

DIRECTORS' REPORT

Dear Shareholders,

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

PHYSICAL PERFORMANCE

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

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

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

FINANCIAL PERFORMANCE

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

(Rs. in crore)

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

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

DIVIDEND

The Board of Directors of your Company has recommended a final dividend of Rs. 4.50 per equity share of Rs. 10/- each i.e. 45 % of the post Bonus paid-up Share Capital of the Company as on 31st March, 2018 subject to approval of Members of the Company as compared to Rs. 5 Per equity share of Rs. 10 each i.e. 50% of the pre Bonus paid-up Share Capital of the Company as on 31st March, 2017. This is the 12th consecutive year for which your Company has recommended payment of dividend.

The final dividend shall be paid to the members, whose names appear in the Register of Members as well as the Beneficial Ownership Position provided by NSDL/CDSL as at the close of business hours on 7th September, 2018.

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

CHANGES IN SHARE CAPITAL

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

FINANCING OF PROJECTS

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

SHIPPING ARRANGEMENTS

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

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

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

DAHEJ LNG TERMINAL

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

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

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

KOCHI LNG TERMINAL

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

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

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

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

NEW BUSINESS INITIATIVES

LNG TERMINAL AND POWER PLANT AT SOUTH ANDAMAN

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

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

LNG TERMINAL AT BANGLADESH PROJECT

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

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

LNG TERMINAL AT SRI LANKA

Your Company has signed an MoU with Sri Lankan Authorities

for cooperation/collaboration for development of LNG/NG infrastructure in Sri Lanka.

LNG AS AN AUTOMOTIVE FUEL

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

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

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

HEALTH, SAFETY & ENVIRONMENT (HSE)

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

DETAILS OF SUBSIDIARY/ JOINT VENTURES / ASSOCIATE COMPANIES

1) Adani Petronet (Dahej) Port Private Ltd.

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

Performance and Financial Position of Solid Cargo Joint Venture (JV) Company

(Rs. In Lakhs)

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

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

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

Performance and Financial Position of ILT4

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

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

3) **Petronet LNG Foundation**

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

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

All possible measures have been undertaken successfully by your Company to achieve the desired objective of energy conservation and technology upgradation. In order to ensure optimum conservation of energy and absorption of technology,

your Company's engineers have been interacting with industry peers, technology providers and EPC Contractors. They have also been nominated to important national and international seminars. A team has closely worked with Project Consultant and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has incurred outgo in foreign exchange to the extent of Rs. 24,587 Crore during the year under review. Foreign exchange earnings during the year were Rs. 49 Crore.

EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (Form MGT-9) is annexed to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

In terms of provisions of Companies Act, 2013, an amount of Rs. 30.29 Crore was required to be utilized on CSR activities in FY 2017-18. The Competent Authority has approved / committed new Projects of Rs. 23.46 Crore in FY 2017-18 out of which Rs. 8.55 Crore was spent on CSR activities. In some projects, disbursement of fund is linked to achieving deliverable targets and due to dynamic implementation environment targets have not yet achieved. Nevertheless, your Company has been making constant efforts to reach optimum level of CSR expenditure resulting in tangible positive impact on society and has made

significant improvements over the previous years in terms of both spending as well as number of projects taken up. The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached herewith and forms part of the Board Report.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) DURING THE YEAR

Directors

Inductions

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

Reappointment

In accordance with the Articles of Association of the Company and as per statutory requirements, Shri G. K. Satish, Nominee Director, IOCL and Shri T. Natarajan, Nominee Director, GMB would retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. In accordance of provisions of Companies Act, 2013, Shri Shashi Shankar who was appointed as Additional Director (Nominee Director of ONGC), Dr. Jyoti Kiran Shukla who was reappointed as Independent Director, Shri V. K. Mishra who was appointed as Additional Director in the capacity of Director (Finance) of

the Company, Shri Sidhartha Pradhan who was appointed as Additional Director (Independent Director) of the Company, Dr. M. M. Kutty who was appointed as Additional Director and Chairman of the Company after the date of last Directors’ Report shall vacate their offices at the ensuing Annual General Meeting. Necessary notices have been received from them/Member(s) under Section 160 of Companies Act, 2013 proposing their candidature for appointment. The same has also been given at website of the Company at www.petronetlng.com. The Board recommends their appointment. Brief resume of directors seeking appointment and reappointment together with the nature of their expertise in specific functional areas, disclosure of relationship between director inter-se, name of companies in which they hold membership/ chairmanship of committees of the Board alongwith their shareholding in company etc. as stipulated under SEBI (LODR) Regulations, 2015 and other statutory provisions are given in the annexure to Notice of 20th Annual General Meeting.

Cessation

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

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

Additional Charge

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

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

Key Managerial Personnel

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

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

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

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

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

ANNUAL EVALUATION OF THE BOARD

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

DECLARATION BY INDEPENDENT DIRECTORS

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

TRAINING OF INDEPENDENT DIRECTORS

The Company has well-defined Training Program for training to Board Members which inter-alia include the various familiarization programs in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company etc. Further, the same is also taken care during the various strategy meets of the Company

and different presentations in the Board/Committee meetings. The details of such familiarization programs have also been posted on the website of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, four Board Meetings were held and the details of which are given in the Corporate Governance Report annexed to this Report which forms part of the Annual Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and also as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For further details regarding number of meetings of the Board and its committees, please refer Corporate Governance Report, annexed to this Report.

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

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

INSURANCE

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (RPTs)

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

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

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

Pursuant to provisions of Section 197 of the Companies Act, 2013, read with the Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are annexed to this Report.

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

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

HUMAN RESOURCES

The company maintained harmonious and cordial industrial relations. No man days were lost due to strike or lock-out. As on 31st March, 2018, there were 486 employees excluding two Whole-time Directors.

SECRETARIAL AUDIT

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

A Secretarial Audit Report submitted by M/s A. N. Kukreja, a Company Secretary in practice, is annexed with this report. Regarding inadequate number of Independent Directors as stated in the Secretarial Audit Report, it is stated that the Company is in the process of finding suitable candidates to be appointed as Independent Directors and the requisite number of Independent Directors will be appointed shortly. Regarding the expenditure on CSR activities, the details in respect of the same along with the reasons for not spending the amount on CSR activities as per the statutory requirements are given in the Annual Report on Corporate Social Responsibility (CSR) which is annexed to the Directors' Report.

CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance and lays strong emphasis on transparency, accountability and integrity. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance, together with Auditors' Certificate regarding Compliance of the SEBI Code of Corporate Governance, is annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS RESPONSIBILITY REPORT

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

INDUSTRIAL RELATIONS

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

RISK MANAGEMENT

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

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Board of Directors of the Company has approved the Vigil Mechanism in terms of provisions of Section 177 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and employees of the Company to report, to the management, concerns about unethical behavior, actual or suspected fraud or violation of the policy. The same has also been hosted on the website of the Company. During the year ended 31st March, 2018, two complaints were received under Vigil Mechanism and out of which one complaint was resolved and one complaint was pending as on 31st March, 2018.

CODE OF CONDUCT

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

LISTING ON STOCK EXCHANGES

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

TRANSFER OF AMOUNTS/SECURITIES TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

OTHER DISCLOSURES

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

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

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

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

STATUTORY AUDITORS

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

AUDITORS' REPORT

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

COST AUDITOR

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : August 6, 2018

(Dr. M. M. Kutty)
Chairman