

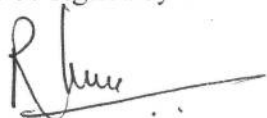
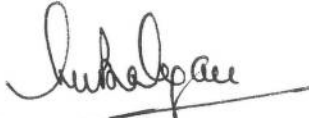
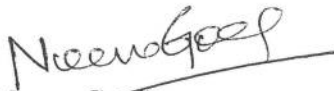



**PETRONET
LIMITED**

Petronet LNG Limited

Regd. Off. : World Trade Centre, First Floor, Babar Road,
Barakhamba Lane, New Delhi - 110001 (INDIA)
Tel. : 23472525, 23411411 **Fax :** 23472550

FORM A

1.	Name of the Company	Petronet LNG Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A.
5.	To be signed by :  (R. K. Garg) Director (Finance)	 (Dr. A. K. Balyan) Managing Director & CEO
	 (Neena Goel) For M/s T. R. Chadha & Co. Auditor of the Company	 (Ashok Sinha) Chairman - Audit Committee

INDEPENDENT AUDITOR'S REPORT
To the Members of Petronet LNG Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Petronet LNG Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. We have 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 appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For T.R. Chadha & Co.
Chartered Accountants
(Firm Registration No. 006711N)

Neena Goel
Partner
M.N. 057986



Place: New Delhi
Date: 30th April 2014

PETRONET LNG LIMITED

Annexure referred to in paragraph 5 of our report of even date.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The management has physically verified the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
(c) Since there is no substantial disposal of fixed assets during the year, the going concern status of the Company is not affected.
2. (a) The stock of raw materials and stores have been physically verified by the management at regular intervals. In our opinion, the frequency of such physical verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of the same.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b) to (d) of the Companies (Auditors Report) Order are not applicable.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) to (g) of the Companies (Auditors Report) Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems of the Company.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no contracts or arrangements which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
6. The Company has not accepted any deposits from the public within the provisions of sections 58 A and 58AA or any other relevant provisions and the Rules framed thereunder. Accordingly, the provisions of Clause 4 (vi) of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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 clause (d) of sub-section (1) of

section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained.

9. (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2014, 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, Cess and Excise Duty for the year under audit.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of dues of service – tax as at March 31, 2014 which have not been deposited on account of a dispute is as follows:

S. No.	Name of the Statute	Nature of the Dues	(Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
1	Service Tax Act	Service Tax including Interest & Penalty	65	2003-04 to 2007-08	CESTAT, Delhi
2	Service Tax Act	Service Tax	377	2006-07 to 2010-11	Commissioner Adjudication, Delhi
3	Service Tax Act	Service Tax	31	2011-12	Appeal to be filed with CESTAT
3	Service Tax Act	Service Tax	2	2012-13	Additional Commissioner, Delhi

10. The Company does not have accumulated losses as at 31st March, 2014. Further, the company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Since the Company is not a chit fund or a nidhi / mutual benefit fund/ society, provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the bank or financial institutions.
16. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, term loans were utilized for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. During the year ended 31st March 2014, the Company has issued unsecured debentures under private placement basis. Accordingly no security or charge in respect of such debentures has been created.
20. The Company has not raised any money by way of public issue during the year.
21. 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.

For T.R. Chadha & Co.
Chartered Accountants
(Firm Registration No. 006711N)

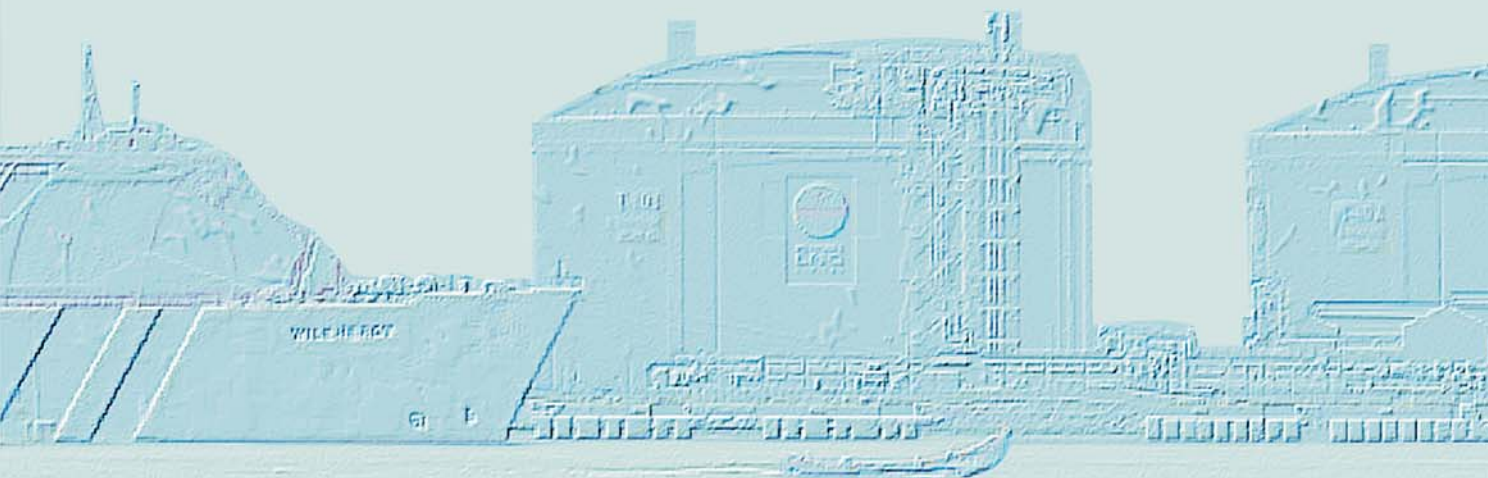
Neena Goel
Neena Goel
Partner
M.N. 057986



Place: New Delhi
Date: 30th April 2014

ANNUAL REPORT

2013 - 14



www.petronetlng.com

PETRONET LNG LIMITED
Board of Directors

Shri Saurabh Chandra	Chairman
Dr. A. K. Balyan	Managing Director & CEO
Shri R. K. Garg	Director (Finance)
Shri Rajender Singh	Director (Technical)
Shri B. C. Tripathi	Director
Shri S. Varadarajan	Director
Shri D. K. Sarraf	Director
Shri Philip OLIVIER	Director
Shri Tapan Ray	Director
Shri R. Ram Mohan	Director
Shri Arun Kumar Misra	Director

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Company Secretary

Shri K. C. Sharma

Statutory Auditors

M/s T. R. Chadha & Co.

Cost Auditor

M/s Sanjay Gupta & Associates

Registrar & Share Transfer Agent

M/s Karvy Computershare Pvt. Ltd
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081
Tel. : 040-23312454 / 23320751 / 52
Fax : 040-23311968 / 23323049

Bankers and Financial Institutions

Allahabad Bank
Asian Development Bank
Bank of Baroda
Bajaj Allianz Life Insurance Company Ltd.
Canara Bank
Citi Bank
Credit Agricole Corporate and Investment Bank
DBS Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Indian Overseas Bank
International Finance Corporation (Washington)
Jammu & Kashmir Bank
Oriental Bank of Commerce
SA Proparco
State Bank of Hyderabad
State Bank of India
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
The Hongkong & Shanghai Banking Corporation Ltd.

Registered Office	Dahej LNG Terminal	Kochi LNG Terminal
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	GIDC Industrial Estate, Plot No.7/A, Dahej, Taluka: Vagra, Distt. Bharuch, Gujarat - 392130 Tel. : 02641- 257004 to 257007 Fax : 02641- 253179/300310/253182	Survey No. 347, Puthuvypu (Puthuypeen SEZ) P.O. 682508, Kochi Kerala Tel. : 0484-2502259, Fax : 0484-2502264

PETRONET LNG LIMITED

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

NOTICE OF 16TH ANNUAL GENERAL MEETING – 2014

NOTICE is hereby given that the 16th (Sixteenth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 18th day of September, 2014 at 10:00 A.M. at FICCI, K. K. Birla Auditorium, 1, Tansen Marg, New Delhi 110001 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Financial Statements and Report of Board of Directors and Auditors thereon for the financial year ended 31st March, 2014.
2. To declare a dividend for the financial year ended 31st March, 2014.
3. To appoint a director in place of Shri B.C. Tripathi (DIN 01657366) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Tapan Ray (DIN 00728682) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made there under M/s T. R. Chadha & Co., Chartered Accountants (Regn. No.006711N), New Delhi, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the Sixteenth Annual General Meeting till the conclusion of the Seventeenth Annual General Meeting at a remuneration of ₹ 11 lac plus out of pocket expenses and applicable service tax.”

SPECIAL BUSINESS

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

6. **“RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions. If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules,

2014 and other rules, if any, Shri S. Varadarajan (DIN 00052928), Nominee Director of Bharat Petroleum Corporation Limited (BPCL), who has been appointed as Additional Director of the Company by Board of Directors under Section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of Companies Act, 2013) and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

7. **“RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions. If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other rules, if any, Shri D.K. Sarraf (DIN 00147870), Nominee Director of Oil and Natural Gas Corporation (ONGC), who has been appointed as Additional Director of the Company by Board of Directors under Section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of Companies Act, 2013) and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”
8. **“RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions. If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other rules, if any, Shri Saurabh Chandra (DIN 02726077) who has been appointed as Additional Director of the Company by Board of Directors under Section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of Companies Act, 2013) and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”
9. **“RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions. If any,

PETRONET LNG LIMITED

of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other rules, if any, Shri Philip OLIVIER (DIN 06937286), Nominee Director of GDF International (GDFI), who has been appointed as Additional Director of the Company by Board of Directors under Section 161 of Companies Act, 2013 (Section 260 of the erstwhile Companies Act, 1956) and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

10. **"RESOLVED THAT** pursuant to provisions of Sections 149, 160 and other applicable provisions. If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Act, if any, Shri Arun Kumar Misra who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the act and appointed as Additional Director of the Company by Board of Directors on 14th August, 2014 under Section 161 of Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company for a period of three years w.e.f. 14th August, 2014."

11. **"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 ₹ 2.50 lac plus out of pocket expenses and applicable service tax to M/s Sanjay Gupta & Associates, Cost Accountants (Regn. No. 000212), New Delhi, as recommended by the Audit Committee and approved by the Board be and is hereby ratified."

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

12. **"RESOLVED THAT** pursuant to provisions of Section 149 of Companies Act, 2013 and other applicable provisions, if any, consent of the Members be and is hereby accorded to increase the number of Directors from 16 to 18."

FURTHER RESOLVED THAT pursuant to provisions of Section 14 of Companies Act, 2013 and other

applicable provisions, if any, consent of the Members be and is hereby accorded for substituting **Article No. 104 i.e. Number of Directors** of the Articles of Association of the Company by the following:

"Subject to the provisions of Section 149 of Companies Act, 2013, the Board shall consist of not less than 4 and not more than 18 Directors including a Director, if any, nominated by any financial institution(s) pursuant to the terms of any financing documents entered into by the Company with such financial institutions."

By Order of the Board
For Petronet LNG Limited



(K. C. Sharma)

Company Secretary

Place: New Delhi

Date : 14th August, 2014

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Item No. 6, 7, 8, 9, 10, 11 and 12 set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL.**

A PERSON APPOINTED AS PROXY SHALL ACT ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.

3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
4. The Company had issued a Postal Ballot Notice dated 16th June, 2014 for obtaining Shareholder's approval by way of Special Resolution(s) in respect of the following items:
 - (i) Creation of Mortgage and / or Charge on all or any of the Movable and / or Immovable Properties of the Company.

- (ii) Increase in Borrowing Powers up to ₹ 20,000 Crore.
- (iii) Raising Funds up to ₹ 1,000 Crore through issue of Secured / Unsecured Non-convertible Debentures through Private Placement.

The Results of the Postal Ballot were declared on 1st August, 2014 and Special Resolution(s) as set out in the Postal Ballot Notice have been passed by the Members with an overwhelming majority as more than 90% of votes were casted in favour of all the three Resolution(s) as per Scrutnizer's Report.

5. All documents referred to the accompanying Notice and the Explanatory Statement(s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
6. Members / Proxies should bring the Attendance Slip duly filled for attending the Meeting.
7. Members are requested to bring their copies of the Annual Report to the Meeting.
8. Members holding Shares in physical mode are requested to notify the change in their Address / Bank Account/update e-mail ID to M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
9. Members holding shares in De-mat mode are requested to notify the change in their address / Bank Account/update e-mail ID to their respective Depository Participant(s) (DPs).
10. Members must quote their Folio Number / De-mat Account No. in all correspondence with the Company/ R&T Agent.
11. No gift will be distributed at the Annual General Meeting.
12. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September, 2014 to 18th September, 2014 (Both days inclusive). The dividend on equity shares, as recommended by the Board of Directors, subject to the approval of Members in the Annual General Meeting, will be paid on and after 29th September, 2014 to the Members or their Mandates whose name appear on the Company's

Register of Members on 7th September, 2014 in respect of physical Shares and in respect of Dematerialized Shares, the dividend will be payable to the beneficial owner of the shares whose name appear in the statement of beneficial ownership furnished by NSDL and CDSL at close of business hours on 5th September, 2014.

13. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with Bank(s), the Members holding equity shares in Physical Mode are requested to provide their Bank Account details to M/s Karvy Computershare Pvt. Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
14. Pursuant to SEBI circular no. CIR/MRD/DP/10/2013 dated 21st March, 2013, Members holding shares in dematerialize form are requested to provide/update their Bank Account details to their respective Depository Participants (DP) with whom maintain their demat account.
15. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
16. Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
17. Annual Listing Fee for the year 2014-15 has been paid to all Stock Exchanges wherein Shares of the Company are listed.
18. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf in the Meeting.
19. In case of Joint holders attending the Meeting, only such Joint holder, who is higher in the order of names will be entitled to vote.

NOTE ON TRANSFER OF DIVIDEND AMOUNT FOR 2006-07 TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

20. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has deposited the amount lying in Unpaid/Unclaimed Dividend account for the financial year 2006-07 to Investor Education and Protection Fund.

PETRONET LNG LIMITED

E-voting Facility

21. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering a facility to its Members to cast their vote by electronic means in respect of the above mentioned businesses to be transacted at the Sixteenth Annual General Meeting.

Notice of Annual General Meeting together with E-voting process have been sent to all the Shareholders separately. A shareholder can apply for duplicate E-voting instruction Form together with AGM Notice through an e-mail at raju.sv@karvy.com, if so required.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO: 6

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of the Companies Act, 2013), Shri S. Varadarajan, Nominee Director of BPCL, was appointed as Additional Director w.e.f. 11th October, 2013 on the Board of the Company. Pursuant to provisions of Section 260 of the erstwhile Companies Act, 1956, he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri S. Varadarajan as Director of the Company. A brief resume of Shri S. Varadarajan as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders. Shri S. Varadarajan is interested in the resolution to the extent of his appointment as Director.

The Directors or Key Managerial Personnels 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 113 A of the Articles of Association of the Company and in terms of section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of the Companies Act, 2013), Shri D.K. Sarraf, Nominee Director of ONGC, was appointed as Additional Director w.e.f. 10th March, 2014 on the Board of the Company. Pursuant to provisions of Section 260 of the erstwhile Companies Act, 1956, he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from

a Shareholder proposing the name of Shri D. K. Sarraf as Director of the Company. A brief resume of Shri D.K. Sarraf as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders. Shri D.K. Sarraf is interested in the resolution to the extent of his appointment as Director.

The Directors or Key Managerial Personnels 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 113 A of the Articles of Association of the Company and in terms of section 260 of the erstwhile Companies Act, 1956 (presently Section 161 of the Companies Act, 2013), Shri Saurabh Chandra was appointed as Additional Director w.e.f. 25th March, 2014 on the Board of the Company. Pursuant to provisions of Section 260 of the erstwhile Companies Act, 1956, he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri Saurabh Chandra as Director of the Company. A brief resume of Shri Saurabh Chandra as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders. Shri Saurabh Chandra is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 9

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013, Shri Philip OLIVIER, Nominee Director of GDFI, was appointed as Additional Director w.e.f. 22nd April, 2014 on the Board of the Company. Pursuant to provisions of Section 161 of the Companies Act, 2013, he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri Philip Olivier as Director of the Company. A brief resume of Shri Philip OLIVIER as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders. Shri Philip OLIVIER is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 10

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013, and Rules made thereunder read with Schedule IV of the Act, as per recommendation of the Nomination and Remuneration Committee, Shri Arun Kumar Misra was appointed as Additional Director w.e.f. 14th August, 2014 on the Board of the Company who meets the criteria for independence as provided in Section 149(6) of the Act. Pursuant to provisions of Section 161 of the Companies Act, 2013, he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri Arun Kumar Misra as Independent Director of the Company. A brief resume of Shri Arun Kumar Misra as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders. Shri Arun Kumar Misra is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 11

M/s Sanjay Gupta & Associates, Cost Accountants (Regn. No. 000212), were appointed as the Cost Auditors of the Company by Board of Directors in its meeting held on 30th April, 2014 in terms of Section 148 of the Companies Act, 2013.

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

In view of the above, your Directors recommend the resolution for approval of shareholders.

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

ITEM NO: 12

In terms of provisions of Section 149 of Companies Act, 2013 and also in terms of provisions of Clause 49 of Listing Agreement, every listed public company shall have at least one third of the total number of Directors as Independent Directors, in case the Chairman is Non Executive Director. The Chairman of the Company is a Non Executive Director, hence, one third of the total number of Directors has to be Independent Directors.

Further, the definition of Independent Director has been changed under Companies Act, 2013. As per revised definition of Independent Director in relation to a Company means a Director other than a Managing Director, Whole time Director or a Nominee Director. In view of the revised definition of Independent Directors as stated above, Nominee Director of lenders or any Director nominated by any financial institution in pursuance of provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interest will not be considered as Independent Director(s).

In order to appoint additional Independent Director(s) to comply with the provisions of Companies Act, 2013 and Clause 49 of Listing Agreement, it is proposed to alter the Articles of Association of the Company to increase the maximum number of Directors from present 16 Directors to 18 Directors with the approval of the Members of the Company by way of Special Resolution. In view of the above, your Directors recommend the resolution for approval of the Shareholders as a Special Resolution.

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

By Order of the Board
For Petronet LNG Limited



(K. C. Sharma)

Company Secretary

Place : New Delhi

Date : 14th August, 2014

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

Shri B. C. Tripathi

Shri B.C. Tripathi is a Chairman & Managing Director of GAIL (India) Ltd. and a Nominee Director of GAIL (India) Ltd. on the Board of Petronet LNG Ltd. He is a Mechanical Engineer Graduate from NIT Allahabad, formerly known as Moti Lal Nehru Regional Engineering College, Allahabad. He started his career in ONGC and subsequently joined GAIL in 1984. Shri Tripathi is one of the founder employee of GAIL and has worked under different capacities in different departments in GAIL. He was involved in the construction and commissioning of the HBJ pipeline Project, which received Silver Medal for Excellence in Project Management in the Mega Project Category from International Project Management Association, Germany.

Shri B.C. Tripathi holds NIL shares in the Company.

Shri B.C. Tripathi holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
GAIL (India) Limited	Chairman & Managing Director
GAIL Gas Limited	Chairman
Brahmaputra Cracker & Polymer Limited	Chairman

Shri B.C. Tripathi is not a Member/Chairman of Committees of Board of Directors of any other Company.

Shri Tapan Ray

Shri Tapan Ray is the Managing Director of Gujarat State Petroleum Corporation Ltd (GSPCL). He is the Nominee Director of Gujarat Maritime Board/Govt. of Gujarat on the Board of Petronet LNG Ltd. Before joining the GSPCL in Nov., 2009, he was Principal Secretary (Economic Affairs), Finance Department. He is an IAS Officer, Gujarat (1982 Batch) and having a rich administrative and corporate experience. He also holds a degree in Engineering from IIT Delhi, a post graduate degree in public policy from Princeton University, USA, a Masters in Public Administration from Syracuse University, USA and a degree in law with various diplomas.

Shri Tapan Ray holds NIL shares in the Company.

Shri Tapan Ray holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
GSPL India Gasnet Limited	Chairman
GSPL India Transco Limited	Chairman
GSPC Distribution Networks Limited	Chairman

Sabarmati Gas Limited	Chairman
Gujarat State Petroleum Corporation Limited	Managing Director
Gujarat State Petronet Limited	Managing Director
GSPC Gas Company Limited	Director
GSPC LNG Limited	Director
Guj Info Petro Limited	Director
Gujarat State Energy Generation Limited	Director
GSPC Pipavav Power Company Limited	Director
ONGC Petro-additions Limited	Director
Gujarat Gas Company Limited	Director
Gujarat Gas Financial Services Limited	Director

Shri Tapan Ray is a Member/Chairman of Committees of Board of Directors in the following Companies:

Name of the Companies	Name of the Committee(s)	Position Held
Gujarat State Energy Generation Limited	Audit Committee	Chairman
GSPC Gas Company Limited	Audit Committee	Chairman
GSPC Pipavav Power Company Limited	Audit Committee	Member
GSPC LNG Limited	Audit Committee	Member
Gujarat State Petronet Limited	Investors' Grievance Committee	Member

Shri S. Varadarajan

Shri S. Varadarajan is a Chairman & Managing Director of Bharat Petroleum Corporation Limited (BPCL) and a Nominee Director of BPCL on the Board of Petronet LNG Ltd. An Associate Member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India, Shri S. Varadarajan has more than 30 years of experience in all aspects of the oil and gas industry, ranging from Finance and Marketing to Corporate Strategy and Planning. In addition, he enjoyed a stint as the Chief Financial Officer, Bharat Shell Limited (BSL).

As Director (Finance) of BPCL in 2011, he had the overall responsibility of the Finance function, Information Technology and Corporate Planning in the Corporation. The excellent performance of the Corporation in key areas of turnover, cash and net profits bears testimony to the

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stellar role he played in enhancing the financial health of the Company.

Shri S. Varadarajan holds NIL shares in the Company.

Shri S. Varadarajan holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Bharat Petroleum Corporation Ltd.	Chairman & Managing Director
Numaligarh Refinery Ltd.	Chairman
Bharat Oman Refinery Ltd	Chairman
Matrix Bharat Pte Ltd	Chairman
Bharat PetroResources Ltd	Director

Shri S. Varadarajan is a Member/Chairman of Committees of Board of Directors in the following Companies:

Name of the Companies	Name of the Committee(s)	Position Held
Bharat PetroResources Ltd	Audit Committee	Chairman
Bharat Petroleum Corpn. Ltd	<ul style="list-style-type: none"> Audit Committee Investors' Grievance Committee 	Member Member

Shri D. K. Sarraf

Shri D. K. Sarraf is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC) and a Nominee Director of ONGC on the Board of Petronet LNG Ltd.

Shri D. K. Sarraf graduated in Commerce from the prestigious Shri Ram College of Commerce, Delhi University and holds a post graduate degree in Commerce from the same University. He is an Associate Member of the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India.

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

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

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

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

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

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

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

Shri Saurabh Chandra

Shri Saurabh Chandra is presently posted as Secretary, Ministry of Petroleum & Natural Gas, Government of India.

An officer of the Indian Administrative Service, belonging to the 1978 Batch, he is a Graduate in Electrical Engineering from the Indian Institute of Technology, Kanpur and holds a Diploma in Management. In a career spanning over 36 years, he worked in different capacities in various Ministries in Government of India, including as Secretary in the Department Industrial Policy & Promotion, Ministry of Commerce for two years.

Shri Chandra is a recipient of several awards for outstanding and praise-worthy service rendered during his service career.

Shri Saurabh Chandra holds NIL shares in the Company.

Shri Saurabh Chandra holds Directorship/Chairmanship in the following other Company:

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Name of the Company	Position Held
Indian Strategic Petroleum Reserves Ltd.	Chairman

Shri Saurabh Chandra is not a Member/Chairman of Committees of Board of Directors of any other Company.

Shri Philip OLIVIER

Shri Philip OLIVIER is the President of GDF Suez LNG and a Nominee Director of GDF International on the Board of Petronet LNG Limited.

Shri Philip OLIVIER holds Electromechanical and Nuclear Engineering Degrees as well as Management Degrees from Gent and Fontainebleau. He has over 25 years of experience in the electricity and gas industry.

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

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

Shri Philip OLIVIER holds NIL shares in the Company.

Shri Philip OLIVIER holds Directorship/Chairmanship in the following other Companies:

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

Shri Philip OLIVIER is not a Member/Chairman of Committees of Board of Directors of any other Company.

Shri Arun Kumar Misra

Shri Arun Kumar Misra is a retired IAS officer of 1976 Batch (UP Cadre) having more than 38 years experience in the field of policy, planning and administration. During his tenure spanning more than three decades, he has served at various important position in the Central as well as State Government like Principal Secretary to Government of UP, Principal Advisor to Planning Commission, Secretary to Govt. of India, Ministry of Rural Development.

Shri Arun Kumar Misra retired on 28th February, 2014 from the position of Secretary to the Government of India, Ministry of Housing & Urban Poverty Alleviation.

Shri Arun Kumar Misra holds NIL shares in the Company.

Shri Arun Kumar Misra does not hold Directorship/Chairmanship in any other Company.

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege and honour to present the Sixteenth Annual Report and the Audited Accounts of Petronet LNG Limited (PLL) for the year ended March 31, 2014.

PHYSICAL PERFORMANCE

During financial year 2014 (FY14), there was an overall decline in demand for gas in India. This impacted the operations of the Dahej terminal with marginal dip in the terminal utilization at a capacity lower than nameplate capacity of 10 MMTA. In FY14, the Dahej Terminal handled 149 LNG cargoes and supplied 488.75 TBTUs of re-gasified LNG.

The Kochi terminal was commissioned in August, 2013. However, due to limited availability of the pipeline network for gas evacuation, the terminal operated at low capacity utilization. 3 cargoes have been brought to the Kochi terminal since it was commissioned.



First Ship arrival at Kochi Terminal

FINANCIAL PERFORMANCE

During the period 2013-14, while the company achieved the highest ever turnover of ₹ 37,748 Crore as against ₹ 31,467 Crore in 2012-13, the net profit during the year declined to ₹ 712 Crore as against ₹ 1,149 Crore in the previous year. Lower capacity utilization, coupled with the commissioning of the Kochi terminal, resulted in lower profits for PLL for FY14. The capacity utilization at the Dahej Terminal was at 96%, while the Kochi terminal operated at minimal capacity.

A summary of the comparative financial performance

of PLL for FY14 and FY13 respectively is presented below:

(₹ in Crore)

Particulars	2013-14	2012-13
Revenue from operations	37,748	31,467
Other Income	84	89
Total Revenue	37,832	31,556
Cost of LNG imports	35,849	29,212
Gross Margin	1,983	2,344
Salary & other operating expenses	400	319
Finance charges	220	118
Depreciation	308	187
Profit before Tax	1,055	1,720
Tax expenses, including deferred tax	343	571
Profit after Tax	712	1,149
Earnings per Share (₹)	9.49	15.32

DIVIDEND

Keeping in view the performance and dividend policy of PLL, the Directors are pleased to recommend a dividend of 20% on the paid-up share capital of the company for the year ending March 31, 2014.

FINANCING OF PROJECTS

PLL has successfully raised the required debt for its large capital expenditure since formation. Over time, the company has borrowed substantial funds in Indian Rupees as well as foreign currency to finance multiple expansion plans. These include initial Dahej project of 5 MMTA capacity, its expansion to 10 MMTA, the Kochi LNG Terminal, and the second jetty at Dahej, and now further expansion of the Dahej terminal to 15 MMTA.

For the first time during FY14, the company tapped the Rupee-bond market and raised ₹ 300 Crore to fund the second jetty at Dahej.

Simultaneously, PLL signed Rupee loan agreements aggregating ₹ 2,250 Crore with State Bank of India and HDFC Bank Ltd. to fund the Dahej expansion project. Further, Asian Development Bank sanctioned an amount of USD 150 million for the Dahej expansion project. These developments are symbolic of the strength of the balance sheet of PLL and the good relationship it enjoys amongst the lending community.

The company undertook an international rating exercise during FY14. After a rigorous exercise, M/s Moody's Investor Service ("Moody's") assigned Petronet LNG Limited with a Baa3 Corporate Family Rating. The outlook on the rating is stable. PLL has been assigned a rating equivalent to that of the Sovereign. With this rating, PLL

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has joined the elite group of companies that are similarly rated by the Moody's. Namely, Indian companies such as Bharat Petroleum Corporation Limited, Bharti Airtel Limited, Indian Oil Corporation Limited and NTPC Limited.

LNG SOURCING

The company has signed long-term supply contracts for LNG imports from Qatar and Australia. While the LNG supplies from Qatar commenced in 2004, the LNG from Australia is expected to arrive by the end of 2015. Besides the long-term LNG contracts, PLL also buys LNG on spot and short-term basis from many international players. The company is closely connected with multiple suppliers to be able to secure LNG at an affordable price for the Indian market.



Handing over of memento by CEO, RasGas, on the occasion of 10th anniversary of LNG supply from RasGas to Petronet LNG Ltd.

SECOND LNG JETTY AT DAHEJ

This year, the construction work of the second jetty at Dahej was completed. Gujarat Maritime Board (GMB) issued the necessary completion certificate. Post the completion certifications and approvals like declaration of Jetty as an import landing place, PLL obtained the Navigational Safety Port Committee (NSPC) approval and the approval as Custodian of imported goods amongst others. The first LNG Cargo at Second Jetty at Dahej was berthed on April 18, 2014.



Second LNG Jetty at Dahej

The second Jetty at Dahej is very versatile. It is capable of berthing Q-Max LNG vessels (with a capacity of 266,000 cubic meters) during non-monsoon period and Q-flex LNG vessels (with a capacity of 216,000 cubic meters) in all seasons.

Completion of this project has reduced dependency on one Jetty. It has mitigated the risks associated with receipt of high number of ships on a single jetty. The company will also be able to cater to a higher number of cargoes.

FURTHER EXPANSION OF DAHEJ LNG TERMINAL

As mentioned, the Dahej LNG Terminal is being expanded from 10 MMTPA to 15 MMTPA. The expansion project involves construction of two additional storage tanks, additional regasification facilities of 5 MMTPA capacity, four LNG Truck loading bays, utilities and offsites.



Dahej Expansion - Execution of Long Term Capacity Booking Agreement between Petronet LNG Ltd and Bharat Petroleum Corporation Ltd.

The company has obtained all statutory clearances for the expansion project. These include the no objection certificate from Petroleum & Explosives Safety Organization (PESO), and CRZ & Environmental clearance from the Ministry of Environment & Forest (MOEF). PLL has already obtained

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the possession of requisite land after completion of the stipulations of diversion of forest land.

The EPC contract for the two LNG storage tanks has been awarded to M/s IHI of Japan and the contract for regasification facilities has been awarded to the consortium of M/s Toyo Engineering India Limited (TEIL) & M/s Toyo Engineering Corporation (TEC), Japan. M/s Engineers India Limited has been appointed as the Project Management Consultant for this project. The target is to complete the project by end of 2016.



Dahej Expansion phase IIIA - Contract Signing for Regasification Facilities with M/s Toyo Engineering India Ltd.

Following a different business model, PLL has signed contracts where the expanded capacity at Dahej would be offered on a "Use or Pay" basis. This would ensure healthy revenues right from the day of completion of the expanded capacity. For twenty years, the major part of the expanded capacity has already been contracted on "Use or Pay" basis. This expansion would make the Dahej terminal one of the biggest and amongst the most utilized terminals in the world.

SHIPPING ARRANGEMENTS

The volumes under the long-term contract of 7.50 MMTPA of LNG with RasGas were brought to Dahej by three LNG ships, namely 'Disha', 'Raahi' and 'Aseem.' The Shipping Corporation of India (SCI) is an equity partner in the ship-owning companies and all three ships are manned, managed, maintained and operated by SCI. The ships operate on a long-term time charter basis.

During FY14, the overall shipping operations at Dahej LNG terminal have run smoothly. The jetty utilization has been optimum without any downtime.

PLL has executed an agreement for a long-term time charter of a fourth LNG ship to import LNG from Australia. Construction of ship is in progress as per

schedule. A consortium of companies, namely, MOL, NYK, K-Line and Shipping Corporation of India (SCI), will own this ship. PLL has right to subscribe upto 26% equity in this LNG ship.



Signing of Long Term Time Charter Agreement of fourth LNG Ship

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

LNG TERMINAL AT KOCHI

Kochi LNG terminal was commissioned on August 20, 2013 with the berthing of the first LNG carrier at the terminal. Commissioning activities were completed and the terminal became commercially operational on September 10, 2013. Since only Phase-1 of the pipeline network is complete, the off-take from the terminal is low. As on date, the length of the pipeline is 44 kilometers only, which is being used for evacuation of R-LNG for servicing a limited number of consumers. Completion of Phase- 2 is the key to enhanced capacity utilization of the terminal as the pipeline then connects several consumers enroute Bangalore and Mangalore.



Kochi LNG Terminal

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Dr. Manmohan Singh, Former Hon'ble Prime Minister addressing to the audience on the occasion of Dedication to the Nation of Kochi LNG Terminal, Kerala

The Honorable Prime Minister of India dedicated the terminal to the Nation at a ceremony at the terminal on January 4, 2014.

To date, three LNG cargoes have been imported in Kochi. PLL supplied volumes under these cargoes to two major consumers – FACT and BPCL refinery. This was executed through the gas marketing companies, BPCL, GAIL and IOC. Currently, a volume of only around 0.35 MMSCMD is supplied to the refinery.

The Government of India had given permission to GAIL to lay the pipelines to connect Kochi LNG terminal to Mangalore and Bangalore markets. Certain constraints are being faced by GAIL in laying these pipelines. The pipeline to Bangalore passes through the State of Tamil Nadu and has become a subject matter of litigation due to a decision of the State Government that the pipeline be aligned with National highways. The Mangalore section of the pipeline is awaiting ROU (Right of Use) acquisition from State Government in certain districts of Kerala. Your Company is hopeful for the resolution of these issues in the near future.

EAST COAST TERMINAL AT GANGAVARAM

The company has proposed setting up a third regasification terminal at Gangavaram in Andhra Pradesh. A binding term sheet to this effect was signed with Gangavaram Port Ltd.

Various pre-project activities of the proposed terminal, including the Detailed Feasibility Report (DFR) and Front End Engineering and Design (FEED), have been completed. The Environment & CRZ Clearance for the project has been obtained from MOEF, New Delhi. Approval from PESO has also been obtained. The process for pre-qualification of

prospective EPC bidders is in progress. The project awaits the clearance from the State Government, for consumer tie-up, pipeline connectivity and sourcing of LNG.

DIRECT MARKETING OF LNG

PLL continues its efforts for development of the concept to supply LNG by road with the use of receiving stations/hubs. This concept is prevalent in several countries and is gaining traction. The concept is ideally suited for consumers who are not connected to the gas pipelines and have a small requirement.



Truck loading facility at Dahej.

Steps are underway to market LNG directly to consumers across India through overland transportation. The company has concluded LNG sales agreements with a few consumers in this regard. To meet the natural gas demand of isolated small and mid-scale centers, PLL is exploring the potential of small-scale LNG terminals at certain coastal locations. These areas can be fed from the main LNG terminals at Kochi and Gangavaram by reloading the LNG into small LNG vessels/ barges. PLL is engaged in various pre-project activities for supply of LNG through small barges and creating LNG hub in the Island of Andaman & Nicobar. The company has signed an MOU with Andaman & Nicobar administration in this regard.



Singing of MOU with Andaman & Nicobar Administration.

In light of increasing concerns over release of green house gases, conversion of shipping industry from conventional fuel to LNG is a matter of time. PLL has kept provisions for reloading of small ships from Kochi Terminal for future requirement of coastal trade of LNG and bunkering.

PLL has created a direct marketing brand. All retail marketing shall be under the brand name 'Taral'.

WIND POWER PROJECT IN GUJARAT

The Company is making efforts to reduce and optimize the power consumption which is the major operating cost in regasification terminals. At the same time, PLL is promoting renewable energy for the reduction carbon footprint. It envisages environment friendly energy generation, and is in process of implementing a 40 MW Wind Power Project for captive use in Gujarat for the Dahej LNG terminal.

The pre-project activities have already begun. The project shall be implemented by 2015. The project will reduce the expenses on power consumption and is likely to be a profitable investment with a shorter payback.

FUTURE PLANS

The company is looking at innovative ways to integrate along the LNG value chain. Currently, LNG production countries

spend a significant amount of energy at the Natural Gas liquefaction plants to convert natural gas into LNG. There is a potential for recovery of such energy at LNG regasification terminals. PLL has initiated steps in this regard. The company is in a pre-project activities phase to set up an Air Separation Unit (ASU). This will produce liquid gases such as Liquid Nitrogen, Liquid Oxygen and Liquid Argon. An ASU integrated with an LNG regasification terminal consumes 50% less energy vis-à-vis a stand-alone ASU.

Another possibility of utilizing the above cold energy is by setting up cryogenic warehouse for refrigerated storage of various products. PLL has initiated pre-project activities in this regard as well.

UPGRADATION OF IT SYSTEM LANDSCAPE THROUGH PROJECT "SANKALP"

To take PLL to greater heights, the project "SANKALP" was undertaken to upgrade the existing ERP landscape. The company has successfully completed the software and hardware upgrade to combine all business processes around the LNG value chain on a single IT platform. Besides the upgradation of the existing modules, many new modules have been implemented.

A high level of interaction, coordination and synchronization across all business functions that cover core processes of contract management, planning and optimization, terminal operations along with the enterprise processes of finance, procurement, and human resources has been established. This will help PLL make greater use of analytics, robust and accurate business information, better and quick decision making, improved financial reporting, through easy-to-use interfaces with end-to-end IT enablement.

This enterprise software will not only enhance existing functionalities, but will bring the industry best practices of new functionalities in the company's systems.

INDUSTRIAL RELATIONS

PLL continued to enjoy cordial and smooth relations amongst all employees at Dahej and Kochi terminals.



Employees at Control Room - Dahej LNG Terminal

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Celebrating 17th Foundation Day of Petronet LNG Ltd.

DEPOSITS

During the year, PLL did not accept any deposits from the public under Section 58A of the Companies Act, 1956.

EMPLOYEE PARTICULARS

Pursuant to provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules 1975, the names and other particulars of employees are set out in the annexure to the Directors' Report.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with Auditors' Certificate regarding Compliance of the SEBI Code of Corporate Governance is annexed herewith.

MANAGEMENT DISCUSSION AND ANALYSIS

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

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Health Safety and Environment (HSE) continues to remain top priority for the company. PLL operates its LNG terminals with the highest level of safety standards. During

the financial year the company performed exceedingly well without occurrence of any loss time incident. Continued efforts are made to further strengthen the HSE system by upgrading standard operating procedures, External Audits, close monitoring & upgrading of fire, gas & spill detection & suppression systems and adherence to regulatory compliances. Training on safe operations and fire fighting remains on focus. Exclusive LNG Fire fighting training is also provided to fire fighting team and key operation persons at GDF, France.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

All possible measures have been undertaken successfully by PLL to achieve the desired objective of energy conservation and technology upgradation.

In order to ensure optimum conservation of energy and absorption of technology, the engineers at PLL continue to interact with industry peers, technology providers and EPC Contractors. They have also been nominated to important national and international seminars. Teams have worked closely with Project Consultants and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- a) That the company had followed the applicable accounting standards along with proper explanations relating to material departures in the preparation of the annual accounts;
- b) That the company had selected such accounting policies and applied them consistently and made judgment 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 account of the company for that period;
- c) That the company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- d) That the accounts of the company have been prepared on a going-concern basis.

CHANGE IN THE BOARD OF DIRECTORS

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

Directors Resigned	
Name	Date of Resignation
Shri R. K. Singh, Nominee of BPCL	October 1, 2013
Shri Vivek Rae, Chairman	March 1, 2014
Shri Sudhir Vasudeva, Nominee of ONGC	March 1, 2014
Shri Dominique Pelloux-Prayer, Nominee of GDFI	March 15, 2014

The Board placed on record, appreciation for the contributions made by Shri Vivek Rae, Shri R. K. Singh, Shri Sudhir Vasudeva and Shri Dominique Pelloux-Prayer.

Directors Appointed	
Name	Date of Appointment
Shri S. Varadarajan, Nominee of BPCL	October 11, 2013
Shri D. K. Sarraf, Nominee of ONGC	March 10, 2014
Shri Saurabh Chandra, Chairman	March 25, 2014
Shri Philip OLIVIER, Nominee of GDFI	April 22, 2014

FOREIGN EXCHANGE EARNING AND OUTGO

PLL has incurred expenditure in foreign exchange to the extent of ₹ 33855.64 Crore during the year under review. Foreign exchange earnings during the year were ₹ 1.51 Crore.

COST AUDITOR

The Board of Directors has re-appointed M/s Sanjay Gupta & Associates as the Cost Auditor of the Company for the Financial Year 2014-15.

The Cost Audit Report for FY13 has been filed under XBRL mode on October 24, 2013.

AUDITORS


M/s T. R. Chadha & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting (AGM) of the company and being eligible, offer themselves for re-appointment. The re-appointment, if made, for the financial year 2014-15, will have to be approved by Ordinary Resolution as required under Section 139 of Companies Act, 2013.

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, Kerala and Andhra Pradesh, Promoters of the Company, 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 heart-felt gratitude and thank all the shareholders and debenture holders for the continued support and the trust they have reposed in the Management. The Directors look forward to a better future and further growth.

For & on behalf of the Board of Directors


(Saurabh Chandra)
Chairman

Place: New Delhi
Date: 24th July, 2014

PETRONET LNG LIMITED**Annexure to Directors' Report****PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Name of the Employee	Remuneration Received in ₹	Nature of employment whether Permanent or Contractual	Other terms & Conditions	Nature of Duties of the employee	Qualification & Experience of the employee	Date of commencement employment	Age of the employee	No. of Equity Shares held in the Company	The last Employment held by such employee before joining the company
Dr. A. K. Balyan	82,78,352	Contractual	Five years w.e.f. 16 th July, 2010.	MD & CEO	Ph. D. (Germany), M. Tech., IIT, Delhi Exp. – 42 years.	16 th July, 2010	63	400	ONGC Ltd.
Shri R. K. Garg	65,66,733	Contractual	Five years w.e.f. 20 th July, 2011.	Director (Finance)	Chartered Accountant and Company Secretary Exp. – 35 years.	27 th September, 2001	58	5300	Steel Authority of India Ltd.
Shri Rajender Singh	62,01,000	Contractual	Five years w.e.f. 14 th November, 2012	Director (Technical)	B.Sc. (Engineering) -Civil Exp. – 33 years.	10 th March, 2006	55	NIL	ONGC Ltd.



Director (Finance), MD & CEO and Director (Technical) with Dun & Bradstreet Corporate Award.

MANAGEMENT DISCUSSION AND ANALYSIS

World LNG Market: 2013

Overview

On a global scale currently, natural gas constitutes close to an average of 24% of the primary energy consumption. However, in developing markets, namely, India and China the natural gas consumption is 9% and 5% respectively. This is a small percentage of their total primary energy consumption. As per forecast for the future, the main demand centers driving growth in natural gas will be these emerging economies. Due to their large growing population and relatively low per capita energy consumption, as compared to the industrialized world, an increased supply of energy will be required to support improving standards of living. As demand for energy grows, natural gas will play an increasingly important role in the worldwide energy mix because it is not only clean energy, but is also cost effective in the long run as compared to oil.

The road to the future

The need of the hour is environmentally sustainable growth. Governments across the globe are focusing their efforts on reducing carbon emissions. These endeavours, clubbed with awareness drives will lead to increase in demand for natural gas. As opposed to oil and coal, natural gas is an environmentally friendly fuel and because of this fact, it is projected that natural gas will experience the fastest growth in consumption as compared to these fuels.

New developments

The natural gas industry has received a significant boost with the rapid development of the unconventional gas industry, Shale Gas in the US. Since 2008, the new development has created a significant impact in the market and as a result of which, North America has now become less reliant on energy imports. This Shale Gas revolution in the US has lead to a paradigm shift in the natural gas and LNG markets globally. The US, which was projected to become a major importer of LNG, is now slated to become a major exporter with Canada following suit. In light of this development, it is now expected that India and China will emerge as the largest importers of LNG in the world, alongside other North East Asian countries like Japan and Korea.

Global LNG Supply: 2013

In 2013, LNG production was at 242 MMT, a slight increase from the previous year. This represents about 85% nameplate capacity utilization in the LNG industry.

Region wise increase

Out of all the regions exporting LNG, Middle East exported a record high for the region at 100 MMT. This was due to Qatar producing LNG above its nameplate 77 MMTPA capacity.

Rise in production from Qatar and Malaysia was due to less planned maintenance activity allowing the LNG plants to have long production runs for the year.

Pluto LNG boosted the LNG supply from Australia. Yemen also experienced higher LNG output due to fewer disruptions on its gas pipeline feeding the LNG facility.

In addition, 2 new LNG trains were commissioned in Africa during the year. These are by Angola and Algeria. Regardless of that, LNG production from Africa fell by about 5 MMT due to the two new trains facing production issues, unscheduled shutdowns in Nigeria caused by Force Majeure events and falling LNG supply from Egypt diverted to the domestic market. Further, in 2014, PNG LNG Project in Papua New Guinea, a 6.9 MMTPA LNG liquefaction plant commenced its operations and has been producing steadily LNG since its commencement leading to increased availability.

New projects

With regard to new project developments globally, 29 MMTPA of new liquefaction capacity has been approved for development. This includes the 16.5 MMTPA Yamal LNG project in Russia near the Arctic.

In the US, only one project in a second phase of expansion at Sabine Pass has been sanctioned. But in the future, many more LNG export projects shall be approved.

Global LNG Demand: 2013

In 2013, 10 new regas terminals were commissioned, of which, there are three in China and two in India. Three new LNG importers entered the market in 2013, Israel, Singapore and Malaysia.

Region wise increase

On the demand side, the growth in Japan's demand for LNG now has now stabilized with the country importing 87.5 MMT, almost the same as last year. Japan has reached its capacity limit with regard to total LNG it can import and consume, based on the number of gas power plants and existing LNG storage capacity.

In South Korea, there was a power shortage that stemmed from safety issues at some of their nuclear power plants. The closure of the plants led to power shortage and the country required additional imports of LNG. In 2013, Korea

PETRONET LNG LIMITED

imported about 40 MMT of LNG, 10% higher than the previous year.

This year, 3 new regas terminals were commissioned in China. As a result, China also increased its imports of LNG by 20% to about 18 MMT.

In 2013, the fastest growing LNG importing region was South East Asia with demand increase to three times in one year between four countries. Malaysia, Singapore, Indonesia and Thailand imported a total of 5.5 MMT of LNG. Malaysia and Singapore commenced importing cargoes in 2013. Malaysia and Indonesia have been major LNG exporters to North East Asia. But due to a decline in gas reserves and a rise domestic gas demand, they are now importing LNG to meet domestic demand. As for Singapore, it is in a prime location to develop as a LNG trading hub as 60% of the LNG going to Asia passes by Singapore. It's geographical proximity to producing areas in Australia, North America, and the Middle East, as well as the world's largest LNG consumers in North East Asia (Japan, Korea).

Latin America also experienced robust demand from countries like Brazil, Argentina and Mexico. These countries are looking to diversify energy sources and not be excessively dependent on hydrogenation or pipeline imports

from other Latin American countries. These three countries imported a total of 4.5 MMT in 2013.

In 2013, the US had the lowest imports of LNG since 1998. This was due to the shale gas supply boom, which reduced the need for LNG imports.

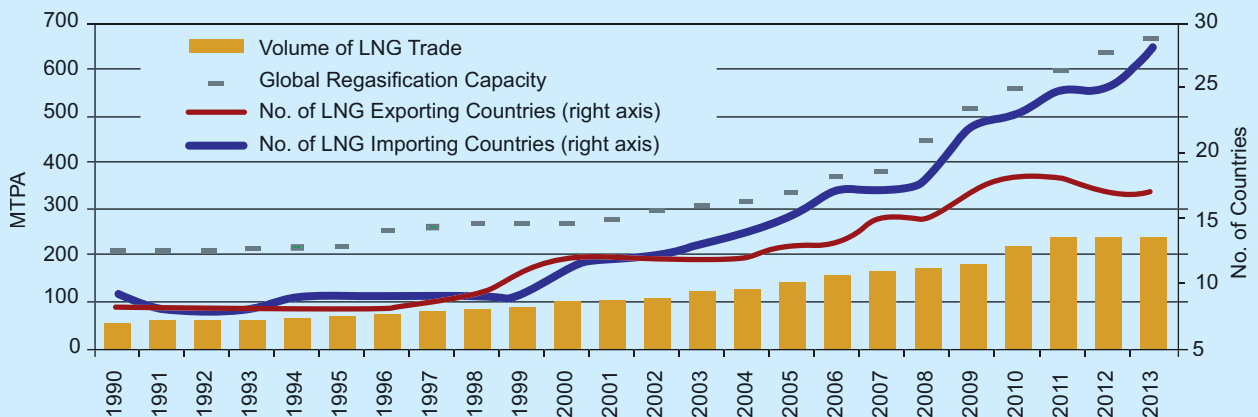
Meanwhile in Europe, LNG import fell from over 50 MMT in 2012 to less than 40 MMT in 2013. The demand for LNG has lowered due to a struggling economy and increase pipeline imports. Re-exports from Europe increased to around 4 MMT due to higher prices offered by North East Asian buyers. Spain saw the largest fall in imports.

Global LNG Trade: 2013

During the year 236.8 MMT of LNG was traded.

As mentioned above, lack of new production capacity and various outages at existing liquefaction plants left very little room for overall trade growth. However, with new importers and strong demand growth in parts of Asia and South America, trade patterns had to change at the expense of markets with access to pipeline gas in Europe and North America. A further expansion in re-exports meant LNG trade grew faster than the underlying LNG production.

World LNG Trade (1990 to 2013)



Source - IGU World LNG Report -2014

The amount of long-haul inter basin trade declined from the very high levels seen last year. This was due to a combination of strong demand in South America, coupled with weak African production and the re-direction of Qatari volumes from Europe and North America to Asia.

Global LNG Price: 2013

In the Asian markets, the impact of the US shale gas revolution is being felt. Major Asian LNG importers who do not have a Free Trade Agreement (FTA) with the US will only get LNG from Non-FTA sanctioned projects. These

are estimated to be about 51.5 MMTA. The total planned LNG projects of 291 MMTA capacity are in the pipeline in the US.

The LNG projects in the US sell LNG priced off the Henry Hub, a gas hub in the US, which serves as one of the main benchmark prices for gas trading. This has led to second paradigm shift in the LNG markets. Traditionally, LNG was priced off crude oil or other liquid fuels. Due to the new pricing structure established by the US, LNG buyers have now started demanding that LNG producers change pricing structures. There is now a demand for producers to price LNG contracts off gas hubs or a hybrid off both oil and gas index. In the recent past, Japan's nuclear crisis led to a sharp increase in LNG imports.

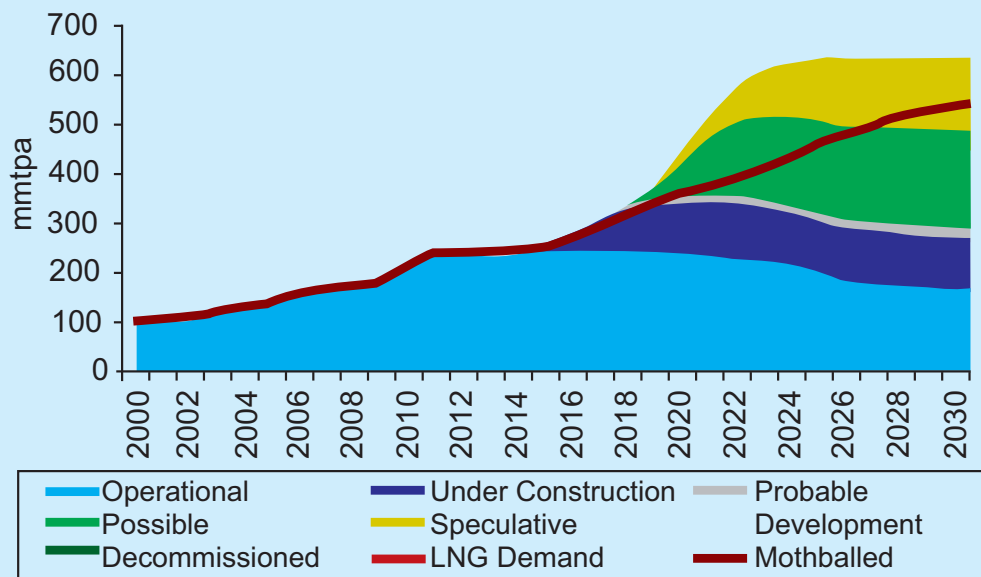
This led the buyers club to demand this structural change. This new pricing structure may make LNG more economical for end users.

Global Outlook: 2014 And Beyond

In 2013, growth in LNG production was flat, as a consequence, so was LNG trade. 2014 is projected to remain the same, as scanty new supply is due to be commissioned.

Post 2014, LNG trade will experience healthy growth. There is a wave of new supply expected from multiple projects, mainly in Australia. Around 60 MMTA of new capacity is currently under construction or commissioning in Australia, with an additional 7 MMTA from Papua New Guinea.

Liquefaction Capacity vs. LNG Demand (2000 to 2030)



Source: Wood Mackenzie

A second wave will follow from new LNG export projects in North America. These two new supply sources will reduce LNG volume diversions from Europe.

New LNG suppliers like Tanzania and Mozambique are also in the initial planning stages of building significant LNG Export capacity. Located in East Africa, they are at a locational advantage as suppliers to emerging LNG markets in South East Asia and India.

Asia will continue to dominate the LNG market in terms of consumption. Rapidly growing markets like China, India

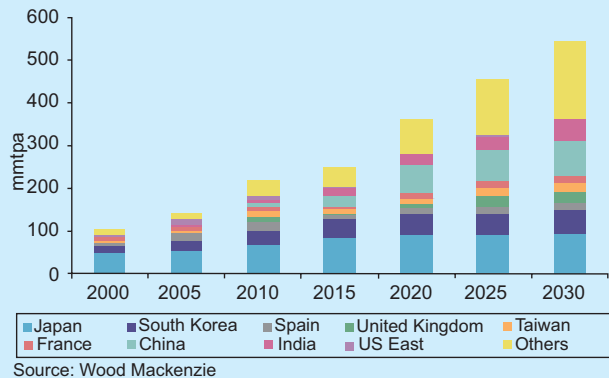
and South East Asia will consume most of the additional LNG imported into the region.

Latin America is likely to continue to have strong demand for LNG, due to the few years of drought that have impacted hydro-electrical generation capacity.

Four new markets in Europe and the Middle East are planning to start imports in 2014 - namely, Poland, Lithuania, Jordan and Egypt.

PETRONET LNG LIMITED

LNG Demand (2000 to 2030)



It seems the LNG market supply will remain tight though 2014. But as new supply sources come online, it is expected to ease the pressure.

LNG Scenario in India

The macro economic scenario in India is a challenge for the domestic energy industry. The GDP growth rate for 2013/14 is estimated at 4.8%. The GDP growth for 2014/15 is forecasted to rise above 6% and reach 7% by 2016. Therefore, despite the current slowdown, the medium and long-term trajectory for the Indian economy seems to be positive.

According to the International Energy Agency's World Energy Outlook, it has been forecasted that India's economy will achieve a GDP average real growth rate of 6.4% by 2035. This will surpass China's growth in the same time period. As a consequence, the primary energy consumption of India will grow the fastest as compared to the rest of the world. The growth in demand for natural gas is estimated to be 5.4% as compared to that for oil at 3.6%. These projections show that gas is expected to play a major role in India's energy basket in the future.

Domestic LNG Supply & Demand

Currently, India is the 13th largest natural gas consumer in the world and the 4th largest LNG importer globally.

Supply

There has been YoY fall in natural gas consumption in India. This is primarily because domestic production has declined. In FY 2012/13 domestic gas supply was 94 MMSCMD, due to the sharp decline in the KG D6 gas production, with R-LNG supply at approximately 50 MMSCMD. In 2013/14 it is estimated that domestic gas supply will rise to be about 102 MMSCMD and R-LNG supply stable at 50 MMSCMD. This is almost half of the domestic supply in the country.

Government Policies

The present supply of natural gas in India is mainly from the nominated blocks operated by ONGC and OIL, private and joint venture fields like Panna-Mukta & Tapti (PMT) and from the fields awarded under NELP like RIL's KG D-6. The government is planning to execute a new Open Acreage Licensing policy that may include bidding flexibility for E&P blocks throughout the year. The aim is to encourage more gas exploration and production.

Supply increase

India's domestic gas production is expected to increase in next 3- 6 years. The key factors include the revision of gas prices after government implements the recommendations of the **Rangarajan committee** and development of gas discoveries made by ONGC and private players in the previous decade.

A supply boost is also expected from the development of CBM blocks. The Government is also looking to develop unconventional resources, such as shale gas, which have potential for enhancing gas production. It is projected that gas supply from 102 MMSCMD in 2013/14 will rise to 172 by 2019/20 and by 2029/30 it will reach 231 MMSCMD.

Demand

Unconstrained gas demand is expected to rise more sharply with increase in domestic gas supply. Demand is projected at 442 MMSCMD in 2019/20 and expected to increase to 713 MMSCMD by 2029/30.

In India, gas demand is dominated by the power and industrial sectors. Between 2008- 2011, the ramp-up in gas supply from the D6 field in the Krishna-Godavari basin led to an escalated gas demand in both of these sectors. However, demand for domestic Gas peaked in 2011 and has since declined with a fall in domestic gas production. Some portion of this demand is met by increased LNG imports.

Sector- wise potential

In the power sector, demand has also been challenged by the absence of peak power tariffs. This implies that utilising market priced LNG is not currently possible for gas fired generation. In the long-term, widespread pricing reforms in addition to a rise in production is likely to support additional gas use in the power sector.

Amongst the non- power sector, gas demand is currently dominated by the fertiliser industry. However, current subsidies in the sector are not sufficient to make greenfield urea production viable based on LNG. Until government subsidises LNG use in the fertilizer sector.

In addition, LNG will be competing with oil products in sectors with industrial gas demand. The long-term cost-benefit analysis in favour of LNG will include a wider spectrum of industries, such as petrochemicals, refining and some manufacturing.

Shortfall

With the underperformance of the KG D6 Basin, the supply deficit in the coming years will be significant. As a consequence, LNG imports would make a noteworthy contribution to meet shortfall in gas demand. There are plans to augment LNG import capacities both on the west and east coast of India.

Currently, LNG imports are dominated by the long-term contract between India and Qatar. However, importers from India are diversifying their LNG supplies from other sources through new long, medium and short term contracts.

Gas Prices

The price of gas sold by state companies ONGC and OIL is governed by the Administered Pricing Mechanism (APM). Around 50% of total gas produced in India falls under the APM.

In June 2010, the price almost doubled to US\$4.20/MMBTU. For KGbasin gas users located on the west coast, the cost for gas on delivery is approximately US\$6.40/MMBTU.

Government Initiatives

In June 2013, the Rangarajan government advisory committee proposed significant changes to the existing gas pricing mechanisms. The committee called for replacing the cost recovery and profit sharing structure with a revenue sharing format.

More importantly, it suggests implementation of a single gas pricing policy. The gas price would be calculated according to pricing formula based on the average of the price of import of LNG to India and the weighted average of gas prices in North America, Europe and Japan. This would link domestic Indian gas prices to global prices. The Committee has also suggested that the formula can be reviewed after five years. The intention of these reforms is to allow producers to get fair market prices for gas, so it can encourage more exploration and production activities in India. The New Government at centre has decided to review the suggested price formula and is expected to take appropriate decision shortly.

LNG Opportunities

Petronet LNG Limited (PLL) was the first company to import LNG in India. Therefore, the company has been instrumental in shaping the growth of LNG consumption in the country.

The company has set industry benchmarks in operational efficiency for LNG terminals. PLL's main thrust is on catalyzing the growth of Indian gas sector by enhancing the gas supply to satisfy the needs of existing consumers and develop new consumers.

PLL has emerged as a key player in India's supply constrained natural gas market. PLL is the operator and owner of India's first and largest LNG terminal at Dahej, in the state of Gujarat. PLL is now exploring multiple options to further leverage the potential of imported LNG in the Indian gas market. This will also help in enhancing energy security of the Country.

Bridge the gap

The gas market in India is under rapid evolution with strong economic growth fueling energy demand across sectors. Entry of several private and foreign players are some of the factors that shape the sectoral landscape. Further, the supply deficit results in higher price benchmarks for supply of gas to the domestic market. To release the price pressure, in addition to long-term import, PLL is importing Spot/Short-Term LNG cargoes sourced from different suppliers worldwide. To meet the demand-supply gap of natural gas in the country, PLL had doubled the capacity of its first LNG re-gasification plant at Dahej from 5 MMTPA to 10 MMTPA. This is being further expanded to 15 MMTPA.

Looking forward

The company has completed another 5 MMTPA Greenfield LNG import and re-gasification plant in Kochi in Kerala. It was dedicated to the Nation by Hon'ble Prime Minister on 4th January, 2014. This will enable PLL to expand reach and supply natural gas in the south. In addition, PLL has decided to construct another LNG Terminal on the East Coast of India at Gangavaram, near Vishakhapatnam in Andhra Pradesh.

The three Terminals of the Company are strategically located to cater to demand of the entire Country through a robust pipeline network which is under various stages of implementation by different entities.

PETRONET LNG LIMITED



Threat from Competition

All the major players in the Indian hydrocarbon business have plans to enter the natural gas business. Gas discoveries in K G Basin and Mahanadi Basin may

increase availability of gas in the country, which may put pressure on the price of gas.

The expected competition in the future scenario will not only be from Indian players, but also from several

multinational companies that will extend their presence in the Indian market. As a result, the competition is expected across the gas value chain. PLL is prepared to face the competition from Indian as well as overseas players in the market through long term tie-up of LNG/ Regas capacity.

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

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

Segment wise or Product wise Performance

Presently, PLL primarily deals only in one segment, i.e. Import and Re-gasification of Liquefied Natural Gas (LNG).

During the year 2013-14, 493 TBTUs of re-gasified LNG was delivered to off-takers and customers.

Risk and Concerns

PLL considers good corporate governance to be a pre-requisite to meet the needs and aspirations of shareholders and other stake shareholders alike. As part of the company's efforts to strengthen corporate governance, the Board of Directors has formulated a Risk Management Policy. This policy puts a risk management structure in place that clearly defines roles and responsibilities. It also provides a risk portfolio that involves a continuous process of risk identification, assessment, control 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 encourages 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, is currently priced competitively against these alternate fuels. However, a reduction in prices of the alternate fuels and increase in

long-term prices of LNG could lead to increased pricing pressure on LNG. This may have an adverse impact on the future 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 had long-term gas sale and purchase agreements with these reputed companies. Even though this assures market for the entire product, there are risks involved in limited customers.

In addition to the existing contract with RasGas, PLL has also executed another long-term contract with the Australian entity of Exxon Mobil for supply of around 1.44 MMTPA of LNG from its Gorgon project. This has been implemented to meet the requirement of the new LNG Terminal in Kochi.

PLL also provide regas services to third parties who import LNG directly. PLL has executed 7.25 MMTPA equivalent contracts to provide long- term regas services to GAIL, IOCL, BPCL and GSPC/GSPL for existing and expansion plan of Dahej.

Internal Control Systems and their Adequacy

The company has developed adequate internal control systems to commensurate to size and business. PLL has appointed KPMG (2013-14) and Ernst & Young (2014-15), as Internal Auditors, who conduct 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, 2014, was Rs. 37,832 Crore including other income as against Rs. 31,556 Crore in FY 12-13.

The net profit during the financial year ended 31st March, 2014, was Rs.712 Crore as against Rs. 1,149 Crore in 2012-13.

Human Resources

The company maintained harmonious and cordial industrial relations. No mandays were lost due to strike or lock-out. As on 31st March, 2014, there were 430 employees, which include three Whole-time Directors.

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

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

PETRONET LNG LIMITED

REPORT ON CORPORATE GOVERNANCE FORMING PART OF DIRECTORS' REPORT

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

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

Board of Directors:

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

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

Board Meetings

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

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

PETRONET LNG LIMITED

Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies as on 31.03.2014

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

*Alternate Director

Note: -

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

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

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

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

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

(In ₹)

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

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

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

*Alternate Director to Shri Dominique Pelloux – Prayer

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

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

Terms of appointment of Whole-time Directors

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

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

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

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

Audit Committee

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

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

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

PETRONET LNG LIMITED

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

The Company Secretary is the Secretary of the Audit Committee.

Detail of Meetings of Audit Committee held during the year

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

Brief Terms of Reference of Audit Committee

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

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

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

Shareholders / Investors Grievance Committee

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

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

Company Secretary is the Compliance Officer of the Company.

Detail of Meeting of Shareholders / Investors Grievance Committee

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

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

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

Share Transfer Committee

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

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

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

Remuneration Committee

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

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

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

Risk Assessment & Minimisation Procedure

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

Legal Compliance Reporting

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

PETRONET LNG LIMITED
Annual General Meetings (AGMs)

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

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

Extra Ordinary General Meeting(s) (EGMs)

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

Disclosure

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

Compliance

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

Means of Communication

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

General Shareholders Information
Annual General Meeting (AGM)

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

Dividend Payment Date

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

Financial Calendar

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

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

Listing on Stock Exchange(s)

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

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

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

Distribution Schedule as on 31st March, 2014

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

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

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

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

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

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

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

Code of Conduct for Board Members & Senior Management Personal

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

CEO/CFO Certification

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

Related Party Transactions

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

Reconciliation of Share Capital Audit

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

Status of Corporate Governance Voluntary Guidelines 2009

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

Major Plant / Unit Location(s)
Dahej Plant Location

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

Kochi Plant Location

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

Address for Correspondence
Registered & Corporate Office:

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

Email: investors@petronetlng.com

Registrar & Share Transfer Agent

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

Email: mailmanager@karvy.com

PETRONET LNG LIMITED

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

To the Shareholders of Petronet LNG Limited

1. We have examined the compliance of conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31, 2014 as stipulated in clause 49 of the Listing Agreements of the said with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company or ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For T. R. Chadha & Co.

Firm Registration No. 006711N

Chartered Accountants

Sd/-

Neena Goel

Partner

Membership No. 057986

Place: New Delhi

Date: 24th July 2014

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	http://www.petronetlng.com
5. Email id	investors@petronetlng.com
6. Financial Year reported	April 2013 - March 2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Oil and Gas – LNG
Industrial Group	Description
1110	Extraction of crude petroleum and natural gas
<i>As per National Industrial Classification – Ministry of Statistics and Programme Implementation</i>	
8. List three key products / services that the Company manufactures / provides (as in balance sheet):	1. Regasified Liquefied Natural Gas
9. Total number of locations where business activity is undertaken by the Company	Regasification terminals in Dahej, Gujarat and Kochi, Kerala in India.
Number of International Locations	Company's operations are in India itself
Number of National Locations	Corporate Office in New Delhi, Terminals in Dahej in Gujarat and Kochi in Kerala
10. Markets served by the Company - Local / State / National / International	National

Section B: Financial Details of the Company

1. Paid up capital	: INR 750 crore
2. Total turnover	: INR 37,747.58 crore
3. Total profit after taxes	: INR 711.92 crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	: INR 3.17 crore i.e. 0.45%
5. List of activities in which expenditure in 4 above has been incurred:	
1) Community Infrastructure Development	
2) Education	
3) Health Services	
4) Disaster Relief	
5) Environment Sustainability	

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

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

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

NA

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

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

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

DIN Number : 00793181
 Name : Dr. A. K. Balyan
 Designation : MD&CEO

b) Details of the BR Head:

Name : Dr. A. K. Balyan
 Designation : MD&CEO
 Telephone no. : 011-23472503 / 04
 e-mail id : md.ceo@petronetlng.com

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

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

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

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

*Mostly through internal audits and external consultants

* 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 Functional Directors, Presidents, Senior Vice Presidents, and Vice Presidents or released as 'office orders' upon approval of Competent Authority.

PLL is in the niche business of Import, 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.

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

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

C: Sexual Harassment Policy

D: QHSE Policy

E: Insider Trading Policy

F: CSR Policy

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

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

PETRONET LNG LIMITED
3. Governance related to BR:

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

Being in the energy sector, PLL realizes 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. Our CEO 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 published its maiden Sustainability Report for FY 2012-13, highlighting upon company's triple bottom line performance. Going forward, PLL aims to develop and release its sustainability report on annual basis. The maiden sustainability report of PLL can be found at: <http://www.petronetlng.com/PDF/LNG-Petronet-Sustainability-Report-19032014.pdf>

Further, since FY 2012-13, in line with the SEBI mandate, PLL has been releasing its Business Responsibility report. Maiden report was released for FY 2012-13 and formed part of the company's Annual Report 2012-13. The same can be assessed as standalone or as part of annual report at following links respectively : http://www.petronetlng.com/PDF/Business_Responsibility_Report_2012-13.pdf, http://www.petronetlng.com/pdf/annual_report_2012-13.pdf

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?

PLL's Code of Conduct and Business Ethics policies are applicable for company's management employees only. However company has checks and balances in place for ensuring ethical business conduct across its operations.

Company's Code of Business Conduct and Ethics are laid out for Board Members and Senior Management personnel. Board Members and Senior Management personnel affirm compliance to the code on annual basis, including during last financial year. This highlights PLL's commitment to ethical and transparent corporate governance practices. The philosophy of PLL in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders' value while being a responsible corporate citizen.

PLL has been Member of the Global Compact Network (GCN) since the last four years and has been strictly following and disclosing performance against 10 GCN principles covering aspects of human rights, labour practices, and anti-corruption beside others. To strengthen Company's commitment against workplace harassment, during the last financial year PLL came out with sexual harassment order in line with the sexual harassment of women at workplace Act 2013.

Further, PLL has identified that the major potential source of corruption in its operations could be contracts awarded for construction of various facilities in an LNG Terminal. In order to mitigate the risk, the EPC Sub-Committee of the Board, responsible for evaluating and recommending large EPC Contracts for Board approval. In addition to this, PLL has safeguards in place in the tender documents which discourage bidders to engage in any corrupt practices.

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 1202 shareholder complaints during the FY 2013-14, while 5 complaints were pending from previous financial year. 1206 complaints were successfully resolved during the year while 1 complaint was pending as on 31st March 2014.

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 includes import, storage and regasification of Liquefied Natural Gas. We are not involved in manufacturing of any product, and hence social and environmental concerns emerging from manufacturing activities are absent in our operations. Further, our product is transported through massive tanker ships and gas pipelines thus reducing transport related environmental footprint. However, we are still committed to ensuring responsible handling and marketing of our product, and hence have in place state of the art product handling equipment at our facilities. Also, we comply with all existing regulations of the concerned land.

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 operated terminals, Dahej and Kochi, apply state of the art technology for ensuring safe and efficient operations. PLL has strong focus on managing and reducing its energy, water and waste footprint, and is in constant lookout for improvement opportunities. Some interventions taken in this regard during the previous financial year included installation of LED lighting in office complex, use of condensate water from operations for gardening purposes, use of chilled water from plant operations for air conditioning in the building and use of food waste generated on site for vermicomposting.

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

PLL believes that increasing the share of natural gas in the Country's energy mix will lead to a transition to a low carbon growth. This belief comes from the fact that natural gas and renewable energy sources are often considered to be complementing each other. Natural Gas, which is the major product of PLL, does not produce significant amounts of solid waste, air

emissions in form of nitrogen oxides and carbon dioxide are also of lower quantities than those produced from coal or oil. Emissions from natural gas in form of sulphur dioxide and mercury are negligible. These characteristics make LNG a cleaner fuel and helps PLL and consumers in reducing their carbon footprint.

Further, PLL is exploring the supply of LNG to customers through road transportation. The approach would be suited for customers not connected through 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. PLL aims to market this product under the brand name "Taral Gas" and marketing efforts are already underway in this regard.

3. *Does the Company does not 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.*

Company have a dedicated policy or procedures for sustainable sourcing, however efforts are made for promoting sustainable practices, including procurement, wherever feasible.

PLL's raw material is transported primarily from Qatar and also from other countries through large tanker ships to Company terminals in Dahej and Kochi while the final regasified product is transported to customers through installed pipelines. Both these modes of transportation are considered highly clean and sustainable.

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 as wherever applicable they are invited for the tendering process. PLL considers India as local.

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.*

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As our facilities are not manufacturing centres but storage and regasification terminals, our operations consume minimal raw materials and resources and generate minimal waste. As a result there are no formal written mechanisms for recycling products and waste generated, however we proactively ensure proper disposal of waste and reuse of other resources wherever applicable. In this regard, all hazardous waste from our facilities is responsibly disposed through authorized waste recyclers. On similar lines, condensate water from our air-preheaters is used for gardening purposes, and also as back up source for fire emergencies.

Principle 3: Businesses should promote employee well-being

1. Please indicate the total number of employees : 430
2. Please indicate the total number of employees hired on temporary / contractual / casual basis

Category of employees	No of employees
Sub-contracted employees (For the calendar year 2013, As per Form 12)	1947*

* Includes only Dahej Terminal contract employees

3. Please indicate the number of permanent women employees : 27
4. Please indicate the number of permanent employees with disabilities : Nil
5. Do you have an employee association that is recognised by the Management? : No
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	Complaints filed during financial year	Complaints pending as on 31st March 2014
1	Child Labour	Nil	Nil
2	Forced Labour	Nil	Nil
3	Involuntary Labour	Nil	Nil
4	Sexual Harassment	Nil	Nil

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

Category	Safety (No. of employees)	Skill Upgradation (No. of employees)
Permanent employees	199*	238#
Permanent women employees	8*	9#
Casual / Temporary / Contractual employees	3080^	Currently not being tracked
Employees with disabilities	N.A.	N.A.

* Represents number of permanent employees who underwent safety and fire trainings at Dahej Terminal during FY 2013-14;

Represents number of permanent employees who underwent functional and behavioral trainings at Dahej Terminal during FY 2013-14;

^ Represents number of contract employees who underwent safety training at Dahej Terminal during FY 2013-14. Headcount figure includes repetition of individuals as some employees underwent multiple safety trainings.

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

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

Yes, the Company has mapped its key internal and external stakeholders. Of these, during FY 2013-14 PLL engaged with its internal stakeholders, i.e. employees, in a structured process to map key important issues as seen by these stakeholders.

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

The Company has mapped disadvantaged, vulnerable and marginalized stakeholders, and is actively working with them towards inclusive growth. As part of PLL's CSR initiatives, Company is running

education, healthcare and community infrastructure development projects for marginalized communities.

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

Having identified the need of the communities spread around PLL's significant area of operations, Company is running infrastructure development, education, and healthcare services programs for the marginalized and disadvantaged stakeholders.

As part of infrastructure development initiatives, during the financial year, PLL contributed towards solar streetlight installation, development of shed shelter, water facility integration, construction of panchayat office etc. Similarly, as part of education and healthcare services intervention, PLL contributed towards construction of classrooms, distribution of educational kits, organization of eye check-up camps, construction of hospital ward, contribution of ambulances etc. Also, during the year Company contributed towards disaster relief activities.

Principle 5: Businesses should respect and promote human rights

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

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

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

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

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

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

PLL's Quality, Health, Safety and Environment (QHSE) Policy is applicable to all employees and stakeholders involved in PLL's business.

2. *Does the Company have strategies / initiatives to address global environmental issues, such as climate*

change, global warming, and others? If yes, please give hyperlink for webpage and so on.

PLL is committed to environmental protection and understands its role and responsibility in mitigating the effects of climate change. In this regard Company's biggest contribution is in the form of its products, natural gas, which is a cleaner form of fuel compared to fossil fuels, i.e. coal and petroleum products. Besides, Company is in constant lookout for opportunities for reducing its own operational environmental footprint. Company's Dahej terminal is ISO 9001, ISO 14001 and OHSAS 18001 certified. Further, PLL is now actively exploring renewable opportunities and has already floated tender for development of a 40 MW wind farm.

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

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

Further, being active in the coastal belt of Dahej, Gujarat, PLL has identified with the benefits of mangrove plantation in the highly salty and muddy waters found in the region, i.e. Gulf of Khambat. Some of the benefits associated with mangrove plantation in coastal belts include its ability to bind soil and prevent erosion, its ability to act as natural wind and tsunami barrier for underlying villages and industries, and its ability to harbour, promote other flora and fauna in harsh coastal conditions and serve as indirect employment generative to local community. PLL has so far signed MoUs with the Gujarat Ecology Commission and Forest Department, Government of Gujarat for undertaking mangrove plantation in the region, with total commitment of covering 1050 hectares. Till previous financial year Company had already undertaken plantation covering over 850 hectares.

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

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.*

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PLL is conscious of its environmental footprint and is taking proactive steps to mitigate impact of its operations. In this regard, Company is undertaking measures for protecting marine ecology in the area of its operations. Here, mangrove plantation has been taken up near Dahej Terminal in consultation with Gujarat Ecology Commission, and the Forest Department, Government of Gujarat. By the end of FY 2015-16, company aims to cover nearly 1,500 hectares under plantation.

Water and waste management are other important aspects on PLL's agenda. 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-preheaters 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 maiden sustainability report at: <http://www.petronetlng.com/PDF/LNG-Petronet-Sustainability-Report-19032014.pdf>

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 is within regulatory 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 PLL during the previous financial year.

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

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

PLL is Member of various Trade and Chambers or Association, where senior management of the Company represent PLL and engage on discussions across various topics. Some of these associations include:

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

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 policies, energy security, water, food security, sustainable business principles and others).

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

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

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

PLL's primary focus, from CSR perspective, is on education, healthcare services, community infrastructure development and environment sustainability activities. Some key initiatives taken in these areas during the previous financial year are as following:

Community Infrastructure Development

- Installation of 65 standalone solar lighting solutions, solar panel led high mast lights, in Elankunnapuzha Grama Panchayat.
- Enhancement of Road Infrastructure Elankunnapuzha Grama Panchayat
- Contribution towards development of road infrastructure from Bellbow Junction to LNG Terminal (Vypin-Paravoor Road in Elankunnapuzha Panchayat)
- Construction of 25 toilets for BPL families
- Contribution towards Bharuch District Civic centre development
- Contribution to Gujarat PCPIR Society for the development of villages under Dahej PCPIR

Education

- Renovation of St. Peter's LP School, Malipuram, Kochi
- Kanya Kelavani & Bal Pravesh Mahotsav Programme, Distribution of Educational Kits At Primary School, Luwara
- Distribution of school uniform at Luwara Primary School

- Library & Laboratory items for Luwara and Lakhigam schools'
- Pedagogical Support to Dahej Higher Secondary Science School

Healthcare Services

- Barsana Eye Camp, undertaking 250 cataract surgeries
- Anugraha Drishtidaan for eye screening and cataract operations with 250 cataract operations performed and over 2,000 patients examined and provided with necessary medicines, spectacles etc.
- Chaupal for 4 medical camps where over 4,000 persons were medically examined and provided with necessary medicines, hearing aids, wheel-chairs etc.
- Public health centre at Luwana Village

Beside focus on key thematic CSR areas, PLL has been actively contributing to State Chief Minister's funds for state infrastructure development and disaster relief initiatives. Some of these initiatives undertaken during the previous financial year included:

Disaster Relief and State Chief Minister Fund

- Contribution towards Flood Relief, Bharuch
- Chief Minister's Fund, Uttarakhand for Kedarnath
- Donation to Kerala Chief Minister's fund for providing infrastructure facilities at rehabilitation area for resettling the evacuees of the area between RMP Thodu Canal and Kalamuku Junction

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

CSR is part of PLL's business strategy, as the Company is dedicated to inclusive growth and betterment of the country. Socio-economic development programs are planned and undertaken by the internal teams spearheaded from the top. Our MD & CEO undertakes responsibility for overall management and supervision of CSR activities including spend allocation for a particular year. At Corporate level, the Head HR, in consultation with Executive Committee (EC), is responsible for the formulation of plans and strategies, fund allocation, monitoring and evaluation of activities, documentation, and CSR involvement at corporate level. At Terminals, Dahej and Kochi, CSR activities

are headed by Plant Heads, who are responsible for identifying needs on the ground, in consultation with executive in the field, and deciding on appropriate schemes for implementation. PLL also engages credible NGOs, trusts, and government agencies for implementing activities, projects and programs. Further, PLL constantly motivates its employees to engage in the CSR schemes of the Company and participate through philanthropic contributions or by volunteering their time.

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

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

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

INR 3.17 crore has been incurred for CSR activities during FY 2013-14, which represents 0.45% of profit after tax.

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

S. No.	Initiative(s)
1	Organizing Environmental Day celebration at Luwara
2	Contribution towards Flood Relief, Bharuch
3	Pedagogical Support to Dahej Higher Secondary Science School
4	Construction of Prayer Assembly with Shed Facility
5	Library & Laboratory items for Luwara and Lakhigam school's
6	Samridhy - Water tanks for rain water harvesting
7	Sponsorship of Tata Sumo to Forest Department, Bhavnagar
8	Expansion of Laboratory for Science Stream Dahej

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9	Chaupal for 4 medical camps
10	Operating Village Primary Health Centre in Luwara
11	Chief Minister's Fund Uttarakhand
12	Road Infrastructure from Bellbow Junction to LNG Terminal (Vypin-Paravoor Road in Elamkunnappuzha Panchayat)
13	Enhancement of Road Infrastructure, Elankunnappuzha Grama Panchayat including solar panel led high mast light

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

Company undertakes need assessment surveys in villages before undertaking CSR initiatives. Community needs are understood and evaluated and their buy in taken before project plans are finalized and executed. Community members are kept in loop and continuously consulted with during implementation of initiatives. Further, PLL ensures that community members participate in the initiatives being undertaken / implemented, and that they take responsibility for maintenance and sustenance of projects in future. Such commitments are taken in written from the village 'Panchayat' Head, and progress of implemented projects is regularly monitored for ensuring the commitments are kept by community members.

The mentioned inclusive approach to CSR project identification and implementation has ensured high acceptability and desired impact of CSR initiatives undertaken by PLL.

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

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

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

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

Product information labelling is not applicable to our product, 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

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

Our principle customers are our primary promoters, 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 before decision making process thus removing scope for conflicts.

INDEPENDENT AUDITOR'S REPORT

To the Members of Petronet LNG Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Petronet LNG Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

PETRONET LNG LIMITED

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For T.R. Chadha & Co.

Chartered Accountants

(Firm Registration No. 006711N)

Sd/-

Neena Goel

Partner

M.N. 057986

Place: New Delhi

Date: 30th April 2014

Petronet LNG Limited

Annexure referred to in paragraph 5 of our report of even date.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The management has physically verified the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
- (c) Since there is no substantial disposal of fixed assets during the year, the going concern status of the Company is not affected.
2. (a) The stock of raw materials and stores have been physically verified by the management at regular intervals. In our opinion, the frequency of such physical verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of the same.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b) to (d) of the Companies (Auditors Report) Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) to (g) of the Companies (Auditors Report) Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems of the Company.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no contracts or arrangements which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
6. The Company has not accepted any deposits from the public within the provisions of sections 58 A and 58AA or any other relevant provisions and the Rules framed thereunder. Accordingly, the provisions of Clause 4 (vi) of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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 clause (d) of sub- section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained.
9. (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2014, 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, Cess and Excise Duty for the year under audit.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of dues of service – tax as at March 31, 2014 which have not been deposited on account of a dispute is as follows:

PETRONET LNG LIMITED

S. No.	Name of the Statute	Nature of the Dues	(Rs. in lac)	Period to which the amount relates	Forum where dispute is pending
1	Service Tax Act	Service Tax including Interest & Penalty	65	2003-04 to 2007-08	CESTAT, Delhi
2	Service Tax Act	Service Tax	377	2006-07 to 2010-11	Commissioner Adjudication, Delhi
3	Service Tax Act	Service Tax	31	2011-12	Appeal to be filed with CESTAT
3	Service Tax Act	Service Tax	2	2012-13	Additional Commissioner, Delhi

10. The Company does not have accumulated losses as at 31st March, 2014. Further, the company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Since the Company is not a chit fund or a nidhi / mutual benefit fund/ society, provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the bank or financial institutions.
16. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, term loans were utilized for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year ended 31st March 2014, the Company has issued unsecured debentures under private placement basis. Accordingly no security or charge in respect of such debentures has been created.
20. The Company has not raised any money by way of public issue during the year.
21. 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.

For T.R. Chadha & Co.

Chartered Accountants

(Firm Registration No. 006711N)

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

Place: New Delhi

Date: 30th April 2014

Balance Sheet as at 31st March, 2014

₹ in lac

	Note No	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	75,000	75,000
Reserves and surplus	3	4,23,612	3,69,969
		4,98,612	4,44,969
Non Current Liabilities			
Long term borrowings	4	2,64,774	2,71,822
Deferred tax liabilities (net)	5	55,300	39,100
Other long term liabilities	6	30,000	-
Long term provisions	7	380	337
		3,50,454	3,11,259
Current Liabilities			
Short term borrowings	8	24,872	-
Trade payables	30	1,88,684	2,29,735
Other current liabilities	9	1,01,739	99,662
Short term provisions	10	26,907	22,657
		3,42,202	3,52,054
Total		11,91,268	11,08,282
ASSETS			
Non Current Assets			
Fixed Assets			
- Tangible assets	11	6,26,127	2,35,198
- Intangible assets	11	377	590
- Capital work in progress	12	87,993	4,33,051
Non current investments	13	9,000	13,988
Long term loans and advances	14	25,200	11,730
		7,48,697	6,94,557
Current Assets			
Current investments	15	4,988	-
Inventories	16	95,569	1,03,663
Trade receivables	17	2,01,567	1,68,980
Cash and cash equivalents	18	1,23,273	1,26,853
Short term loans and advances	19	15,776	13,967
Other current assets	20	1,398	262
		4,42,571	4,13,725
Total		11,91,268	11,08,282

Significant Accounting Policies

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Other Notes on Accounts

27 to 41

As per our report of even date

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

For and on behalf of Petronet LNG Limited

Sd/-
Neena Goel
Partner
Membership No - 057986

Sd/-
Dr. A. K. Balyan
MD & CEO

Sd/-
R. K. Garg
Director - Finance

Place : New Delhi
Dated : 30th April 2014

Sd/-
K. C. Sharma
Company Secretary

PETRONET LNG LIMITED**Statement of Profit and Loss for the year ended 31st March, 2014**

₹ in lac

	Note No	Year ended 31.03.2014	Year ended 31.03.2013
INCOME			
Revenue from operations	21	37,74,758	31,46,744
Other income	22	8,375	8,870
		37,83,133	31,55,614
EXPENSES			
Cost of materials consumed		35,84,949	29,21,194
Employee benefit expenses	23	4,662	3,701
Finance costs	24	21,958	11,841
Depreciation and amortisation expense	11	30,810	18,660
Other expenses	25	35,302	28,190
		36,77,681	29,83,586
Profit for the Year before taxation		1,05,452	1,72,028
Less : Tax expense			
- Current Year		21,800	54,300
- Earlier Year		(940)	-
		20,860	54,300
Less MAT Credit Entitlement		2,800	-
- Current tax		18,060	54,300
- Deferred tax		16,200	2,800
Total Tax Expense		34,260	57,100
Profit for the year after taxation		71,192	1,14,928
Basic/Diluted Earnings per share in ₹ (face value of ₹ 10/- each)	26	9.49	15.32

Significant Accounting Policies

1

Other Notes on Accounts

27 to 41

As per our report of even date

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

For and on behalf of Petronet LNG Limited

Sd/-
Neena Goel
Partner
Membership No - 057986

Sd/-
Dr. A. K. Balyan
MD & CEO

Sd/-
R. K. Garg
Director - Finance

Place : New Delhi
Dated : 30th April 2014

Sd/-
K. C. Sharma
Company Secretary

Cash Flow Statement for the year ended 31st March, 2014

₹ in lac

	Year ended 31.03.2014	Year ended 31.03.2013
A. Cash Flow from Operating Activities		
Net Profit before tax	1,05,452	1,72,028
Adjustment for :-		
Depreciation	30,810	18,660
Loss on the sale of fixed asset	21	10
Profit on sale of current Investment	(1,160)	-
Amortization of Forward Premium	1,662	-
Interest Expense	20,295	11,841
Interest Income	(4,305)	(4,142)
Dividend Income	(1,883)	(2,570)
Operating Profit Before Working Capital Changes	1,50,892	1,95,827
Movements in working capital :-		
Increase / (Decrease) in Long Term Provisions	43	(119)
Increase / (Decrease) in Short Term Provisions	7,900	115
Increase / (Decrease) in Trade Payables	(41,051)	1,02,880
Increase / (Decrease) in Other Current Liabilities	1,875	13,263
(Increase)/ Decrease in Long Term Loans and Advances	(5,959)	(187)
(Increase) / Decrease in Inventories	8,094	(32,428)
Increase / (Decrease) in Other Long Term Liabilities	30,000	-
(Increase)/ Decrease in Trade Receivables	(32,587)	(40,392)
(Increase)/ Decrease in Short Term Loans and Advances	(3,581)	(2,863)
(Increase)/ Decrease in Other Current Assets	-	105
Cash Generated From Operations	1,15,626	2,36,201
Less : Income Tax Paid (net of refunds)	(19,268)	(53,865)
Net Cash From Operating Activities	96,358	1,82,336
B. Cash Flow from Investment Activities		
Profit on sale of current Investment	1,160	-
Interest received	4,287	4,637
Dividend Received	1,883	2,570
Net proceeds / (purchase) of Fixed Asset	(87,607)	(84,061)
Net Cash Used In Investing Activities	(80,277)	(76,854)
C. Cash Flow from Financing Activities		
Net proceeds/(Repayment) of Long Term Borrowings	(1,594)	(14,223)
Net proceeds/(Repayment) of Short Term Borrowings	22,091	(9,981)
Interest Expense Paid	(18,212)	(31,024)
Dividend paid	(21,945)	(21,792)
Net Cash Used in Financing Activities	(19,660)	(77,020)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(3,580)	28,462
Cash and Cash Equivalents at the beginning of the year	1,26,853	98,391
Cash and Cash Equivalents at the end of the year	1,23,273	1,26,853
	3,580	28,462

Notes : The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements.

As per our report of even date

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

Sd/-
Neena Goel
Partner
Membership No - 057986

For and on behalf of Petronet LNG Limited

Sd/-
Dr. A. K. Balyan
MD & CEO

Sd/-
R. K. Garg
Director - Finance

Place : New Delhi
Dated : 30th April 2014

Sd/-
K. C. Sharma
Company Secretary

PETRONET LNG LIMITED
Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2014
Company Overview

Petronet LNG Limited referred to as “PLL” or “the Company” was formed by Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOC) and Oil and Natural Gas Corporation Limited (ONGC) primarily to develop, design, construct, own and operate a Liquefied Natural Gas (LNG) import and regasification terminals in India. PLL was incorporated on April 2, 1998 under the Companies Act, 1956 and received certificate of commencement of business on June 1, 1998. The Company is involved in the business of import and regasification of LNG and supply to BPCL, GAIL, IOCL and others. Presently the Company owns and operates LNG Regasification Terminal with the name plate capacity of 10 MMTPA at Dahej, in the State of Gujarat. During the FY 2013-14, the Company has also commissioned another LNG terminal with a name plate capacity of 5 MMTPA at Kochi, in the State of Kerala.

1. Significant Accounting Policies
1.1 Basis of preparation of financial statements

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of Estimates

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

1.3 Fixed Assets, Intangible Assets and Capital Work-in-progress

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use and share issue expenses related to funds raised for financing the project. Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets and interest on the funds deployed. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

Estimated amounts of contracts remaining to be executed exceeding ₹ one lakh in each case are disclosed in the notes to accounts.

1.4 Depreciation / Amortisation
Tangible Assets -

- (a) Cost of leasehold land is amortized over the lease period.
- (b) Depreciation on fixed assets other than those costing upto ₹ 5,000 is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (c) Assets costing upto ₹ 5000/- are depreciated fully in the year of purchase / capitalization.

Intangible Assets -

- (d) Software / Licenses are amortised over 3 years on Straight Line Method.

1.5 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Overseas investments are recorded at

the exchange rate prevailing on the date of investment. Long term investments are carried at cost after deducting provision, where the decline in value is considered as other than temporary in nature.

1.6 Inventories

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

1.7 Sale / Revenue Recognition

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

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

Interest income is recognised on time proportion basis.

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

1.8 Foreign Currency Transactions

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

1.09 Employee Benefits

Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss. Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

1.10 Borrowing Costs

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

1.11 Taxes on Income

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

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

1.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions, involving substantial degree of estimation in measurement, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

1.13 Impairment of Assets

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

PETRONET LNG LIMITED**Notes to Financial Statements for the year ended 31st March, 2014**

₹ in lac

As at 31.03.2014 As at 31.03.2013

2 Share Capital**Authorised**

1,200,000,000 (previous year 1,200,000,000) equity shares of ₹ 10 each	1,20,000	1,20,000
--	-----------------	-----------------

Issued, subscribed and fully paid

750,000,044 (previous year 750,000,044) equity shares of ₹ 10 each	75,000	75,000
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The Company has only one class of shares referred to as equity shares each having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian ₹. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014, the amount of dividend per share recognized as distribution to equity shareholders is ₹ 2.00/- (previous year ₹ 2.50/-). The total dividend appropriation for the year ended March 31, 2014 amounted to ₹ 15,000 lac (previous year ₹ 18,750 lac) including corporate dividend tax of ₹ 2,549 lac (previous year ₹ 3,187 lac).

Reconciliation of the number of shares

	No. of Shares	No. of Shares
Outstanding at the beginning of the year	75,00,00,044	75,00,00,044
Outstanding at the end of the year	75,00,00,044	75,00,00,044

Details of shareholders holding more than 5% shares**Promoters' Holding**

	% of Holding	No. of Shares	No. of Shares
Bharat Petroleum Corporation Ltd.	12.50%	9,37,50,000	9,37,50,000
GAIL (India) Ltd.	12.50%	9,37,50,000	9,37,50,000
Indian Oil Corporation Ltd.	12.50%	9,37,50,000	9,37,50,000
Oil & Natural Gas Corporation Ltd.	12.50%	9,37,50,000	9,37,50,000

Non-promoter Holding

GDF International	10.00%	7,50,00,000	7,50,00,000
Asian Development Bank	5.20%	3,90,00,000	3,90,00,000

3 Reserves and Surplus

A) Securities Premium Account	15,546	15,546
--------------------------------------	---------------	---------------

B) Debenture Redemption Reserve	1,500	-
--	--------------	----------

C) General Reserve

Balance as per last balance sheet	47,500	36,000
Add: Transfer from surplus balance in the statement of Profit & Loss	7,200	11,500
	54,700	47,500

D) Surplus in the statement of Profit & Loss

Balance as per last Financial Statement	3,06,923	2,25,432
Add : Profit for the year after taxation as per statement of Profit and Loss	71,192	1,14,928
	3,78,115	3,40,360

Less : Appropriations

Transfer to General Reserve	7,200	11,500
Transfer to Debenture Redemption Reserve	1,500	
Dividend / Proposed Dividend	15,000	18,750
Tax on Dividend	2,549	3,187

	3,51,866	3,06,923
Total (A+B+C+D)	4,23,612	3,69,969

PETRONET LNG LIMITED

₹ in lac

As at 31.03.2014 **As at 31.03.2013**
4 Long-Term Borrowings

Non- Convertible Bonds - 8.35% Debenture - Series I - Unsecured	30,000	-
Term loans - Secured		
- from banks	1,09,410	1,17,562
- from other parties	1,62,412	1,85,854
	<u>3,01,822</u>	<u>3,03,416</u>
Less : Current maturities of long-term debts shown in other current liabilities (Refer Note 9)	<u>37,048</u>	<u>31,594</u>
	<u>2,64,774</u>	<u>2,71,822</u>

Note:

- Bonds - 8.35% Debenture - Series I are unsecured, non convertible debenture repayable in financial year 2018-19.
- 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 Frequency	No of instalments left	Year of Maturity	Amount Outstanding	Amount Outstanding
Indian Banks	Quarterly	12	2017	39,408	47,560
Indian Banks	Quarterly	26	2020	70,002	70,002
IFC (Washington)	Half yearly	17	2022	23,000	23,000
IFC (Washington)	Half yearly	10	2019	56,801	65,114
Asian Development Bank	Half yearly	8	2018	35,775	43,875
Proparco, France	Half yearly	10	2019	43,936	50,365
Bajaj Allianz Life Insurance Company Ltd.	Quarterly	12	2017	2,900	3,500
Bonds - 8.35% Debenture				<u>30,000</u>	<u>-</u>
				3,01,822	3,03,416
Less : Shown in current maturities of Long term debt				<u>37,048</u>	<u>31,594</u>
Balance shown as above				<u>2,64,774</u>	<u>2,71,822</u>

The external commercial borrowings from International Finance Corporation (Washington), Asian Development Bank & Proparco, France are borrowed at an average cost of 8.85% p.a (inclusive of hedge cost) and the loans from Indian lenders carry an average interest rate of 10.02% p.a as applicable on 31 March 2014

- In respect of external commercial borrowings from International Finance Corporation Washington D.C.,USA and Proparco, France, the Company has entered into derivative contracts to hedge the loan amount including interest. This has the effect of freezing the Rupee equivalent of this liability as reflected under the Borrowings. Thus there is no impact in the statement of Profit & Loss, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the Statement of Profit & Loss.

PETRONET LNG LIMITED

₹ in lac

As at 31.03.2014 As at 31.03.2013

5 Deferred Tax Liabilities (Net)**Deferred Tax Liability**

Difference between carrying amount of fixed assets in the financial statements and as per income tax act.

55,438 39,225

Deferred Tax Asset

Leave Encashment

138 125

55,300 39,100**6 Other Long Term Liabilities****Advance from customers**

Related Parties (See Note No 34(b)(11))

25,000

Others

5,000

30,000 -

(adjustable against charges on regasification services from Dahej Phase III Expansion)

7 Long-term Provisions

Provision for employee benefits

- Leave encashment (See Note 33)

380 337

380 337**8 Short-term Borrowings**

(Unsecured - payable on demand)

Buyers Credit from banks

24,872 -

24,872 -**9 Other Current Liabilities**

Current maturities of long-term debt

- from banks

12,347 8,151

- from other parties

24,701 23,443

Interest accrued but not due on borrowings

2,205 121

Unpaid dividend

526 534

Other payables for :

- Statutory dues

43,707 41,918

- Security deposits / Retention money

1,636 1,595

- Capital goods

16,138 23,465

- Others

479 435

1,01,739 99,662**10 Short-term provisions**

Provision for employee benefits

- Gratuity (See Note 33)

- 3

- Leave encashment (See Note 33)

26 30

- Incentives

803 687

Provision for taxation(Net of advance tax payment)

737 0

Proposed dividend

15,000 18,750

Tax on proposed dividend

2,549 3,187

Provision for purchase price adjustment of LNG.

7,792 -

26,907 22,657

11 Fixed Assets

(Refer Note no. 1.03 and 1.04)

₹ in lac

Row Labels	Gross Block					DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2013	Additions	Interest Cost	Deductions	As on 31.03.2014	Upto 31.03.2013	For the year	written back	Upto 31.03.2014	As on 1.04.2014	As on 31.03.2013
(A) Tangible Assets											
Leasehold Land	1,213	-	-	-	1,213	(356)	(26)	-	(382)	831	857
Buildings	14,113	21,226	2,987	-	38,326	(2,709)	(325)	-	(3,534)	34,792	11,404
Plant & Equipments	3,39,419	3,45,589	51,468	-	7,36,476	(1,17,449)	(29,551)	-	(1,47,000)	5,89,476	2,21,970
Office Equipments	1,252	145	-	(13)	1,384	(869)	(88)	3	(954)	430	383
Furniture & Fixtures	527	81	-	(41)	567	(169)	(37)	22	(184)	383	358
Speed Boat	68	-	-	-	68	(20)	(5)	-	(25)	43	48
Vehicles	257	29	-	(10)	276	(79)	(25)	-	(104)	172	178
	3,56,849	3,67,070	54,455	(64)	7,78,310	(1,21,651)	(30,557)	25	(1,52,183)	6,26,127	2,35,198
(B) Intangible Assets											
Licenses/Softwares	1,108	40	-	-	1,148	(518)	(253)	-	(771)	377	590
	1,108	40	-	-	1,148	(518)	(253)	-	(771)	377	590
Grand Total (A+B)	3,57,957	3,67,110	54,455	(64)	7,79,458	(1,22,169)	(30,810)	25	(1,52,954)	6,26,504	2,35,788
Previous Year	3,55,678	2,323	-	(44)	3,57,957	(1,03,531)	(18,660)	22	(1,22,169)	2,35,788	2,52,146

Note:

Plant & Equipment includes Jetty & Trestle having gross value of ₹ of 836,89 lac(₹ 454,38 lac(Dahej) & ₹ 382,52 lac(Kochi)). As per agreement, the ownership of Jetty & Trestle (Dahej) would be transferred to the Gujarat Maritime Board in the year 2035 & ownership of Jetty & Trestle (Kochi) would be transferred to Cochin Port Trust in the year 2039.

PETRONET LNG LIMITED

	As on 31.03.2014	As on 31.03.2013
₹ in lac		
12 Capital Work in Progress		
Kochi Project:		
- Engineering / project construction	3,273	3,44,159
- Interest and finance Charges	-	45,644
- Buildings	2,428	1,607
Additional Jetty at Dahej:		
- Engineering / project construction	71,194	40,461
- Interest and finance Charges	2,062	-
Dahej Ph-III 15MMTPA	7,165	389
Gangavaram Project	267	-
Others	1,604	791
	87,993	4,33,051
13 Non Current Investments		
Trade investments - Unquoted		
<u>Investments in Equity Instruments</u>		
9,00,00,000 Equity Shares (previous year 9,00,00,000) of ₹ 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd., - a Joint Venture *	9,000	9,000
300 Ordinary Shares (previous year 300) of US\$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta ** (₹ 13,476)	0.13	0.13
Other investments		
<u>Investments in Government Securities</u>		
- Central Govt. Securities (Face value ₹ 5000 lac)	-	4,988
	9,000	13,988
* Under lock in for a period of 5 years from the date of commercial operation (i.e. 01.09.2010) of the investee company as per the Dahej LNG Port Terminal Concession Agreement dated 20th December 2005 with Gujarat Maritime Board.		
** Pledged with Sumitomo Mitsui Banking Corporation		
14 Long-term loans and advances		
(Unsecured- Considered Good unless otherwise stated)		
Capital advances	13,004	9,209
Security deposits		
- Government authorities	977	960
- Others	3,019	28
MAT Credit Recievable	2,800	-
Other loans and advances -		
- Shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	1,644	1,494
- Employees	39	39
Income Tax payment (net of provision for tax)	3,717	
	25,200	11,730

PETRONET LNG LIMITED

	₹ in lac	
	As at 31.03.2014	As at 31.03.2013
15 <u>Current Investments</u>		
Investments in Government Securities		
- Central Govt. Securities (Face value ₹ 5000 lac)	4,988	-
	4,988	-
16 <u>Inventories</u>		
(Refer Note 1.06 on valuation)		
Raw materials	67,074	59,679
Raw materials in transit	24,521	40,643
Stores and spares	3,960	3,307
Stores and spares in transit	14	34
	95,569	1,03,663
17 <u>Trade Receivables</u>		
(Unsecured - Considered good)		
Outstanding for a period exceeding six months from the due date	-	-
Others	2,01,567	1,68,980
	2,01,567	1,68,980
18 <u>Cash and cash equivalents</u>		
Balances with banks		
- In current accounts	418	310
- In term deposits	1,22,328	1,26,008
- In unpaid dividend accounts	526	534
Cash on hand	1	1
	1,23,273	1,26,853
The deposits maintained by the Company with the banks and a financial institution comprise of time deposits, which can be withdrawn by the Company at any time without prior notice or penalty on the principal.		
19 <u>Short-term loans and advances</u>		
(Unsecured - Considered good)		
Advances recoverable in cash or kind	3,860	2,572
Advances to related party (See Note 34)	2	7
Prepaid Expenses	1,345	1,013
Income Tax payment (net of provision for tax)	-	1,772
Taxes and Duties recoverable {See Note 28(e)}	10,569	8,603
	15,776	13,967
20 <u>Other current assets</u>		
(Unsecured - Considered good)		
Unamortised premium on forward contracts	1,119	-
Interest accrued		
- on Bank Deposits	203	148
- on Others	76	114
	1,398	262

PETRONET LNG LIMITED

	₹ in lac	
	Year ended 31.03.2014	Year ended 31.03.2013
21 Revenue from Operations		
(Refer Note 1.07 on revenue recognition)		
Sales	37,54,451	31,29,696
Regasification Services	20,307	17,048
	37,74,758	31,46,744
22 Other Income		
Interest Income		
- on bank deposits	3,820	3,509
- on investments	304	312
- on shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	151	126
- on fixed deposit with Financial Institutions	13	112
- on others	17	82
Demurrage Charges	-	1,750
Dividend Income (on current investment - non trade)	1,883	2,570
Profit on sale of current Investments	1,160	-
Excess provision written back	-	58
Foreign exchange fluctuations (net)	-	216
Miscellaneous income	1,027	135
	8,375	8,870
23 Employee benefit expenses		
(Refer Note 1.09 on employee benefits)		
Salaries and wages*	3,992	3,199
Contribution to provident and other funds	446	400
Staff welfare expenses	224	102
	4,662	3,701
*includes Commission to the Whole-time directors ₹ 45 lac (previous year ₹58 lac)		
24 Finance costs		
Interest on long term loans	18,903	9,751
Interest on short term loans	238	260
LC charges and other interest cost	1,155	1,240
Amortisation of forward premium	1,662	590
	21,958	11,841

PETRONET LNG LIMITED

	Year ended 31.03.2014	₹ in lac Year ended 31.03.2013
25 Other Expenses		
Consumption of stores and spare parts	1,891	1,867
Power & Fuel	18,646	15,157
Repairs & Maintenance		
- Machinery	437	532
- Building	554	229
- Others	156	392
Rent	705	592
Rates & taxes	1,274	1,143
Insurance	1,958	1,655
Travelling & Conveyance	1,395	1,030
Legal, Professional & Consultancy Charges	1,073	1,830
Directors' Sitting fees	12	11
Directors' Commission (other than whole time directors)	12	15
Charity & Donation	86	20
Loss on sale/write off of Fixed Assets (net)	21	10
Wealth Tax	2	2
Foreign Exchange fluctuations (net)	731	-
Other Expenses	6,349	3,705
	35,302	28,190
26 Earning Per Share		
Net Profit / (Loss) after current and deferred tax	71,192	1,14,928
Weighted average number of equity shares of Rs10/- each (In lac)	7,500	7,500
EPS (₹) - Basic and Diluted	9.49	15.32

PETRONET LNG LIMITED

Other Notes to Accounts

27. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 18,32,13 lac (previous year 5,94,17 lac).

The Company has long term LNG purchase commitments against which back to back sale agreements have been made.

28. Contingent Liability

- a) Letter of credit/Bank guarantees of ₹ 43,00,46 lac (previous year 30,24,10 lac)
- b) The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities of the Company as "Storage(HTP-IIA)" instead of "Industrial Undertaking(HTP I)" and hence levied Electricity Duty @ 45% instead of 20% of the consumption charges and charging 70 paise per unit on the power generated by the Company for its own consumption. The Company has challenged the legality and validity of the notices by way of writ petitions, which is pending before the Gujarat High Court. Meanwhile Company continues to make payment of Electricity Duty @15%(Revised rate of HTP-I) on the basis of the stay order granted by the High Court. The High Court has clubbed similar matters pending before it and are being tried together. The Court has so far concluded the arguments of all the Petitioners and is now listed for the arguments of GEB. The matter came up for hearing before the High Court on five dates between February and March, 2014, but no proceedings took place. The total contingent liability till March,2014 calculated on the differential payable (25%(Revised rates for "HTP-II A") as classified by GEB and what is actually paid by Company on "HTP-I" rate i.e. 15%) is ₹ 17,45 lac (Previous year ₹ 14,93 lac).
- c) The Company has filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958, the Company is required to pay stamp duty @ Re.1 per ₹1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Hon'ble High Court of Gujarat vide its order dated February 24, 2010 has quashed the notice issued by the Stamp Authorities. Stamp authorities have filed Special Leave Petition (SLP) in Supreme Court against the same and the case is pending as on 31st March 2014. The contingent liability from the effective date of amendment i.e. April 1, 2006 till March 31, 2014 on the CIF value is estimated to be ₹ 11,806 lac. (Previous year till March, 2013 ₹ 84,81 lac).
- d) The company has received refund for Rs 2,84 lac pertaining to Bills of Entries related to short landing of LNG received vide Order from CESTAT dated 29/09/2011 and refund of Rs 3,46 lac vide order dated 31st May 2010 of CESTAT. The custom authorities have filled appeal against the order of the CESTAT with the Hon'ble High court of Gujarat which is pending as on March 31, 2014.
- e) Taxes and duties recoverable (Note 17) includes service tax of ₹ 40,05 lac on vessel hire charges (including interest of ₹ 2,97 lac) paid under protest for the period from May 16, 2008 to September 30, 2009 under section 65(105)(zzzzj) of the Finance Act, 1994 (as amended) – "Supply of Tangible Goods for Use". The Commissioner of the Service Tax, vide Order dated March 6, 2012 has confirmed the demand. Against the Order of the Commissioner, Service Tax, The Company has filed an appeal before CESTAT, Delhi on June 6, 2012. CESTAT Delhi has passed an order in favour of the company on October 24, 2013, vide order no. ST/A/58706/2013-CU(DB) , upholding company's contention that Vessel Hire Charges are not subject to Service Tax Refund application has been filed with the department on December 13, 2013, the department has not yet filed an appeal against the said order. Company has filed CAVEAT with the High Court of Delhi and Supreme Court to avoid ex-parte assessment of appeal.
- f) The Company has cases pending with Service Tax Department at various levels, pertaining to applicability of service tax on charges paid for External Commercial Borrowings taken from IFC, ADB & Proparco. Amount involved in such cases is ₹ 475 lac (approx) including penalty.

29. Custom Duty on import of Project material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.
30. The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006. Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said Act are not ascertainable.

31. Segment Reporting (AS – 17)

Since the Company primarily operates in one segment – Natural Gas Business, segment reporting as required under Accounting Standard - 17 is not applicable. There is no reportable geographical segment either.

32. Disclosure in respect of Joint Venture (AS – 27)

In terms of the provisions contained in the Dahej LNG Port Terminal Concession Agreement, the Company is to develop a Solid Cargo Port along with LNG Terminal. A joint venture company "Adani Petronet (Dahej) Port Pvt Ltd (APPPL) has been formed for development of Solid Cargo Port. The Company has acquired 26% Equity in APPPL. The disclosure as per AS-27 is as follows:

Name	:	Adani Petronet (Dahej) Port Pvt Ltd	
Description of Interest	:	Jointly Controlled Company	
Description of Job	:	To develop and operate Solid Cargo Port along with LNG Terminal at Dahej	
Country of Incorporation	:	India	
Financial interest		2013-14 (Unaudited)	2012-13 (Audited)
		(₹ in lac)	(₹ in lac)
Proportion of Ownership Interest	:	26%	26%
Company's share of			
Assets	:	29,602	28,570
Liabilities	:	19,474	18,773
Income	:	7,760	7,100
Expense	:	6,603	5,676

33. Employee Benefits (AS-15 revised)

Following information is based on report of Actuary

Defined Benefit Plans

The principal assumptions used in actuarial valuation are as below:

Particulars	2013-14	2012-13
- Discount rate	8.00%	8.00%
- Expected rate of future salary increase	5.50%	5.50%
- Mortality	IALM (2006 - 08)	IALM (1994 - 96)

PETRONET LNG LIMITED**Changes in present value of obligation**

(₹ In lac)

Particulars	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the Year	270	367	205	284
Interest cost	22	29	16	23
Current Service Cost	50	72	45	68
Benefits paid	(27)	(58)	(21)	(58)
Net actuarial (gain)/loss on obligation	2	(5)	25	50
Present value of the defined benefit obligation at the end of the Year	316	405	270	367

Changes in Fair value of Plan Assets

(₹ In lac)

Particulars	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair Value of Plan Assets at the beginning of the year	267	-	-	-
Expected return of plan assets	25	-	-	-
Contribution by Employer	93	-	267	-
Benefits paid	-	-	-	-
Actuarial Gain/(Losses)	-	-	-	-
Fair Value of Plan Assets at the End of the year of the year	385	-	267	-

Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation

(₹ In lac)

Particulars	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of the defined benefit obligation at the end of the year	316	405	270	367
Fair Value of Plan Assets at the end of the year	385	--	267	-
Amount recognized in Balance Sheet	70	405	3	367

Amount Recognized in Statement of Profit & Loss

(₹ In lac)

Particulars	2013-14		2012-13	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	50	72	45	68
Past service cost	-	-	-	-
Interest cost	22	29	16	23
Expected return on plan assets	(25)		-	-
Net Actuarial (Gain) / Loss recognized during the year	2	(5)	25	50
Amount capitalized	(1)	(9)	(14)	
Total Expense recognized in Statement of Profit and Loss	48	87	72	117

Amount for the current period

(₹ In lac)

Particulars	2013-14		2012-13		2011-12		2010-11		2009-10	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of period	316	405	270	367	205	284	172	250	83	130
Fair value of plan assets at the end of the period	385	-	267	-	-	-	-	-		
Surplus/ (Deficit)	70	(405)	(3)	(367)	(205)	(284)	(172)	(250)		
Experience adjustment on plan Liabilities (loss)/gain	(2)	5	(24)	(49)	(1)	(7)	(39)	(64)	1	2
Experience adjustment on plan assets (loss)/ gain	-	-	-	-	-	-	-	-	-	-

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

Particulars	2013-14	2012-13
Funds Managed by Insurer (investment with insurer)	100 %	100 %

Defined Contribution Plan

(₹ In lac)

Particulars	2013-14	2012-13
Amount recognized as expense in respect of defined Contribution Plans as under		
Contribution to Govt. Provident Fund	188	154
Contribution to Superannuation Fund	213	174

PETRONET LNG LIMITED**34. Transactions with Related Party:****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)

ii) Joint Venture

Adani Petronet (Dahej) Port Pvt. Ltd.

iii) Subsidiary of Promoter (ONGC)

Mangalore Refinery and Petrochemicals Limited

iv) Key Managerial Personnel (KMP)

Dr. A. K. Balyan

Sh. Rajender Singh

Sh. R. K. Garg

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

(₹ In lac)

S. No.	Nature of Transaction	Party Name	2013-14	2012-13
1.	Sale of RLNG	GAIL	1,836,025	1,391,742
		IOCL	1,298,285	1,086,875
		BPCL	532,501	457,427
		Total	3,666,811	2,936,044
2.	Regasification Services	GAIL	18,008	10,453
		BPCL	1,120	-
		Total	19,128	10,453
3.	Advances Received	GAIL	12,500	-
		IOCL	7,500	-
		BPCL	5,000	-
		Total	25,000	-
4.	Sitting Fees	GAIL	1.00	0.60
		IOCL	0.60	1.82
		BPCL	0.60	0.80
		ONGC	0.72	1.08
		Total	2.92	4.30
5.	Demurrage Income	GAIL	-	1,750
6.	Tug Hire Charges	MRPL	445	-
7.	Recovery of Expenses	GAIL	7	7

PETRONET LNG LIMITED

8.	Payment of Rent and related services	IOCL	436	439
9.	Remuneration to staff on deputation	BPCL	10	9
10.	Remuneration to Key Managerial Personnel		210	234
11.	Outstanding at the year end			
a)	Amount recoverable at year end	GAIL	105,632	72,870
		IOCL	61,863	68,406
		BPCL	25,504	21,475
		MRPL	78	-
b)	Amount Payable at year end	IOCL	2	100
c)	Advances Outstanding at the year end	GAIL	12,500	
		IOCL	7,500	
		BPCL	5,000	

35. There is no impairment loss of any assets that has occurred in terms of AS-28

36. The company has claimed deduction under section 80IA of the income tax act 1961 in respect of Power generation and Port Undertaking in its tax returns. However, provision for income tax has been made without considering the aforesaid deduction pending final assessment with Income tax authorities.

37. Other disclosures

(₹ in lac)

	Particulars	2013-14	2012-13
a)	Opening Stock of LNG	59,679	54,955
	Purchases of LNG	3,592,763	2,925,918
	Sales of RLNG	3,754,451	3,129,697
	Internal Consumption	28,207	30,210
	Closing Stock of LNG	67,074	59,679
b)	Raw Material (LNG) Consumed	3,584,949	2,921,194
c)	Value of Import of CIF Basis		
	Raw Material (LNG)	3,362,999	2,779,151
	Component and Spare Parts	361	756
	Capital Goods	5,467	5,470
d)	Expenditure In foreign Currency		
	Foreign Travel	161	131
	Professional/Consultant/Technical Fees	305	142
	Others(Including insurance and financing charges)	16,271	6,724
f)	Earnings in Foreign Currency		
	Interest Income	151	126
g)	Dividend remitted in foreign currency to Non Residents		
	No. of share holder	1	1
	Number of shares held	75,000,000	75,000,000
	Net Amount of Dividend remitted in foreign currency	1,875	1,875

PETRONET LNG LIMITED

h)	Value of Imported and Indigenous Raw Material and Spare Parts Consumed	%	Amount	%	Amount
	Raw Material				
	Imported	100%	35,84,949	100%	29,21,194
	Others	Nil	Nil	Nil	Nil
	Spare parts				
	Imported	13.38%	2,50	34.33%	6,30
	Others	86.62%	1,618	65.67%	1,206

38. Unhedged Foreign Currency Exposure of the company

(₹ in lac)

Particulars	Currency	2013-14	2012-13
Import of Raw Material	USD	2,695	3,361
Payable to EPC Contractors	EUR	-	5
	JPY	-	6,101
	USD	147	127
Others Payable	EUR*	0	-
	JPY	62.89	27
	USD*	0	-
	GBP*	0	0
Shareholder's Loan receivable	USD	28	28

* EUR 28,984.64, USD 23610, GBP 5982.00,

39. Capital Work in Progress at Kochi project includes following expenses:

(₹ In lac)

Particulars	As on 31.03.2014	As on 31.03.2013
Salaries and Wages	1,515	1,106
Contribution to Provident and Other Funds	216	164
Staff Welfare Expenses	84	51
Power & Fuel	206	17
Repairs & Maintenance - Others	48	31
Rent	845	794
Rates and Taxes	188	188
Insurance	932	826
Travelling & Conveyance	817	724
Legal, professional and consultancy charges	3,003	2,952
Total	7,854	6,853
Less: Capitalised	7,854	-
Amount Pending to be Capitalised	-	6,853

40. Remuneration to Auditor (Exclusive of Service Tax)

(₹ in lac)

Particulars	2013-14	2012-13
Statutory Audit Fee (including for limited reviews)	17	13
Tax Audit and Audit U/s 80IA	7	2
Taxation Services	4	-
Fee for Certification	11	4
Reimbursement of out-of-pocket expenses	1	0
Total	40	20

41. Previous year figures have been regrouped/rearranged wherever necessary, to correspond to current year figures.

Annexure to our report on even date

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

Sd/-
Neena Goel
Partner
Membership No - 057986

Place : New Delhi
Dated : 30th April 2014

For and on behalf of Petronet LNG Limited

Sd/-
Dr. A. K. Balyan
MD & CEO

Sd/-
K. C. Sharma
Company Secretary

Sd/-
R. K. Garg
Director - Finance

**PETRONET LNG LIMITED
NEW DELHI**

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

Attendance Slip

PLEASE FILL ATTENDENCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL.

DP. Id*	
---------	--

Client Id*	
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Folio No.	
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NAME AND ADDRESS OF THE SHAREHOLDER

Number of Share(s) held:

I certify that I/we are member/proxy for the member of the Company. I/we, hereby record my/our presence at the 16th (Sixteenth) Annual General Meeting of the Company to be held on Thursday, the 18th day of September, 2014 at 10.00 A.M. at FICCI, K.K, Birla Auditorium, 1, Tansen Marg, New Delhi 110001.

Signature of the shareholder(s) or Proxy

*Applicable for investor holding shares in electronic form.

**PETRONET LNG LIMITED
NEW DELHI**

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

Form No. MGT-11 Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

- | | |
|----------------|----------------------------------|
| 1. Name: | E-mail Id: |
| Address: | Signature:, or failing him |
| 2. Name: | E-mail Id: |
| Address: | Signature:, or failing him |
| 3. Name: | E-mail Id: |
| Address: | Signature: |



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Email: webmaster@petronetlng.com, CIN: L74899DL1998PLC093073

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th (Sixteenth) Annual general meeting/ Extraordinary General Meeting of the Company, to be held on Thursday, the 18th day of September, 2014 at 10.00 A.M. at FICCI, K.K, Birla Auditorium, 1, Tansen Marg, New Delhi 110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- | | |
|---------|---------|
| 1..... | 2..... |
| 3..... | 4..... |
| 5..... | 6..... |
| 7..... | 8..... |
| 9..... | 10..... |
| 11..... | 12..... |

Signed this..... day of..... 20....

Signature of Shareholder_____

Affix
Revenue
Stamp

Signature of 1st Proxy holder

Signature of 2nd Proxy holder

Signature of 3rd Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Petronet LNG Limited
www.petronetlng.com

REGISTERED & CORPORATE OFFICE
1st Floor, World Trade Center
Babar Road, Barakhamba Lane
New Delhi-110 001, INDIA