

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

1. Report on the Financial Statements

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

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

5. Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Neena Goel
Partner
M.N. 057986



Place: New Delhi
Date: 30th April 2014

PETRONET LNG LIMITED

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

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

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

9. (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2014, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards Employees State Insurance, Cess and Excise Duty for the year under audit.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of dues of service – tax as at March 31, 2014 which have not been deposited on account of a dispute is as follows:

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

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

19. During the year ended 31st March 2014, the Company has issued unsecured debentures under private placement basis. Accordingly no security or charge in respect of such debentures has been created.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

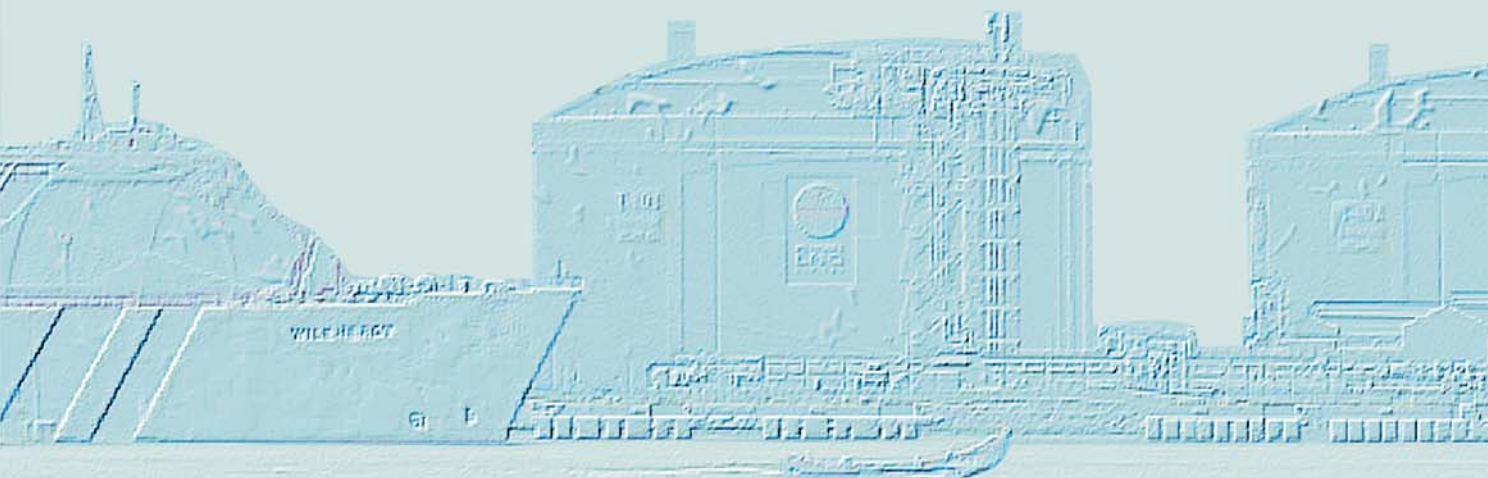
Neena Goel
Neena Goel
Partner
M.N. 057986



Place: New Delhi
Date: 30th April 2014

ANNUAL REPORT

2013 - 14



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PETRONET LNG LIMITED
Board of Directors

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

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Company Secretary

Shri K. C. Sharma

Statutory Auditors

M/s T. R. Chadha & Co.

Cost Auditor

M/s Sanjay Gupta & Associates

Registrar & Share Transfer Agent

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

Bankers and Financial Institutions

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

| Registered Office | Dahej LNG Terminal | Kochi LNG Terminal |
|--|---|---|
| World Trade Centre, 1st Floor, Babar Road, Barakhamba Lane, New Delhi - 110 001 Tel. : 011-23411411, 011-23472525 Fax : 011-23472550 Website: www.petronetlng.com | GIDC Industrial Estate, Plot No.7/A, Dahej, Taluka: Vagra, Distt. Bharuch, Gujarat - 392130 Tel. : 02641- 257004 to 257007 Fax : 02641- 253179/300310/253182 | Survey No. 347, Puthuvypu (Puthuypeen SEZ) P.O. 682508, Kochi Kerala Tel. : 0484-2502259, Fax : 0484-2502264 |

PETRONET LNG LIMITED

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Tele: +91 11 23411411, 23472525 Fax: +91 11 23472550
Email: webmaster@petronetlng.com, investors@petronetlng.com
Website: www.petronetlng.com, CIN: L74899DL1998PLC093073

NOTICE OF 16TH ANNUAL GENERAL MEETING – 2014

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

ORDINARY BUSINESS

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

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

SPECIAL BUSINESS

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

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

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

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

PETRONET LNG LIMITED

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

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

11. **"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and other rules, if any, remuneration of ₹ 2.50 lac plus out of pocket expenses and applicable service tax to M/s Sanjay Gupta & Associates, Cost Accountants (Regn. No. 000212), New Delhi, as recommended by the Audit Committee and approved by the Board be and is hereby ratified."

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

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

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

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

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

By Order of the Board
For Petronet LNG Limited



(K. C. Sharma)

Company Secretary

Place: New Delhi

Date : 14th August, 2014

NOTES:

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

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

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