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

1. Reporting Entity

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

The Company was formed by Bharat Petroleum Corporation Limited ('BPCL'), GAIL (India) Limited ('GAIL'), Indian Oil Corporation Limited ('IOCL') and Oil and Natural Gas Corporation Limited ('ONGC') primarily to develop, design, construct, own and operate a Liquefied Natural Gas ('LNG') import and regasification terminals in India. PLL was incorporated on 2 April 1998 under the Companies Act, 1956 and received certificate of commencement of business on 1 June 1998. The Company is involved in the business of import and regasification of LNG and supply to BPCL, GAIL, IOCL and others. Presently, the Company owns and operates LNG Regasification Terminal with name plate capacity of 15 MMTPA at Dahej, in the State of Gujarat. The Company has also commissioned another LNG terminal with name plate capacity of 5 MMTPA at Kochi, in the State of Kerala.

2. Significant Accounting Policies

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

i. **Basis of preparation**

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

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

ii. **Basis of measurement**

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

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

iii. **Functional and presentation currency**

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

iv. **Use of judgements and estimates**

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

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

a. Judgements

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

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

b. **Assumptions and estimation uncertainties**

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

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

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

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed.

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

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

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

Subsequent Measurement

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

Depreciation

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

Cost of leasehold land is amortized over the lease period.

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

vi. **Intangible assets**

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software/Licenses is considered as 3 years.

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

vii. **Financial instruments**

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

(A) <u>Financial Assets</u>

(a) Initial recognition and measurement

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

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

(b) Classifications

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

Business model assessment

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

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

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

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

Debt instruments at amortised cost

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

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

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

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

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

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

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

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

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

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

All other Financial Instruments are classified as measured at FVTPL.

(c) Derecognition of financial assets

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

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

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

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

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

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

Impairment of financial assets

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

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

(B) Financial liabilities

(a) Initial recognition and measurement

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

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

(b) Subsequent measurement

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

Financial Liabilities measured at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

(c) Derecognition of financial liabilities

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

(C) Modifications of Financial Assets and Financial Liabilities

Financial assets

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

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

Financial liabilities

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

viii. **Inventories**

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

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

ix. **Revenue Recognition**

(a) Sale of goods

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

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

(b) Rendering of services

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

(c) Interest Income

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

(d) Dividend Income

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

x. **Foreign currency transactions**

(a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on year end date.

(c) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost.

(d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss.

xi. **Employee benefits**

a. **Short term employee benefits**

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

b. **Defined contribution plans**

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

i) Provident Fund

ii) Superannuation Fund

c. **Defined benefit plans**

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

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

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

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

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

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

The company has following long term employment benefit plans:

Leave encashment

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

xii. **Borrowing Cost**

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

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

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

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

xiii. **Income tax**

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

a. **Current tax**

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

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

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

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

b. **Deferred tax**

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

xiv. **Interest in Joint Ventures**

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

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

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

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

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

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

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

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

xvi. **Provisions**

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

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

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

xvii. **Segment Reporting**

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

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

xviii. **Cash and cash equivalents**

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

xix. **Recent accounting pronouncements**

Standards issued but not yet effective

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

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

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

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

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

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

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

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

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

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

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

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

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

3. Property, plant and equipment

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

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

Note:

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

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

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

4. Capital Work-in-Progress

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

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

5. Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	Number of Shares	Amount
Outstanding at the 31 March 2016	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2017	750,000,044	75,000
Equity Shares issued during the year in consideration for cash	-	-
Equity Shares issued during the year in consideration other than cash	750,000,044	75,000
Outstanding at the 31 March 2018	**1,500,000,088**	**150,000**

d. **Shareholders holding more than 5% shares in the company**

	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoters' Holding				
Bharat Petroleum Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
GAIL (India) Ltd.	187,500,000	12.5%	93,750,000	12.5%
Indian Oil Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Oil & Natural Gas Corporation Ltd.	187,500,000	12.5%	93,750,000	12.5%
Non-promoter Holding				
GDF International	-	-	75,000,000	10.0%

	As at 31 March 2018	As at 31 March 2017
20 Other equity		
a. **Securities premium account**		
Balance at the beginning of the year	15,546	15,546
Less : Utilisation against issue of bonus shares	(15,546)	-
Balance at the end of the year	**-**	**15,546**
b. **Debenture redemption reserve**		
Balance at the beginning of the year	25,000	17,166
Addition/ (Deduction) during the year	(5,500)	7,834
Balance at the end of the year	**19,500**	**25,000**
c. **General reserve**		
Balance at the beginning of the year	72,800	72,800
Add: Transfer from surplus balance in the statement of Profit & Loss	-	-
Balance at the end of the year	**72,800**	**72,800**
d. **Retained earnings**		
Balance at the beginning of the year	621,092	480,926
Add: Profit for the year after taxation as per statement of Profit and Loss	207,785	170,567
Less: Issue of Bonus Shares	(59,454)	-
Less: Transfer to general reserves	-	-
Less: Transfer to debenture redemption reserves	5,500	(7,834)
Less: Dividend on equity shares	(37,500)	(18,750)
Less: Dividend distribution tax on equity shares	(7,634)	(3,817)
Balance at the end of the year	**729,789**	**621,092**

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

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

	As at 31 March 2018	As at 31 March 2017
e. Remeasurement of defined benefit plans		
Balance at the beginning of the year	(49)	(41)
Addition during the year	7	(8)
Balance at the end of the year	**(42)**	**(49)**
Total Equity (a+b+c+d+e)	**822,047**	**734,389**

Nature and purpose of other reserves

Securities premium account

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of The Companies Act, 2013.

Debenture redemption reserve

The Company appropriates a portion out of the profits available for payment of dividend to debenture redemption reserve (DRR) as per The Companies Act, 2013 (which requires creation of DRR upto 25% of the outstanding amount of the bonds during the tenure of bonds). Reduction in DRR is on account of repayment of bonds

General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:
(a) actuarial gains and losses
(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend	As at 31 March 2018	As at 31 March 2017
Cash dividends on equity shares declared and paid :		
Final dividend for the year ended 31 March 2017 Rs. 5 per share (31 March 2016 Rs. 2.5 per share)	37,500	18,750
Dividend Distribution tax on final dividend	7,634	3,817
	45,134	**22,567**
Proposed Dividends on Equity Shares :		
Proposed dividend for the year ended 31 March 2018 Rs. 4.5 per share (31 March 2017: Rs. 5 per share)	67,500	37,500
Dividend Distribution tax on final dividend	13,878	7,634
	81,378	**45,134**

Proposed dividends on equity shares are subject to the approval at the annual general meeting and have not been recognised as liabilities (including DDT theron) as at 31st March.

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

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

		As at 31 March 2018	As at 31 March 2017
21	**Borrowings**		
	Non-convertible bonds *(Unsecured)*	64,318	95,857
	Term loans *(Secured)*		
	- From other parties	13,375	55,020
		77,693	150,877
	Less: Interest accrued	(4,352)	(5,874)
		73,341	**145,003**

a. Non-Convertible Bonds Series I-2013, Series I-2014 and Series II-2014 are unsecured, non convertible debenture, repayable at par starting from financial year 2017-18.

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
Series I - 2013	Bullet	2018	8.35%	31,997	31,997
Series II - 2014 (Option 1)	Bullet	2017	9.00%	-	41,539
Series II - 2014 (Option 2)	Bullet	2019	9.05%	62,321	62,321
				94,318	**135,857**
Less: Interest accrued but not due on borrowings				(4,318)	(5,857)
Less : Shown in current maturities of Long term debt				(30,000)	(40,000)
Balance shown as above				**60,000**	**90,000**

b. Term Loans are secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis.

Term of repayment and interest are as follows :

Loan From	Repayment Terms	Year of Maturity	Effective Rate of Interest p.a.	Carrying Amount As at 31 March 2018	Carrying Amount As at 31 March 2017
IFC (Washington)	Half yearly	2022	7.98%	16,115	18,864
IFC (Washington)	Half yearly	2019	4.35%	23,538	38,909
Proparco, France	Half yearly	2019	3.75%	15,686	25,940
Asian Development Bank	Half yearly	2018	7.46%	-	8,102
				55,339	**91,815**
Less: Interest accrued but not due on borrowings				(34)	(17)
Less : Shown in current maturities of Long term debt				(41,964)	(36,795)
Balance shown as above				**13,341**	**55,003**

The external commercial borrowings from International Finance Corporation (Washington), & Proparco, France are borrowed at an average cost of 8.33% p.a (inclusive of hedge cost).

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

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

		As at 31 March 2018	As at 31 March 2017
22	**Long-term provisions**		
	Provision for employee benefits		
	- Compensated Absences (Refer note 41(iii))	781	656
		781	**656**

		31 March 2018	31 March 2017
23	**Income Tax**		
A	**Income Tax Expenses**		
i)	**Amounts recognised in profit or loss**		
	Current tax expense		
	Current year	65,300	51,288
	Adjustment for prior years	631	-
		65,931	**51,288**
	Deferred tax expense		
	Changes in recognised temporary differences	31,795	14,164
		31,795	**14,164**
	Total Tax Expense	**97,726**	**65,452**
ii)	**Deferred Tax related to items recognised in Other Comprehensive Income**		
	Remeasurements of defined benefit liability	(4)	4
		(4)	**4**

		For the year ended 31 March 2018		For the year ended 31 March 2017	
iii)	**Reconciliation of effective tax rate**	**Rate**	**Amount**	**Rate**	**Amount**
	Profit before tax from continuing operations	34.61%	305,511	34.61%	236,019
	Tax using the Company's domestic tax rate		105,731		81,681
	Tax effect of:				
	Non-deductible expenses	0.02%	70	0.06%	134
	Tax-exempt income	(2.61)%	(7,960)	(2.86)%	(6,742)
	Tax incentives			(4.08)%	(9,621)
	Impact on deferred tax due to increase in future tax rate	0.41%	1,259		
	Changes in estimates related to prior years	(0.45)%	(1,374)	-	-
	Total Tax Expenses	**31.99%**	**97,726**	**27.73%**	**65,452**

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

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

B Deferred Tax Liabilities (Net)

Movement in deferred tax balances

	As at 31 March 2017	Recognized in P&L	Recognized in OCI	As at 31 March 2018
Deferred Tax Assets				
Employee benefits	248	50	(4)	294
Loans and borrowings	5,433	(2,036)		3,397
Trade receivables	1,434	2		1,436
MAT Credit Entitlement / (Utilisation)	32,158	(7,398)	-	24,760
Sub- Total (a)	**39,273**	**(9,382)**	**(4)**	**29,887**
Deferred Tax Liabilities				
Property, plant and equipment	102,482	25,548	-	128,030
Derivatives	5,496	(2,151)		3,345
Current Investments	4,313	(984)		3,329
Sub- Total (b)	**112,291**	**22,413**	**-**	**134,704**
Net Deferred Tax Liability (b)-(a)	**73,018**	**31,795**	**4**	**104,817**

	As at 31 March 2016	Recognized in P&L	Recognized in OCI	As at 31 March 2017
Deferred Tax Assets				
Employee benefits	223	21	4	248
Loans and borrowings	8,330	(2,897)	-	5,433
Trade receivables	-	1,434	-	1,434
MAT Credit Entitlement / (Utilisation)	28,870	3,288	-	32,158
Sub- Total (a)	**37,423**	**1,845**	**4**	**39,273**
Deferred Tax Liabilities				
Property, plant and equipment	87,323	15,158	-	102,482
Derivatives	8,958	(3,462)	-	5,496
Current Investments	-	4,313	-	4,313
Sub- Total (b)	**96,281**	**16,009**	**-**	**112,291**
Net Deferred Tax Liability (b)-(a)	**58,858**	**14,164**	**(4)**	**73,018**

	As at 31 March 2018	As at 31 March 2017
24 Other Non-Current Liabilities		
Revenue received in advance*		
- from related parties (See Note No 42)	91,233	98,854
- from others	37,130	39,722
	128,363	**138,576**

* The Company has entered into long term agreements for 20 years for providing LNG regasification services (w.e.f. Sept' 2016) by allocating 7 MMTPA out of the total regasification capacity from its Dahej terminal. The advance received by the Company is adjustable against charges on regasification service during the course of the agreement.

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

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

		As at 31 March 2018	As at 31 March 2017
25	**Other current financial liability**		
	Current maturities of long-term debt		
	- from other parties	71,964	76,797
	Interest accrued but not due on borrowings	4,352	5,874
	Unpaid dividend	722	635
	Other payables for:		-
	- Capital goods	5,967	5,064
	- Security deposits / Retention money	139	111
		83,144	**88,481**
26	**Other current liabilities**		
	Statutory dues	40,829	25,609
	Revenue received in advance		-
	- related parties (Refer note No 42)	3,456	-
	- others	51	52
	Other payables	342	1,097
		44,678	**26,758**
27	**Short-term provisions**		
	Provision for employee benefits		
	- Gratuity (Refer note 41)	-	1
	- Compensated Absences (Refer note 41)	60	60
	- Incentives	1,150	884
		1,210	**945**
28	**Current tax liabilities**		
	Provision for Income Tax [Net of advance tax Rs. Nil (as at 31 March 2017 Rs. 70,544 lac)]	-	5,624
		-	**5,624**

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

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

		For the year ended 31 March 2018	For the year ended 31 March 2017
29	**Revenue from operations**		
	Sale of RLNG	2,904,804	2,339,578
	Regasification services	149,325	115,498
	Other operating revenues	5,733	6,527
		3,059,862	**2,461,603**
30	**Other Income**		
	Interest income from financial assets measured at amortised cost		
	- on bank deposits	872	1,727
	- on shareholders' loan	145	166
	Other Interest Inccome	700	2,402
	Gain on sale/fair value of Investments	22,610	19,624
	Foreign exchange fluctuations (net)	5,984	8,631
	Excess provision/ liability written back	33	618
	Miscellaneous income	1,396	1,496
		31,740	**34,664**
31	**Cost of materials consumed**		
	Opening Stock of LNG	34,639	18,580
	Add: Purchases	2,656,335	2,157,751
	Less: Closing Stock of LNG	21,955	34,639
		2,669,019	**2,141,692**
32	**Employee benefits expense**		
	Salaries and wages*	7,797	6,253
	Contribution to provident and other funds	739	695
	Staff welfare expenses	584	438
		9,120	**7,386**
	*Includes Commission to the Whole-time Directors Rs 63 lac (Previous year Rs. 60 lac)		
33	**Finance cost**		
	Interest on long term loans	15,616	19,924
	Interest on short term loans	12	6
	Other borrowing costs	671	1,035
		16,299	**20,965**

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

		For the year ended 31 March 2018	For the year ended 31 March 2017
34	**Depreciation and amotisation expense**		
	Depreciation on tangible assets	40,756	36,495
	Amortisation on intangible assets	409	412
		41,165	**36,907**
35	**Other expenses**		
	Stores and spares consumed	2,250	2,742
	Power and fuel	18,220	15,498
	Repairs and maintenance:		
	- Buildings	929	460
	- Plant and machinery	1,228	1,098
	- Others	148	143
	Dredging expenses	4,050	4,902
	Rent	1,549	1,488
	Rates and taxes	1,764	1,388
	Insurance	1,148	1,261
	Travelling and conveyance	1,673	1,702
	Legal, professional and consultancy charges	2,362	1,458
	Fair value losses on derivatives not designated as hedges	6,308	10,004
	Provision for doubtful debts	-	4,142
	Directors' sitting fees	19	18
	Directors' commission (other than whole time Directors)	22	24
	Loss on sale/ write off of property, plant and equipment (net)	130	11
	Corporate social responsibility (Refer note 44)	823	438
	Others expenses	7,865	6,521
	Total	**50,488**	**53,298**
36	**Earning per share (EPS)**		
	Profit/ (loss) for the period	207,785	170,567
	Weighted average number of equity shares of Rs. 10/- each (In lac)*	15,000	15,000
	EPS - Basic and Diluted (Rs)	13.85	11.37

*Weighted average number of equity shares for all the periods disclosed above have been adjusted for the issue of bonus shares.

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

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

37 Contingent liabilities, contingent assets and commitments

A. Commitments

a. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.16,970 lac (as on 31 March 2017 Rs.31,839 lac).

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

i. 8.5 MMTPA with Ras Laffan Natural Gas Company Limited, Qatar for a period upto April 2028.

ii. 1.44 MMTPA with Mobil Australia Resources Company PTY Ltd, who have commenced supply since January 2017 for a period upto 2035.

Since the Company has entered into materially back to back sale agreements against the above purchase agreements, there is no foreseeable loss on these agreements as on the balance sheet date. The Company has issued Standby Letter of Credit of Rs.325,820 lac (Rs.285,412 lac as on 31 March 2017) to Ras Laffan Natural Gas Company Limited and Rs.48,018 lac (Rs.18,195 lac as on 31 March 2017) to Mobil Australia Resource Company PTY Ltd against the Long Term Purchase Agreements.

B. Contingent Liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of internal legal team. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

a. The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities of the Company as "Storage (HTP-IIA)" instead of "Industrial Undertaking (HTP I)" and hence levied Electricity Duty @ 45% (revised rates @25%) instead of 20% (Revised rate @15%) of the consumption charges. The Company has challenged the legality and validity of the notices by way of writ petitions before the Hon'ble High Court of Gujarat who had quashed the supplementary bill/demand notice and remanded the case back to the Collector of Electricity Duty vide order dated 1 July 2014. The Company has made its submissions before the Collector of Electricity Duty, Gandhinagar and the order is awaited. The total demand till 31 March, 2018 is Rs. 4,576 lac (as on 31 March 2017 Rs.3,637 lac).

b. The Collector of Stamps, Bharuch had issued notice to the Company to pay stamp duty @ Re.1 per Rs.1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958. The Hon'ble High Court of Gujarat has quashed the notice. Stamp authorities have filed Special Leave Petition (SLP) in Hon'ble Supreme Court against the same and the case is pending as on 31 March 2018. The potential liability from the effective date of amendment i.e. 1 April 2006 till 31 March 2018 on the CIF value would be Rs. 21,801 lac (Previous year till 31 March 2017 is Rs. 19,408 lac).

c. The Company has received refund of Rs.112 lac, Rs.284 lac and Rs.346 lac from Customs department vide CESTAT order dated 7 November 2013, 9 September 2011 and 31 May 2010 respectively mainly pertaining to custom duty on short landing of LNG. The Custom Authorities have filed appeal against the order of the CESTAT with the Hon'ble High court of Gujarat and the outcome of the case is pending as on 31 March 2018.

d. Taxes and duties recoverable includes custom duty recoverable amounting to Rs.959 lac (relating to short landing of LNG under spot purchase agreement. The company has received favourable order for the above issue from Commissioner (Appeals) and CESTAT. However, the refund of the amount has been denied by department and Commissioner (Appeals) on the ground of time barred refund application. The company has preferred an appeal against the above order with CESTAT, the outcome of which is pending as on 31 March 2018.

e. The company had received demand for Service Tax on vessel hire charges for the period 16 May 2008 to 30 September 2009 amounting Rs.4,005 lac (including Interest). The Company had paid the demand under protest and preferred an appeal before CESTAT against the above demand and received favourable order on 24 October 2013. The Company had received the refund (including interest), however the department had preferred an appeal against the CESTAT order before the Hon'ble Supreme Court, the outcome of which is pending as on 31 March 2018.

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

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

f. The Company has cases pending with Service Tax Department at various levels pertaining to applicability of service tax on charges paid for External Commercial Borrowings. Amount involved in such cases as on 31st March 2018 is Rs.830 lac (as on 31 March 2017 Rs.848 lac).

g. The Principal Commissioner of service tax has issued order against the company regarding service tax demand on boil off quantity of LNG during regasification process (for the period April 2009 to March 2015) amounting to Rs.1,780 lac. The company paid the demand under protest amounting to Rs.3,256 lac (including interest and penalty). Further, the company had suo moto paid service tax and interest amounting to Rs.2,039 lac for the period April'15 – June'18. The company has preferred an appeal against the said orders with CESTAT and the matter is pending for hearing as on 31 March 2018.

h. The Company has filed Service Tax Refund Application for services availed in the Special Economic Zone for the LNG Terminal at Kochi, amounting to Rs.1,652 lac (as on 31 March 2017 Rs.1,652 lac). The Company has received the favourable order from CESTAT for Rs.774 lac, however, Assistance Commissioner has raised further query and refund is pending. For balance Rs.878 lac, the application is pending as on 31st March 2018 at Assistant Commissioner level.

i. The sales tax department has issued show cause notice dated 11 February 2016 claiming sales tax amounting to Rs 7,985 lac against the high sea sales transaction made by the company. The reply against the show cause notice was submitted by the company and the matter is pending for adjudication as on date.

j. There are certain claims amounting Rs.18,362 lac (as on 31 March 2017 Rs.18,362 lac) made by a Contractor against capital works for which the Company has also made certain counter claims. As per the terms of the contract, Independent Experts' opinion was sought and as per their determination, net claim of Rs.10,400 lac (including interest of Rs.5,400 lac) was determined in favor of the contractor. As per the contract, the experts' opinion is not binding on any party and the Company is under discussion with the contractor to settle the dispute. Pending conclusion of the discussion and settlement, final amount of the claim is not ascertainable.

k. The Company had entered into a land lease agreement with Cochin Port Trust (CPT) for building and operating port and regasification facility at Kochi. CPT has raised demand for enhanced lease rent of Rs. 4,258 lac (as on 31 March 2017 Rs. 4,258 lac) (referring order of Tariff Authority for Major Ports (TAMP) dated 10 June 2010). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had awarded the Company to make payment of Rs.2,596 lac as per TAMP 2010 order as applicable to Warehouse usage. Both parties have challenged the award which is pending in District Court Ernakulam as on 31 March 2018. Further, the Company had invoked the jurisdiction of the Ministry of Shipping U/s 54 of the Major Ports Trusts Act,1963 to modify or cancel the lease rental which has been rejected by Secretary Shipping, vide its order dated 19.1.2017 and 06.02.2018. The Company has filed writ petition against the same in the High Court of Kerala which is pending for adjudication as on 31 March 2018.

Further, CPT has raised demand for usage of dredged sand by the Company Rs.2,000 lac (as on 31 March 2017 Rs. 2,000 lac). The CPT invoked arbitration and Arbitral Tribunal by order dated 24.8.2017 had rejected the demand. CPT has challenged the award which is pending in District Court Ernakulam as on 31 March 2018.

The potential liability, as at 31 March 2018 would be approximately Rs.6,798 lac (as on 31 March 2017 Rs.6,258 lac).

l. The Company is eligible for deduction under Section 80IA of the Income Tax Act, 1961, with respect to power generation and port undertakings at Dahej. The assessing officer has disallowed deduction under Section 80-IA of Rs 7,237 lac for assessment years 2009-10, 2010-11 and 2011-12 against which the Company has received favourable order from CIT(A) for the abovementioned years. The Income tax department has preferred an appeal with ITAT against this order of CIT(A), the outcome of which is pending to be received as on 31 March 2018.

m. There are some income tax related matters which are pending at various forum. The potential liability in these case, as on 31st March 2018 would be Rs. 1,208 lac (Rs. 1,208 lac as on 31 March 2017).

C. Contingent Assets

The Company has no contingent assets as at 31 March 2018.

38 Segment information

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

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

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

Operating Segments

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any new facility.

Board of Directors reviews the operating results at plant level i.e. Kochi, and Dahej to make decisions about resources to be allocated to each segment and to assess its performance. Accordingly, management has identified Kochi and Dahej as two operating segments for the Company.

However, operating segments often exhibit similar long-term financial performance if they have similar economic characteristics. For example, similar long-term average gross margins for two operating segments would be expected if their economic characteristics were similar.

Management believes that Dahej and Kochi plants will have similar long term financial performance. Accordingly, considering the fact Dahej and Kochi plants are similar in all the characteristics and have similar economic characteristics, the two operating segments will fulfill the criteria of aggregation and hence not required to be reported separately.

Accordingly, there is only one Reportable Segment for the Company which is "Natural Gas Business", hence no specific disclosures have been made.

Entity wide disclosures

A. Information about products and services

Company primarily operates in one product line, therefore product wise revenue disclosure is not applicable.

B. Information about geographical areas

The major sales of the Company are made to customers which are domiciled in India. Also, all the non-current assets of the Company other than financial instruments, deferred tax assets, post-employment benefit assets are located in India.

C. Information about major customers (from external customers)

The Company derives revenues from the following customers which amount to 10 per cent or more of an entity's revenues:

Customer	For the year ended 31 March 2018	For the year ended 31 March 2017
GAIL	1,518,754	1,312,147
IOCL	853,571	728,701
BPCL	470,978	297,833

39 Leases

Operating lease

The Company has non-cancellable operating leases agreements for taking 3 vessels on lease. The lease periods are in the range of 19-25 years which can further be renewed for a period of 2-5 years.

Further, the company has cancellable operating lease agreement in respect of office premises and guesthouse having lease period 11 months to The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements are cancellable.

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

	As at 31 March 2018	As at 31 March 2017
Commitments for minimum lease payments in relation to the above lease arrangements are payable as follows:		
Within one year	52,933	70,428
Later than one year but not later than five years	211,968	285,029
Later than five years	417,815	776,629
	682,716	**1,132,086**

Amounts recognised in profit and loss account

	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Cost of Goods Sold	31	69,518	55,589
Rent expense	35	1,549	1,488
		71,067	**57,077**

40 The Company has not received information from suppliers or service providers, that they are covered under the Micro, Small and Medium Enterprises (Development) Act, 2006. The information required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

41 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	For the year ended 31 March 2018	For the year ended 31 March 2017
Contribution to Govt. Provident Fund	283	266
Contribution to Superannuation Fund	354	332

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

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

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability		
Liability for Gratuity	-	1
Total employee benefit liabilities	**-**	**1**
Non-current	-	-
Current	-	1

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) / liability and its components:

	31 March 2018			31 March 2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	**612**	**(611)**	**1**	**504**	**(475)**	**29**
Included in profit or loss						
Current service cost	77	-	77	75	-	75
Interest cost (income)	47	(38)	9	40	(38)	2
	124	(38)	86	115	(38)	77
Included in OCI						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- financial assumptions	(15)	-	(15)	24	-	24
- experience adjustment	14	(10)	4	(11)		(11)
	(1)	(10)	(11)	13	-	13
Other						
Contributions paid by the employer	-	(96)	(96)	-	(118)	(118)
Benefits paid	(40)	40	-	(20)	20	
	(40)	(56)	(96)	(20)	(98)	(118)
Balance as at 31 March	**695**	**(715)**	**(21)**	**612**	**(611)**	**1**

C. Plan assets

	31 March 2018	31 March 2017
Funds Managed by Insurer (investment with insurer)	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager in order to manage the liability risk.

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

D. Actuarial assumptions

a) Economic assumptions

The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. Valuation aaumptions are as follows which have been selected by the company.

	31 March 2018	31 March 2017
Discount rate	7.85%	7.68%
Expected rate of future salary increase	5.50%	5.50%

b) Demographic assumptions	**31 March 2018**	**31 March 2017**
i) Retirement age (years)	60	60
ii) Mortality rates inclusive of provision for disability	100% of IALM (2006-08)	
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

E. Maturity Profile of defined benefit obligation:

Year	**Amount**
Within 1 Year	38
1-2 Year	13
2-3 Year	12
3-4 Year	12
4-5 Year	11
More than 5 Year	609

The company expects to contribute Rs. 92.16 lac to gratuity fund during next financial year

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	(41)	45	(36)	40
Expected rate of future salary increase (0.5% movement)	46	(42)	40	(37)

Senstivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Senstivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

(iii) Other long-term employee benefits:

During the year ended 31 March 2018, the Company has incurred an expense on compensated absences amounting to Rs. 125 Lac (previous year Rs. 100 Lac). The Company determines the expense for compensated absences basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

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

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

42 Related parties

A. Related parties and their relationships

i. Joint Venturer (Promoters)

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

Joint Ventures/ Associates in which Joint Venturer is a Venturer

ONGC Petro additions Limited (OPAL)
Indraprastha Gas Limited (IGL)
Mahanagar Gas Limited (MGL)
Dahej SEZ Limited (DSL)
Matrix Bharat Pte Limited (MBPL)

ii. Joint Venture

Adani Petronet (Dahej) Port Pvt. Ltd (APPPL).
India LNG Transport Co (No 4) Pvt. Ltd. (ILT4)

iii. Key Managerial Personnel (KMP)

Sh. K. D. Tripathi
Sh. Prabhat Singh
Sh. Rajender Singh
Sh. R K Garg (upto 19 July'17)
Sh. Subhash Kumar (w.e.f. 5 Aug'17 to 31 Jan'18)
Sh. D. K. Sarraf (upto 30 Sept'17)
Sh. Shashi Shankar (w.e.f. 17 Oct'17)
Sh. T. Natrajan (w.e.f. 21 Sept'16)
Sh. Subir Purkayastha
Sh. Debasis Sen (upto 31 Aug'16)
Sh. G.K. Satish (w.e.f. 21 Sept'16)
Sh. S. Varadarajan (upto 30 Sept'16)
Sh. D Rajkumar (w.e.f. 1 Oct'16)
Sh. Arun Kumar Misra (upto 13 Aug'17)
Sh. Sushil Kumar Gupta (upto 14 Jan'18)
Dr. Jyoti Kiran Shukla

iv. Trust

Petronet LNG Foundation, a Company Ltd. by guarentee (PLF)

B. Transactions with the above in the ordinary course of business

Nature of Transaction	Party Name	For the year ended	
		31 March 2018	31 March 2017
Sale of RLNG	GAIL	1,468,523	1,257,692
	IOCL	828,960	715,728
	BPCL	455,860	293,998
	OPAL	50,104	4,442
	ONGC	20,381	-
	IGL	73	-
	Total	**2,823,901**	**2,271,860**
Regasification Services and Other Services	GAIL	50,231	54,455
	IOCL	24,611	12,973
	BPCL	15,118	3,835
	ONGC	1,793	856
	OPAL	8	0.4
	Total	**91,761**	**72,119**

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

Nature of Transaction	Party Name	For the year ended	
		31 March 2018	31 March 2017
Purchase of Vessel Fuel Oil	MBPL	**122**	**-**
Interest Income	ILT 4	**28**	**7**
Contribution to Foundation	PLF	**200**	-
Advance received /(adjusted) against long term regas agreement	GAIL	(3,524)	(708)
	IOCL	(2,223)	(417)
	BPCL	(1,874)	(167)
	Total	**(7,621)**	**(1,292)**
Investment in Equity Shares	ILT4	-	**7,438**
Loans and Advances given/ (Reimbursments)	ILT 4	-	837
	ILT 4	-	(372)
	Total	**-**	**465**
Sitting fees/Commission to the Directors (other than whole time directors)	GAIL on behalf of Subir Purkayastha	1.2	1.4
	IOCL on behalf of G.K. Satish/ Debasis Sen	1.8	1.2
	BPCL on behalf of D Rajkumar/ S. Vardarajan	0.8	0.2
	ONGC on behalf of D. K. Sarraf / Shashi Shanker	2.4	2.2
	GMB on behalf of T. Natrajan	0.4	0.4
	Arun Kumar Misra	5.4	10.9
	Jyoti Kiran Shukla	11.1	8.9
	Sushil Kumar Gupta	10.1	10.7
	Total	**33.2**	**35.9**
Recovery of expenses	GAIL	32	1049
	IOCL	26	63
	BPCL	27	46
	APPPL	-	1
	Total	**85**	**1,159**
Reimbursement of expense to related party	GAIL	70	51
	BPCL		3
	ONGC		5,951
	Total	**70**	**6,005**
Payment of lease and related services	IOCL	559	589
	GAIL	16	-
	ILT 4	13,407	5,732
	Total	**13,982**	**6,321**
Provision for Doubtful Debts	GAIL	(33)	4,142
	Total	**(33)**	**4,142**

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

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

Nature of Transaction	Party Name	For the year ended	
		31 March 2018	31 March 2017
a) short-term employee benefits		207	251
b) post-employment benefits		20	21
c) other long-term benefits		40	10
d) termination benefits		-	-
Total		**267**	**282**

Nature of Transaction	Party Name	As at	
		31 March 2018	31 March 2017
Amount recoverable at year end	GAIL*	75,323	66,642
	IOCL	46,813	29,606
	BPCL	27,272	10,344
	OPAL	5,135	-
	ONGC	3,878	-
	ILT4	469	440
	Total	**158,890**	**107,032**
Amount Payable at year end	GAIL	(29)	6
	IOCL	44	0.2
	BPCL	(28)	2
	ONGC	-	0.2
	ILT4	-	1,544
	Total	**(13)**	**1,552**
Advances Outstanding at year end	GAIL	45,892	49,416
	IOCL	27,361	29,583
	BPCL	17,980	19,855
	OPAL	3,456	-
	Dahej SEZ	-	3
	Total	**94,689**	**98,857**

* The amount recoverable is net of provision for doubtful debts of Rs 4,109 lac (Rs 4,142 lac as on 31 March 2017)
The transactions were made on normal commercial terms and conditions and at market rates.

43 Remuneration to Auditor (exclusive of Service Tax)

Particulars	For the year ended	
	31 March 2018	31 March 2017
Statutory Audit Fee (including limited review fees)	17	20
Tax audit and Audit U/s 80IA	7	7
Taxation Services	6	8
Fees for certification	7	8
Reimbursement of expenses	1	1
Total	**38**	**44**

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

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

44 Corporate Social Responsibility

a. Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was Rs. 3,030 lac (Previous year Rs. 2,106 lac)

b. Corporate Social Responsibility (CSR) activities undertaken during the year is Rs.823 lac (Rs.816 lac paid in cash and Rs.7 lac is yet to be paid) {Previous year Rs.438 lac (Rs.406 lac was paid in cash and Rs.32 lac was unpaid)}

45 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial Instruments by Category

	As at 31 March 2018		As at 31 March 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Non-current investments	0.13	-	0.13	-
Loans	-	2,295	-	2,267
Other non-current financial assets	9,573	1,376	15,881	1,403
Current investments	395,784	-	277,073	
Trade receivables	-	165,050	-	121,079
Cash and cash equivalents	-	85,530	-	32,099
Bank balances other than above	-	722	-	635
Other current financial assets	-	106	-	28
	405,357	**255,079**	**292,954**	**157,511**
Financial Liabilities				
Borrowings	-	73,341	-	145,003
Trade payables	-	156,990	-	94,460
Other financial liabilities	-	83,144	-	88,481
	-	**313,475**	**-**	**327,944**

B. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classifiedits financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Investments at FVTPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	395,784	-	-	395,784
Cross currency interest rate swaps	-	9,573	-	9,573
Total Financial Assets	**395,784**	**9,573**	**0.13**	**405,357**

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

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

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Loans	-	-	2,295	2,295
Other non-current financial assets	-	-	1,376	1,376
Trade receivables	-	-	165,050	165,050
Cash and cash equivalents	-	-	85,530	85,530
Bank balances other than above	-	-	722	722
Other current financial assets	-	-	106	106
Total Financial Assets	**-**	**-**	**255,079**	**255,079**
Financial Liabilities				
Borrowings	-	-	73,341	73,341
Trade payables	-	-	156,990	156,990
Other financial liabilities	-	-	83,144	83,144
Total Financial Liabilities	**-**	**-**	**313,475**	**313,475**

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial Investments at FVPL				
Investments				
Equity Shares	-	-	0.13	0.13
Mutual funds	277,073	-	-	277,073
Cross currency interest rate swaps	-	15,881	-	15,881
Total Financial Assets	**277,073**	**15,881**	**0.13**	**292,954**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	As at 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Loans	-	-	2,267	2,267
Other non-current financial assets	-	-	1,403	1,403
Trade receivables	-	-	121,079	121,079
Cash and cash equivalents	-	-	32,099	32,099
Bank balances other than above	-	-	635	635
Other current financial assets	-	-	28	28
Total Financial Assets	**-**	**-**	**157,511**	**157,511**
Financial Liabilities				
Borrowings	-	-	145,003	145,003
Trade payables	-	-	94,460	94,460
Other financial liabilities	-	-	88,481	88,481
Total Financial Liabilities	**-**	**-**	**327,944**	**327,944**

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, overthecounter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted equity shares	
	31 March 2018	**31 March 2017**
Opening balance	0.13	0.13
Acquisitions	-	-
Gains/losses recognised in profit or loss	-	-
Closing balance	**0.13**	**0.13**

Valuation process

The amount invested and fair value of unquoted equity shares as on 31 march 2018, 31 March 2017 is Rs 0.13. The fair value is determined using level 3 input i.e. discounted cash flows.

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2018		As at 31 March 2017	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Loans	2,295	2,295	2,267	2,267
Other non-current financial assets	1,376	1,376	1,403	1,403
Trade receivables	165,050	165,050	121,079	121,079
Cash and cash equivalents	85,530	85,530	32,099	32,099
Bank balances other than above	722	722	635	635
Other current financial assets	106	106	28	28
	255,079	**255,079**	**157,511**	**157,511**

Financial liabilities				
Borrowings	73,341	73,341	145,003	145,003
Trade payables	156,990	156,990	94,460	94,460
Other financial liabilities	83,144	83,144	88,481	88,481
	313,475	**313,475**	**327,944**	**327,944**

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, current maturities of long term debt, unpaid dividend, and other payable for capital goods are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

II. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;

- liquidity risk; and

- market risk

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit Risk

The Company has made investments in Debt based Mutual Funds. These Mutual funds invests in NCD / Bonds / CP / CD of various companies and banks. In case, the investee company defaults on repayment, such losses may have to be borne by the investors of Mutual funds.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 38(C).

Company generally takes Stand by Letter of Credit (SBLC) from its customers, the exceptions being its Promoters namely BPCL, GAIL, IOCL and ONGC. Option to take SBLC from Promoter is also being explored by the company.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. Basis the evaluation, the management has determined that there are credit impairment loss on the trade and other receivables.

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

The gross carrying amount of trade receivables is Rs. 1,65,050 lac (31 March 2017 – Rs. 1,25,221 lac).

During the period, the Company has made no write-offs of trade receivables. The Company management also pursue all options for recovery of dues wherever necessary based on its internal assessment.A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31 March 2018	31 March 2018
Opening balance	4,142	-
Changes in loss allowance calculated at life time expected credit losses	(33)	4,142
Closing Balance	**4,109**	**4,142**

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 March 2018	As at 31 March 2017
Floating rate		
Expiring within one year (bank overdraft and other facilities)		
- Fund/ Non fund based (secured)	256,480	326,232
- Fund/ Non fund based (unsecured)	280,816	329,042
Expiring beyond one year (bank loans)	-	
Total	**537,296**	**655,274**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year (as at 31 March 2017 - 1 year).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

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

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

	Carrying Amounts 31 March 2018	Contractual cash flows				
		upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	73,341			63,221	10,120	
Trade payables	1,56,990	1,56,990				
Current maturities of long term debt- other parties	71,964	50,982	20,982			
Interest accrued but not due on borrowings	4,352	2,031	2,321			
Unpaid dividend	722	722				
Other payables for:						
- Capital goods	5,967	5,967				
- Security deposits / Retention money	139	88	15	16	20	-
Total non-derivative liabilities	**3,13,475**	**2,16,780**	**23,318**	**63,237**	**10,140**	**-**

	Carrying Amounts 31 March 2017	Contractual cash flows				
		upto 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	More than 5 year
Non-derivative financial liabilities						
Borrowings	1,45,003	-	-	71,663	71,040	2,300
Trade payables	94,460	94,460	-	-	-	-
Current maturities of long term debt- other parties	76,797	19,748	57,049	-	-	-
Interest accrued but not due on borrowings	5,874	2,013	3,861	-	-	-
Unpaid dividend	635	635	-	-	-	-
Other payables for:						
- Capital goods	5,064	5,064	-	-	-	-
- Security deposits / Retention money	111	17	71	-	23	-
Total non-derivative liabilities	**3,27,944**	**1,21,937**	**60,981**	**71,663**	**71,063**	**2,300**

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iii. Market Risk

Market risk is the risk that changes in market prices – such as commodity prices (LNG), foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

a) Price Risk

To protect the company from fluctuation of commodity prices, same are passed through to the off-takers in long term contract. In spot or short term contract, they are generally pass through to the customers except in few cases, up to 2 cargo load, where the company keeps the commodity price risk with themselves to take benefit from market fluctuation.

b) Currency Risk

PLL imports LNG mainly from Qatar and Australia through long term chartered vessels. The foreign exchange involved in making payment to LNG suppliers, loading port charges and shipper is recovered from off-taker / customer under sale contract, both long term and short term. For foreign currency loans taken by Company, the company has entered into derivative transaction at the time of draw down itself to protect from exchange losses. Company does not take any exposure on account of currency in Foreign Currency Loans. In respect of other payments on account of repair and capex of plant, operating expenses of plant and corporate offices etc. same are monitored on a regular basis to keep the open position at an acceptable level.

Exposure to Currency Risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

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

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

As at 31 March 2018

	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,295	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(9,573)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(7,274)**	-	-	-	-	-	-
Borrowings	39,224	-	-	-	-	-	-
Trade payables	1,48,979	(52)	1	8	(20)	-	-
Other payables for Capital goods	2,142	-	-	-	-	-	-
Net statement of financial position exposure	**1,90,345**	**(52)**	**1**	**8**	**(20)**	-	-

As at 31 March 2017

	USD	EUR	AUD	GBP	JPY	SGD	NOK
Financial asset							
Loan	2,265	-	-	-	-	-	-
Cash and cash equivalents	4	-	-	-	-	-	-
Trade recievables	-	-	-	-	-	-	-
Derivative asset							
Cross current interest rate swaps	(15,881)	-	-	-	-	-	-
Net exposure to foreign currency risk(assets)	**(13,612)**	-	-	-	-	-	-
Borrowings	64,839	-	-	-	-	-	-
Trade payables	87,783	(7)	94	1	26	10	(7)
Other payables for Capital goods	743	-	-	-	-	-	-
Net statement of financial position exposure	**1,53,365**	**(7)**	**94**	**1**	**26**	**10**	**(7)**

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss, net of tax		**Equity, net of tax**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2018				
10% movement				
USD	11,971	(11,971)	11,971	(11,971)
EUR	(3)	3	(3)	3
AUD	0.1	(0.1)	0.1	(0.1)
GBP	1	(1)	1	(1)
JPY	(1)	1	(1)	1

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

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

	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
10% movement				
USD	9,139	(9,139)	9,139	(9,139)
EUR	(0.4)	0.4	(0.4)	0.4
AUD	6	(6)	6	(6)
GBP	-	-	-	-
JPY	2	(2)	2	(2)
SGD	1	(1)	1	(1)
NOK	(0.5)	0.5	(0.5)	0.5

c) Interest Rate Risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company cash flow to interest rate risk. Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary especially if the borrowing is made in foreign currency. Company has some amount of loan taken from International Finance Corporation, which is at variable rate. The Company ensures that such amount is kept at an acceptable level. The investment of surplus funds made by company in debt based of mutual funds is also subject to this risk. Company makes investment in a manner which minimises such risk and also takes regular feedback from the market experts on such investments. The Company has also given loans to, India LNG Transport Company (No. 3) Limited, Malta and India LNG Transport Company (No. 4) Private Limited, Singapore, which are at Bank Rate and any change in Bank Rate will impact the earnings.

Exposure to Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal Amount	
	31 March 2018	31 March 2017
Fixed-rate instruments		
Financial liabilities		
- Fixed rate borrowing	129,204	202,939
	129,204	**202,939**
Variable-rate instruments		
Financial assets		
- Loan	2,295	2,267
Financial liabilities		
- Variable rate borrowing	16,100	18,860
	18,395	**21,127**

	31 March 2018		
	Average interest rate	Balance	% of total loans
Financial Asset : Loan	6.50%	2,295	100%
Financial Liability: IFC "A loan"	8.00%	16,100	11%

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

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

	31 March 2017		
	Average interest rate	**Balance**	**% of total loans**
Financial Asset : Loan	7.00%	2,267	100%
Financial Liability: IFC "A loan"	8.64%	18,860	8.49%

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss, net of tax		**Equity, net of tax**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 March 2018				
Variable-rate instruments	(105)	105	(105)	105
Cash flow sensitivity (net)	**(105)**	**105**	**(105)**	**105**
31 March 2017				
Variable-rate instruments	(103)	103	(103)	103
Cash flow sensitivity (net)	**(103)**	**103**	**(103)**	**103**

A change of 100 basis points in interest rates would have increased or decreased equity by Rs.105 lac after tax (Previous year Rs. 103 lac). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

46 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital on a yearly basis as well as the level of dividends to ordinary shareholders which is given based on approved dividend policy.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position