



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2020

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

To,  
The Members of  
Petronet LNG Limited,

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

Based on our verification of the Petronet LNG Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31<sup>st</sup> March, 2020** complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Petronet LNG Limited for the financial year ended on **31<sup>st</sup> March, 2020** 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, 2018\*;
  - (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, 2018\*.

\*SEBI Regulations listed at sub-para (v) above, Sl. Nos. (f), (g), (h) and (i) above are not applicable, as there were corporate decisions/actions during the year under report, attracting these regulations.

- (vi) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under.
- (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, 1958;
  - (h) The Electricity Act, 2003.

2. We have also examined the compliances with the applicable laws listed under Sl. No. (vii) above on test check basis, and 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 **except** for the following observations:
- The composition of the Board did not fulfill the requirement of requisite number of Independent Directors under Regulation 17(1) of SEBI (LODR) Regulations, 2015, for 8 days during the quarter ended 30.06.2019 i.e. from April 1, 2019 to April 8, 2019. Fine of Rs. 40,000/- plus taxes has been levied by BSE and NSE each for this non-compliance. The Company has paid the fine amount.*
- Further, the composition of the Board did not meet the requirement of number of Independent Directors for the quarters ended 31.12.2018 and 31.03.2019 i.e. for the period from 2<sup>nd</sup> November, 2018 to 31<sup>st</sup> March, 2019. Both the BSE and NSE levied fine for this non-compliance. Total fine amount of Rs. 9,32,200/- inclusive of the aforesaid amount of Rs. 40,000/- has been paid by the Company to each of the stock exchanges on 26.08.2019 as per the requirements.*
- 3A. We further report that the Company is implementing its Corporate Social Responsibility Policy/Activities as specified in Schedule VII to the Act read with Section 135 of the Act through Petronet LNG Foundation, a Section 8 Company under the Act.
4. We further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors, Independent Directors and a Woman Director. 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 Company **except** the following:
- "As part of corporate restructuring, Bharat Petroleum Corporation Ltd transferred its entire Gas Business to Bharat Gas Resources Limited, a wholly owned subsidiary Company. Accordingly, on the request of BPCL, the Company at its Annual General Meeting held on 27<sup>th</sup> August, 2019 approved, by Special Resolutions, amendments in Clause 2 of Part A of Memorandum of Association and the relevant Article of the Articles of Association of the Company to carry into effect Promoters' Agreement and Shareholders' Agreement entered into by and among GAIL (India) Ltd, Oil and Natural Gas Corporation Ltd., Indian Oil Corporation Limited and Bharat Petroleum Corporation Ltd. by executing a deed of adherence for implementation of project and related facilities"*

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

**For A. N. Kukreja & Co  
Company Secretaries**

(A. N. Kukreja)  
Proprietor  
FCS 1070; CP 2318.  
ICSI Unique Code: S1995DE014900  
UDIN:F001070B000392010

**Place :** New Delhi  
**Date :** 29<sup>th</sup> June, 2020

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 material 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.  
ICSI Unique Code: S1995DE014900  
UDIN:F001070B000392010

**Place :** New Delhi  
**Date :** 29<sup>th</sup> June, 2020

## Management's Reply on the Secretarial Audit Report for the Financial Year 2019-20

Observation of Auditor	Management's Reply
<p>The composition of the Board did not fulfill the requirement of requisite number of Independent Directors under Regulation 17(1) of SEBI (LODR) Regulations, 2015, for 8 days during the quarter ended 30.06.2019 i.e. from April 1, 2019 to April 8, 2019. Fine of Rs. 40,000/- plus taxes has been levied by BSE and NSE each for this non-compliance. The Company has paid the fine amount.</p> <p>Further, the Composition of Board did not meet the requirement of number of Independent Directors for the quarters ended 31.12.2018 and 31.03.2019 i.e. for the period from 2nd November, 2018 to 31st March, 2019. Both the BSE and NSE levied fine for this non-compliance. Total fine amount of Rs. 9,32,200/- inclusive of the aforesaid amount of Rs. 40,000/- has been paid by the Company to each of the stock exchanges on 26.08.2019 as per the requirements.</p>	<p>The Company has appointed sufficient number of Independent Directors on the Board and is in compliance with the provisions of Regulation 17 (1) of SEBI (LODR) Regulations, 2015.</p>

**Place :** New Delhi

**Date :** 6<sup>th</sup> August, 2020