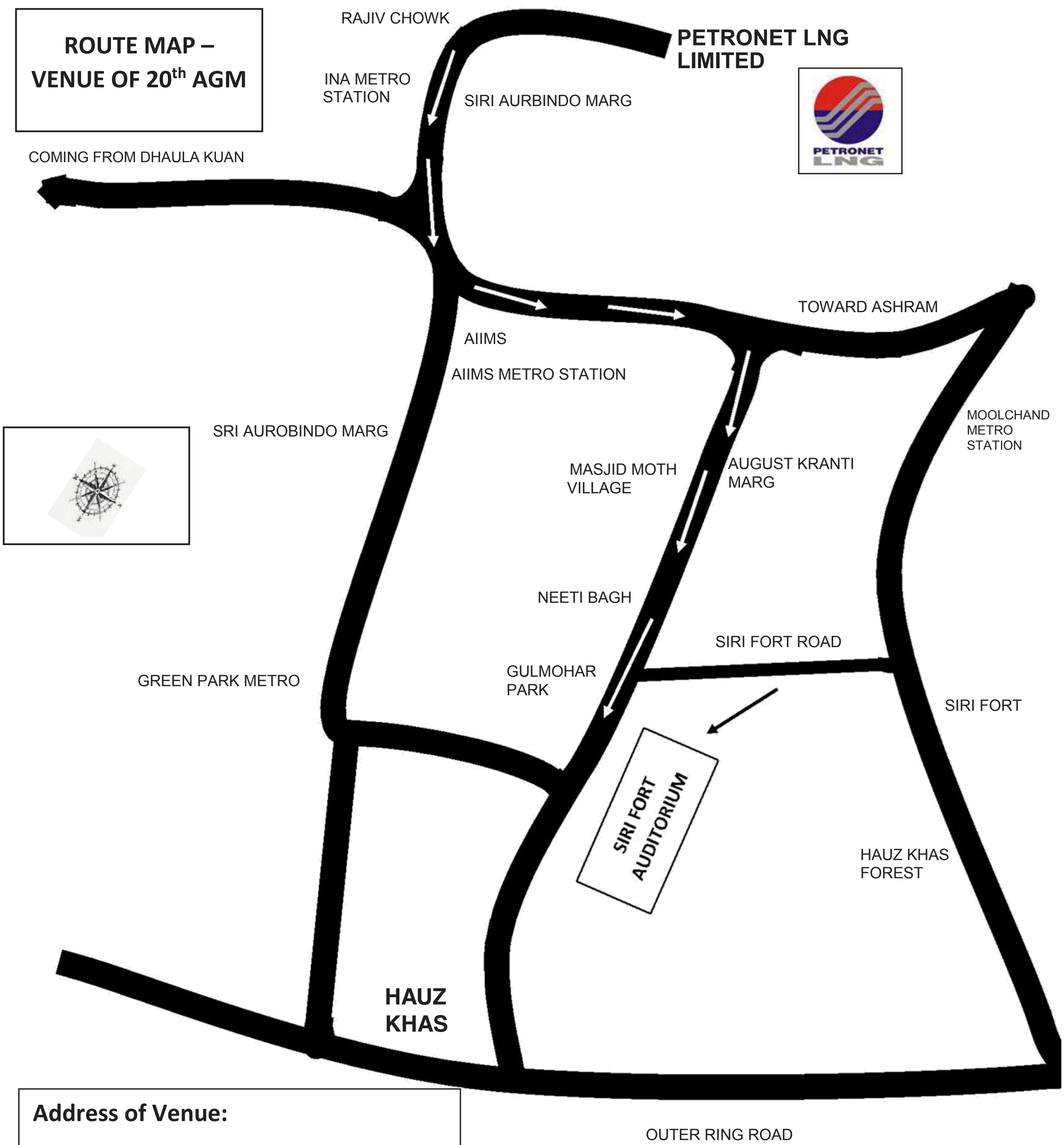
8. The Results declared alongwith the Report of the Scrutinizershall be placed on the website of the Company at https://www.petronetlng.com and on the website of KCPL at https://evoting.karvy.com immediately after the declaration of result bythe Chairman or a person authorized byhim in writing. The results shall also be immediately forwardedto BSE Limited and National Stock Exchange of India Limited.

9. The Notice of the 20th AGM is also placed on the website of theCompany at www.petronetlng.com and on the website ofKCPL at https://evoting.karvy.com.

10. Details of the person who can be contacted for any grievancesconnected with facility for voting by electronic means:-
Shri S. V. Raju, DGM
M/s Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31&32
Gachibowli, Financial District
Nanakramguda, Serilingampally
Hyderabad-500 032
Toll Free No. 1800 345 4001
Email: evoting@karvy.com

11. The Resolutions, if passed by the requisite majority, shall bedeemed to have been passed on the date of the 20thAnnualGeneral Meeting i.e. Friday, 14th September, 2018.

ROUTE MAP – VENUE OF 20th AGM



Address of Venue:

Siri Fort Auditorium,
August Kranti Marg,
Siri Institutional Area,
New Delhi - 110049

Nearest Metro Station:

Green Park

Nearest Landmark :
DDA Siri Fort Complex

PETRONET
LNG
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Appeal to Members

Green Initiative in Corporate Governance

We solicit your valuable cooperation and support in our endeavour to contribute our bit to the environment and it is earnestly requested again that the Members who have yet not registered / updated their e-mail IDs to notify the same to the Company at investors@petronetlng.com or to the Registrar and Share Transfer Agent of the Company or to the concerned depository.

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PETRONET
LNG
LIMITED

Registered & Corporate Office
World Trade Centre, 1st Floor, Babar Road, Barakhamba Lane, New Delhi - 110001, India
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