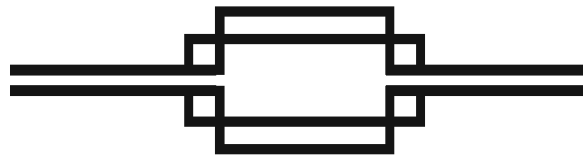


21st Annual Report 2018-19



Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052

Email : headoffice@petronetmhbl.com Website : www.petronetmhbl.com

Tel : 080-2226 2317 / 2226 2243

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Offices, Auditors & Bankers

Registered Office :

Corporate Miller
2nd Floor, Block B, 332/1,
Thimmaiah Road, Vasanthnagar,
Bengaluru - 560 052
Website: www.petronetmhbl.com
CIN : U85110KA1998GOI024020

Stations:

Mangalore Dispatch Station

Near HPCL POL Terminal,
Bala Village, via Katipalla,
Mangalore-575030.

Neriya Intermediate Pumping Station

Village Neriya, Taluk Belthangady,
Dakshina Kannada District-574292.

Hassan Intermediate pumping and Delivery Station

KIADB Industrial Growth Center,
Bommanaikanahalli Village,
Hassan-573201.

Bangalore (Devanagonthi) Receiving Station

Near Devanagonthi Railway Station,
Village Tarabahalli, Hoskote Taluk,
Bengaluru- 560067.

Statutory Auditors :

GRSM & Associates

Chartered Accountants
No.8/90, 1st Floor, Apollo Tyres Building
Pampa Mahakavi Road, Shankarpuram
Bengaluru - 560 004.

Cost Auditors :

Murthy & Co. LLP

Cost & Management Accountants
8, 1st Floor, Bosco Mane Road, 4th Main
Behind Rameshwara Temple, Chamarajpet
Bengaluru - 560 018.

Banker :

HDFC Bank Ltd.
State Bank of India
Canara Bank

Registrar & Share Transfer Agent :

Integrator Registry Management
Services Private Limited

Depository :

National Securities & Depositories Ltd

Key Managerial Personnel :

Sri Selvakumar
Managing Director

Sri Chandan Kumar Das
Chief Financial Officer

Sri Sachin Jayaswal
Company Secretary

Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052
Email : headoffice@petronetmhbl.com Website : www.petronetmhbl.com Tel : 080-2226 2317 / 2226 2243

Notice of 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the members of Petronet MHB Limited will be held on Friday 20th Sep. 2019 at 10.30 AM at Hotel Le Meridien, 28, Sankey Road, Bengaluru 560 052 to transact the following business:

A. Ordinary Business:

1. To receive, consider and adopt the audited financial statement of the company for the financial year ended on March 31, 2019 together with the Boards' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Sri Venkatesh M Rao (DIN: 07025342), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri Rakesh Kaul (DIN: 07975342), who retires by rotation and being eligible, offers himself for reappointment.
4. To fix and/or to determine the payment of remuneration of the Auditors of the Company as appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2019-20 and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in pursuance of Section 142 and other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company be & are hereby authorised to fix remuneration & other terms & conditions including reimbursement of out of pocket expenses in connection with Statutory Audit Work of the Statutory Auditor as appointed by the Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial Year 2019-20"

B. Special business

5. To appoint Sri R. Sridhar (DIN: 06749266) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Companies Act 2013 including any statutory modification or re-enactment thereof for the time being in force, Sri R. Sridhar (DIN 06749266), who was appointed as Additional Director by the Board of Directors effective 30.03.2019 pursuant to the provisions of Section 161 (1) of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this AGM and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013 from Shri R. Sridhar, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To appoint Ms. Kallil Gundlur Vijayalakshmi (DIN: 08435610) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Companies Act 2013 including any statutory modification or reenactment thereof for the time being in force, Ms. Kallil Gundlur Vijayalakshmi, (DIN 08435610) who was appointed as Additional Director effective 02.05.2019 pursuant to the

provisions of Section 161 (1) of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this AGM and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013 from Ms. Kallil Gundlur Vijayalakshmi, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To appoint Sri C. Sridhar Goud (DIN: 08466543) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of the Companies Act 2013 including any statutory modification or re-enactment thereof for the time being in force, Sri C. Sridhar Goud (DIN: 08466543), who was appointed as Additional Director by the Board of Directors effective 06.06.2019 pursuant to the provisions of Section 161 (1) of the Companies Act 2013 and the Articles of Association of the Company and who holds office upto the date of this AGM and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013 from Sri C. Sridhar Goud, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2020 and, in this regard, to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modifications(s) or re-enactment thereof, for the time being in force, the remuneration of Rs. 50000/- plus applicable taxes plus reimbursement of out-of-pocket expenses incurred for the Audit at actuals payable to M/s Murthy & Co. LLP, Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020 be and is hereby ratified.”

By order of the Board of Directors



(Sachin Jayaswal)
Company Secretary

Regd. Office : Corporate Miller, 2nd Floor, Block B,
332/1, Thimmaiah Road, Vasanth Nagar,
Bengaluru, 560052

Date : 16.08.2019

NOTES:

- a. **A Member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself. Such proxy need not be a member of the company. Proxies, in order to be valid and effective, must be delivered at the Registered Office of the Company duly filled, stamped and signed not less than 48 hrs. before the commencement of the meeting.**
- b. A statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting is annexed hereto.
- c. Members/ Proxies/ Authorised Representatives are requested to bring the attendance slip duly filled and signed along with copy of Annual Report to the meeting.
- d. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days i.e. Monday to Saturday (except second and fourth Saturday of each month) between 10.30AM and 12.30PM upto the date of the Annual General Meeting.
- e. With effect from 31.01.2018, the Company has become a subsidiary of Oil and Natural Gas Corporation Limited (ONGC) and a Government Company consequent to acquisition of 51.11% stake in Hindustan Petroleum Corporation Limited (HPCL) by ONGC. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General of India (C&AG) and in pursuance to Section 142 of the Companies Act, 2013, their remuneration is to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Members of the Company, in 20th Annual General Meeting held on 14.09.2018, authorized the Board of Directors to fix the remuneration of Statutory Auditors appointed for the financial year 2018-19 by the C&AG. Accordingly, the Board of Directors fixed remuneration of 1,80,000/- for the Statutory Auditors for the financial year 2018-19 in addition to applicable tax and reimbursement of actual traveling and out of pocket expenses.

The Board of Directors have recommended authorizing the Board of Directors of the Company for fixation of remuneration of Auditors as appointed by C&AG for auditing the Annual Accounts of the Company for the year 2019-20 for approval of shareholders.

- f. Route Map showing Directions to reach to the venue of the Meeting is given at the end of this Notice.
- g. Shareholders to whom hard copy of Annual reports have been provided are requested to bring their copies of the Annual report to the Meeting.
- h. Shareholders / Proxies attending the Meeting should bring the Admission Slip, duly filled, for handing over at the venue of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item no. 5:**

Shri R. Sridhar (DIN: 06749266) was appointed as additional Director w.e.f. 30.03.2019 and holds office upto the date of the 21st Annual General Meeting.

The Company has received a notice in writing from Sri R. Sridhar pursuant to the provisions of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company. The Candidature of Sri R. Sridhar as Director of the Company has been considered by the Nomination and Remuneration Committee and the Board of Directors pursuant to proviso to Section 160 inserted wef 09.02.2018 by the Companies (Amendment) Act, 2017 which have recommended his candidature for appointment as a Director of the Company at the AGM. Sri R Sridhar holds 10 Equity shares in the Company. He is not holding Directorship in any other company.

Brief Profile of Shri R. Sridhar

Sri R. Sridhar, aged about 56 years currently holds the designation of Executive Director - Joint Ventures in HPCL. He is a Chartered Accountant of November 1986 batch and has about 32 years post qualification experience.

Sri R. Sridhar, in April 1987 joined Hindustan Petroleum Corporation Ltd. (HPCL), a company into refining and marketing of petroleum products across India. He has varied experience of working across the country in Indirect Taxation, Internal Audit, Treasury, Accounting and Commercial functions of the company. He has worked in both its Marketing and Refining Divisions. In the recent past, prior to heading the Joint Ventures department of HPCL, he headed Commercial Function of Direct Sales SBU which deals in sales of petroleum products to Industries and Consumers. Prior to that, he was head of Finance of HPCL's refinery in Mumbai. Before that he was a whole time Director Commercial on the Board of Bhagyanagar Gas Ltd. (BGL), on deputation from HPCL for three years from May 2013 to May 2016. BGL is a JV company of HPCL and GAIL into City Gas Distribution in the geographical areas of Hyderabad, Vijayawada and Kakinada.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30 PM upto the date of the Annual General Meeting.

None of the Directors/ Key Managerial Personnel of the Company or their relatives except Sri R. Sridhar is concerned or interested in the resolution.

The Board recommends the ordinary resolution as set out at item no. 5 for approval by the members.

Item No. 6:

Ms. Kallil Gundlur Vijayalakshmi (DIN: 08435610) was appointed as Additional Director effective 02.05.2019 and holds office upto the date of the 21st Annual General Meeting.

The Company has received a notice in writing from Ms. Kallil Gundlur Vijayalakshmi pursuant to the provisions of Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company. The Candidature of Ms. Kallil Gundlur Vijayalakshmi as Director of the Company has been considered by Nomination and Remuneration Committee and the Board of Directors pursuant to proviso to Section 160 inserted wef 09.02.2018 by the Companies (Amendment) Act, 2017 which have recommended her candidature for appointment as a Director of the Company at the AGM. She is not holding any shares in the company. She is not holding directorship in any other company.

Brief Profile of Ms. Kallil Gundlur Vijayalakshmi

Ms. Kallil Gundlur Vijayalakshmi, aged about 59 years currently holds the position of Chief General Manager (Geology) and is posted as Block Manager, KG Onland, KG-PG Basin, ONGC, Chennai. She is MSc, M'Phil (Geology) from SV University, Tirupathi. She joined Oil and Natural Gas Corporation (ONGC) in Feb. 1985.

During her 34 years tenure in ONGC, Ms. Kallil Gundlur Vijayalakshmi handled different assignments in various basins like Cauvery, Krishna Godavari, Western Off Shore Basin and Assam Arakan Basins, which are unique in their Tectonic Styles, Depositional environments, Petroleum Systems and Hydrocarbon Plays. She brought out depositional models for different hydrocarbon plays in these basins, which gave a better understanding of the Hydrocarbon plays and in turn helped in successful exploration of Hydrocarbons. She is one of the First Women Acreage Manager in ONGC. She is involved in many Key Exploratory Activities and Decision making in ONGC. She mentored and trained many young geoscientists, the techniques of Hydrocarbon Exploration.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30PM upto the date of the Annual General Meeting.

None of the Directors/ Key Managerial Personnel of the Company or their relatives except Ms. Kallil Gundlur Vijayalakshmi is concerned or interested in the resolution.

The Board recommends the ordinary resolution as set out at item no. 6 for approval by the members.

Item no. 7:

Sri C. Sridhar Goud (DIN: 08466543) was appointed as additional Director w.e.f. 06.06.2019 and holds office upto the date of the 21st Annual General Meeting.

The Company has received a notice in writing from Sri C. Sridhar Goud pursuant to the provisions of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company. The Candidature of Sri C. Sridhar Goud as Director of the Company has been considered by the Nomination and

Remuneration Committee and the Board of Directors pursuant to proviso to Section 160 inserted wef 09.02.2018 by the Companies (Amendment) Act, 2017 which have recommended his candidature for appointment as a Director of the Company at the AGM. He is not holding any shares in the Company. He is not holding Directorship in any other company.

Brief Profile of Sri C. Sridhar Goud

Sri C. Sridhar Goud, aged about 52 years currently holds the position of Chief General Manager, Operations and Distribution, at Hindustan Petroleum Corporation Ltd (HPCL) Mumbai. He is Graduate in Mechanical Engineering with about 29 years of experience in HPCL.

Sri Sridhar Goud has vast experience in the areas of LPG, Terminal operations, Zonal Operations and Distribution Head, He had introduced the E-tendering for transportation of fuels while working at Hyderabad which is being practiced by Oil Marketing Companies all around.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30PM upto the date of the Annual General Meeting.

None of the Directors/ Key Managerial Personnel of the Company or their relatives except Sri C. Sridhar Goud is concerned or interested in the resolution.

The Board recommends the ordinary resolution as set out at item no. 7 for approval by the members.

Item No. 8:

The Board, on the recommendations of the Audit Committee, approved the appointment of M/s Murthy & Co., LLP as Cost Auditor at a remuneration of Rs.50,000/- plus applicable taxes plus reimbursement of out-of-pocket expenses incurred for the Audit at actuals to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, have to be ratified by the members of the Company. The Board, therefore, recommend the ordinary resolution for approval by the members.

Relevant documents in respect of the said item are open for inspection by the members at the Registered office of the company on all working days between 10.30AM and 12.30PM upto the date of the Annual General Meeting.

None of the Directors/ Key Managerial Personnel or their relatives are interested in the above resolution.

The Board recommends the ordinary resolution as set out at item no. 8 for approval by the members.

By order of the Board of Directors



**(Sachin Jayaswal)
Company Secretary**

Regd. Office : Corporate Miller, 2nd Floor, Block B,
332/1, Thimmaiah Road, Vasanth Nagar,
Bengaluru, 560052

Date : 16.08.2019

Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1,
Thimmaiah Road, Vasanth Nagar, Bengaluru 560052**21st Annual General Meeting Attendance slip**

DP ID	CLIENT ID	FOLIO NO.	NO. OF SHARE(S)

I / We hereby record my / our presence at the 21st Annual General Meeting of the Company, held on Friday 20th Sep. 2019 at 10.30 AM at Hotel Le Meridien, 28 Sankey Road, P B No. 174, Bengaluru 560 052

Name of the Member : _____

Signature of the Member : _____

Name of the Proxy : _____

Signature of the Proxy : _____

NOTES:

1. Kindly sign and hand over the attendance slip at the entrance of the meeting hall.
2. Members / Proxy holders are requested to bring their copy of the Annual Report for reference at the meeting.

PROXY FORM

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

Petronet MHB Limited

CIN: U85110KA1998GOI024020

Regd. office: Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru 560052

Name of the member(s)	
Registered Address	
Email Id	
Folio No. / Client id	DP Id:

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

- 1) Name of Address having email id
or falling him
- 2) Name of Address having email id
or falling him
- 3) Name of Address having email id
or falling him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General Meeting of the Company, to be held on Friday 20th Sep. 2019 at 10.30 AM at Hotel Le Meridien, 28 Sankey Road, Bengaluru 560 052 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl	Resolutions	Vote		
		For	Against	Abstain
Ordinary Business				
1	To receive, consider and adopt the audited financial statement of the company for the financial year ended on March 31, 2019 together with the Boards' Report and the Auditors' Report thereon.			
2	To appoint a Director in place of Sri Venkatesh M Rao (DIN: 07025342), who retires by rotation and being eligible, offers himself for reappointment.			
3	To appoint a Director in place of Sri Rakesh Kaul (DIN: 07975342), who retires by rotation and being eligible, offers himself for reappointment.			
4	To fix and/or to determine the payment of remuneration of the Auditors of the Company as appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year-2019			
Special Business				
5	To appoint Sri R. Sridhar (DIN: 06749266) as Director of the Company			
6	To appoint Ms. Kallil Gundlur Vijayalakshmi (DIN: 08435610) as Director of the Company			
7	To appoint Sri C. Sridhar Goud (DIN: 08466543) as Director of the Company			
8	To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2020			

Signed this day of 2019.

Affix Revenue
Stamp

Signature of Shareholder Signature of proxy holder (s)

Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. Please put a '✓' in the Box in the appropriate column against the respective resolutions. It is optional to indicate your preference. If you leave for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. Appointing a proxy does not prevent a member from attending the meeting in person, if he/she so wishes.

**Route map to the venue of 21st Annual General Meeting
of Petronet MHB Limited**



**Hotel Le Meridien, No. 28, Sankey Road,
(opposite Bangalore golf Club), Bengaluru 560052**

BOARD'S REPORT

TO THE MEMBERS

Your Directors take pleasure in presenting to you the 21st Annual Report on business and operations of your Company, together with the Audited Financial statement of the company for the year ended 31st March 2019.

It is a matter of great pleasure that the Company completed 16th year of successful business operations during 2018-19 and achieved thruput of 3.362 MMT. Your company recorded gross revenue earnings amounting to Rs. 203.02Cr. compared to Rs. 171.13Cr. during 2017-18.

A. FINANCIAL HIGHLIGHTS:

(Rs. in Crore)

Particulars	Year 2018 -19 (Audited)	Year 2017 -18 (Audited)
Thruput (in MMT)	3.362	3.500
Operating Income	158.44	130.89
Interest & Other Income	44.58	40.24
Total Income	203.02	171.13
Operating Expenses	(37.80)	(35.56)
Operating Profit	165.22	135.57
Interest Paid	(0.30)	(0.81)
Net Profit	164.92	134.76
Depreciation	(6.30)	(8.05)
Net Profit before Taxation (PBT)	158.62	126.71
Prov. For Taxation:		
Current Tax	(34.17)	(27.21)
Deferred Tax	(12.68)	(16.04)
Profit after Taxation (PAT)	111.77	83.46
Other comprehensive income	(0.10)	(0.01)
Total comprehensive income for the period	111.67	83.45

Satisfaction of charges

With the payment of recompense, your company has fulfilled all its obligations under the Master Restructuring Agreement with lenders and satisfaction of charges with Registrar of Companies in respect of both the charges have been filed and the charges are closed.

Change in CIN

We are pleased to convey that pursuant to Petronet MHB Ltd. becoming a subsidiary of ONGC and a Government Company, the CIN of the company has been changed to U85110KA1998GOI024020 to reflect the Government company status.

Shifting of Registered office

The Company has shifted its Registered office w.e.f 01.06.2018 to a new premise within the same city i.e. Bengaluru.

PERFORMANCE & OPERATIONS DURING 2018-19:

Your company achieved thruput of 3.362 MMT (Million Metric Ton) during the year 2018-19 compared to 3.500 MMT achieved during 2017-18.

The details of thruput handled at Hassan and Devangonithi are as follows:

(Figures in MMT)			
Year	Hassan Delivery	Devangonithi Delivery	Total Delivery
2018-19	2.674	0.688	3.362
2017-18	2.887	0.613	3.500

Performance Highlights during FY 2018-19:

- Energy consumption of 99 BTU/MT - KM (Standard for pipeline operations is 50 BTU to 135 BTU).
- Power cost of 23 paisa per MT - KM which is reasonable.
- Operating cost of 51 paisa / MT-KM which is reasonable.
- Revenue Contribution per employee of approx. Rs.5.80 Cr.
- Capacity utilization of pipeline is 60% with respect to design capacity of 5.600 MMTPA as compared to capacity utilization of 63 % during 2017-18.
- Saving of Rs. 42 Lacs in power cost for FY 2018-19 through Power trading from IEX (Indian Energy Exchange) through Open Access system and Rs. 22 Lacs through TOD benefits at Neriya Intermediate Pumping Station.
- As a green power initiative, Solar power plant of 3628 KWp is installed at PMHBL Mangalore, Hassan, Devangonithi and SV/IP locations. At Mangalore & SV/IP locations system is commissioned and put to use. At Hassan and Devangonithi installation work is completed and captive utilization of solar power is commenced. Work of exporting power from Hassan and Devangonithi to Neriya station in progress
- Audit of Operations:
 - Audit as per PNGRB Technical Standards and Specifications including Safety Standards for Petroleum and Petroleum Products Pipeline Regulations, 2016 is carried out by empaneled TPIA of PNGRB during 23rd - 31st July 2018.
 - Re-certification Audit of IMS viz Quality Management System - QMS 9001:2015, Environmental Management System - EMS 14001:2015 & Occupational Health and Safety Assessment Series-OHSAS 18001:2007 carried out by M/s. ICSPL in March'2019.
 - Periodic Audit of Energy Management system (EnMS) ISO:50001 carried out by TUV in April 2017.
- Pigging of the pipeline: Scrapper Pigging in Mangalore – Neriya, Neriya – Hassan & Hassan – Intermediate Pigging station section carried out and found satisfactory.
- Offsite Mock drills conducted at Chainage 47 Km, 101 Km, 165 Km and 352 Km, of PMHBL pipeline in presence of District Authorities, Factories Authorities, Department of Fire & Emergency Services, Police Officials and mutual aid members.
- Mass flow meter installed and commissioned at PMHBL Mangalore, Neriya, Hassan & Devangonithi in place of existing turbine flow meter
- Clean agent system (Environment friendly Fire suppression system) installed and commissioned at all PMHBL locations.

FUTURE OUTLOOK

Your company has achieved a thruput of 3.362 MMT for FY 2018-19 which is marginally lower than the previous year thruput. In short to medium term we anticipate the same level of thruput being maintained.

The company is exploring strategic investment avenues including extension of the pipeline, terminal facilities etc. to ensure sustainable growth for the company. As against expression of interest (EOI) submitted to Petroleum & Natural Gas Regulatory Board (PNGRB) by PMHBL for extension of pipeline from Hassan to

Chitradurga, PNGRB has invited EOI for pipeline from Devangonhi to Chitradurga. An appeal has been preferred with the PNGRB appellate authority against the order of PNGRB.

To ensure sustainable development, your company has installed solar power plants for captive consumption at Mangalore, Hassan & Devangonhi. Your company is further exploring scope for further installation of Captive Solar power plants which will not only reduce the carbon footprint but will also bring economy of operations by reducing Power cost which is the single largest component of the operating cost.

Change in nature of business – Nil

Dividend

In order to augment the resources for future expansion, no dividend for FY 2018-19 is proposed. There is no transfer to IEPF.

Transfer to Reserves

The Company has not transferred any funds to reserves during the year.

Changes in Share Capital - nil

Directors & Key Managerial Personnel

The Board of your company presently comprises of following Directors:

1. Sri Subhash Kumar, Chairman (w.e.f. 02.06.2018)
2. Sri Selvakumar, Managing Director
3. Sri Venkatesh Madhava Rao, Director
4. Sri J.S. Prasad, Director
5. Sri Rakesh Kaul, Director
6. Sri R. Sridhar, Director (wef 30.03.2019)
7. Ms. K.G. Vijayalakshmi, Director (wef 02.05.2019)
8. Sri C. Sridhar Goud, Director (wef 06.06.2019)

Changes in Directorship

Sri Kumar Hariharan superannuated as MD, MRPL and submitted his resignation from the Board w.e.f 01.06.2018. Sri Subhash Kumar, nominated by ONGC has taken over as Chairman wef 02.06.2018.

Ms. Vanita Kumar has completed her second tenure as Independent Director on the Board on 31.12.2018 and have ceased to be a director wef 01.01.2019.

Sri R. Sridhar has been nominated by HPCL on PMHBL Board in place of Sri S.P. Gupta who has superannuated from HPCL and resigned from the Board w.e.f 01.03.2019. Sri R. Sridhar has been appointed as an additional director with effect from 30.03.2019.

Ms. K.G. Vijayalakshmi has been appointed as an additional director with effect from 02.05.2019. Sri C Sridhar Goud has been appointed as an additional director with effect from 06.06.2019.

The Board places on record deep appreciation for valuable contribution made by Sri H. Kumar, Sri S.P. Gupta & Ms. Vanita Kumar during their tenure on the Board of the Company.

Re-appointments

As per Section 152 of the Companies Act, 2013, Sri Venkatesh M Rao (DIN: 07025342) and Sri Rakesh Kaul (DIN 07975342) are the Directors who will retire by rotation at the ensuing AGM and being eligible, seek re-appointment. The Board recommends their re-appointment.

Independent Directors

Pursuant to MCA notification dated 05.07.2017, PMHBL being a joint venture is no longer required to have any Independent Directors on the Board.

However, Ms. Vanita Kumar was reappointed as Independent Director by the Board for her second term from 12.08.2017 which ended on 31.12.2018. The Company had received declaration from Ms. Vanita Kumar confirming that she meets the criteria of independence as prescribed under the Companies Act, 2013.

One meeting of Independent Director were held during the financial year.

Key Managerial Personnel

In line with Section 203 of the Companies Act, 2013, Sri Selvakumar, Managing Director, Sri Chandan Kumar Das, CFO and Sri Sachin Jayaswal, Company Secretary are the Key Managerial Personnel.

CORPORATE GOVERNANCE

Board meeting details:

Five meetings of the Board of Directors were held during the financial year 2018-19 on 10.05.2018, 06.08.2018, 14.09.2018, 28.12.2018 and 25.03.2019. The details of the Directors' attendance are as follows:

Sl. No.	Name of Director	No. of Board meetings held during respective tenure during 2018-19	No. of Board meetings attended during 2018-19
1.	Sri Subhash Kumar (wef 02.06.2018)	4	3
2.	Sri Selvakumar	5	5
3.	Sri Venkatesh M Rao	5	5
4.	Sri J.S. Prasad	5	5
5.	Sri Rakesh Kaul	5	5
6.	Sri R. Sridhar (wef 30.03.2019)	0	0
7.	Ms. K.G. Vijayalakshmi (wef 02.05.2019)	NA#	NA#
8.	Sri C Sridhar Goud (wef 06.06.2019)	NA#	NA#
9.	Sri H. Kumar (till 31.05.2018)	1	1
10.	Ms. Vanita Kumar (till 31.12.2018)	4	4
11.	Sri S.P. Gupta (till 28.02.2019)	4	4

Not applicable

Annual General Meeting Details

Year	Date of AGM
2018	14 th Sep. 2018
2017	22 nd Sep. 2017
2016	23 rd Sep. 2016

Company Policy on Directors Appointment, Remuneration etc.

As per **Annexure IA & IB**

Performance Evaluation of Board

The Company has laid down a Policy for performance evaluation of the Board, its committees, Independent Directors and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The performance evaluation tool for the Directors and the Committees is in the form of questionnaire to be filled up by the Directors. Accordingly, the annual performance evaluation of the Board, Committees, Individual Directors and the Chairperson was carried out during the year under review for the Board, its committees, individual directors as well as Chairman.

The Independent Director at its meeting also reviewed the performance of Board, Chairman of the Board and of Directors.

Directors' responsibility statement

Your Directors State that:

- (i) In the preparation of the Annual Accounts for the financial year ended 31st March 2019, the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31st March 2019 and of the Profit or Loss of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems are adequate and operating effectively.

Audit Committee

The Audit Committee of the company presently comprises of three directors namely Sri R. Sridhar (Chairman), Sri J.S. Prasad & Sri Rakesh Kaul. The Audit Committee, at the meeting held on 26.04.2019 reviewed the Accounts for the year 2018-19, before the Accounts were adopted by the Board.

Five meetings of the Audit Committee were held during 2018-19 on 21.04.2018, 06.07.2018, 06.08.2018, 03.12.2018 and 15.02.2019.

Corporate Social Responsibility Committee

The CSR Committee of the company presently comprises of three directors namely Sri Venkatesh M. Rao (Chairman), Sri J.S. Prasad & Sri Selvakumar.

Two meetings of the CSR Committee were held during 2018-19 on 27.06.2018 and 17.11.2018.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee presently comprises of three Directors namely Sri Venkatesh M. Rao (Chairman), Sri J.S. Prasad & Sri Rakesh Kaul.

Four meetings of the Nomination and Remuneration Committee were held on 21.04.2018, 10.05.2018, 06.08.2018 and 25.03.2019.

Annual Report on Corporate Social Responsibility (CSR) Activities:

1. Brief outline of the Policy

The Corporate Social Responsibility Committee formulated and recommended to the Board, a Corporate Social Responsibility Policy bringing out the activities to be undertaken by the Company, which has been approved by the Board.

The company has identified the following five thrust areas:

1. Promoting health care and sanitation
2. Promoting education, employment enhancing vocation skills and livelihood enhancement project
3. Promoting Women Empowerment
4. Promoting Environmental Sustainability & conservation of Natural Resources
5. Promoting Rural Development in alignment with other thrust areas.

The CSR Policy of the Company is available in the following weblink <https://www.petronetmhbl.com/wp-content/uploads/2018/06/csrapolicy-1.pdf>

2. Composition of CSR Committee:

The CSR Committee of the company presently comprises of three directors namely Sri Venkatesh M. Rao (Chairman), Sri J.S. Prasad & Sri Selvakumar.

3. CSR Expenditure:

During FY 2018-19, the Company has spent Rs. 230.98 lacs on CSR activities.

(Rs. in lakhs)

Average net profit of the company for last three financial years	11536
Prescribed CSR Expenditure for FY 2018-19 (two per cent of the average net profit of last three financial years)	230.72
Details of CSR spent during the FY 2018-19	
● Total amount to be spent for the financial year	230.72
● Total amount spent during the financial year	230.98
● Amount unspent	0.00

The Company has met its CSR target expenditure in line with the statutory requirements. Manner in which the amount has been spent during the financial year & the responsibility statement of the CSR Committee is enclosed as **Annexure II**.

Internal Financial Controls

The Company has adequate internal financial controls in place which are adequate and operating effectively.

Related party transactions

During the year 2018-19, The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners.

The Company has obtained declarations from all concerned in this regard, which were noted by the Board. The Company follows the policy on Related Party Transaction (RPT) as approved by the Board.

The Company has entered into certain related party transactions which are in ordinary course of business and on arm's length basis as detailed in **Annexure III**.

Vigil mechanism

Though Vigil Mechanism is not mandatory to the Company as per the Provisions of the Companies Act, 2013, however, pursuant to the MOP&NG guidelines dated 19.11.2013, Vigilance Administration has been entrusted to Chief Vigilance Officer, HPCL with concurrence of MoP&NG, Govt. of India.

Risk Management

The Board of Directors have adopted Risk Management Policy under which Risk Management committees have been constituted with clearly defined roles and responsibilities. The Company follows two tier structure for its Committees i.e. Risk Management & Steering Committee (RMSC) comprising of Managing Director, (Chairman) & Chief Risk Officer and Four Risk Management Committee (RMC) encompassing Finance, Legal & Compliance, Procurement & Projects, Human Resource & Operations & IT. Each of the above RMC's shall comprise of Concerned Functional heads, Risk Coordinator, Risk Owners & Risk mitigation plan owner.

The Committees periodically reviews the risk register, risk management practices and actions taken for identification, monitoring, mitigation and reporting of key risks to the Board of Directors and assist the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the risk policy.

Auditors

Comptroller and Auditor General of India

We are pleased to convey that NIL Comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act, 2013 has been received for the year 2018-19.

Statutory Auditors

The Comptroller and Auditor General of India (C&AG) have appointed GRSM & Associates, Chartered Accountants, Bengaluru as Statutory Auditors of your Company for the year 2018-19 and they have audited the Accounts for the year 2018-19. At the 20th Annual General Meeting of the Company, the Board was authorized to fix the remuneration of the Statutory Auditor for the Financial Year 2018-19. The Board has fixed a remuneration of Rs. 1.80 lacs plus out of pocket expenses plus GST at applicable rate for the Statutory Auditor for the Financial Year 2018-19. For the year 2019-20, the appointment of Statutory Auditor by C&AG is awaited.

Cost Auditors

GNV & Associates, were appointed as Cost Auditor for the financial year 2018-19 pursuant to Section 148 of the Companies Act 2013 & Companies (Cost Audit records and Audit) Rules, 2014 at a remuneration of Rs. 50000/- plus GST plus out of pocket expenses & they have conducted the Cost Audit.

For the FY 2019-20 M/s Murthy & Co. LLP have been appointed as Cost Auditors at a remuneration of Rs. 50000/- which is subject to ratification at the ensuing AGM.

Secretarial Auditors

The Board has appointed V. Sreedharan and associates to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report (MR3) for the financial year ended March 31, 2019 is annexed herewith marked as **Annexure IV** to this Report. The explanation of the Board of Directors on the remarks made by the Secretarial Auditor is annexed herewith marked as Annexure V.

Cost Records

The Company is required to maintain cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are made and maintained.

Cost Audit:

The Cost Audit for the financial year 2017-18 was carried out and the Cost Audit Reports were filed with the Ministry of Corporate Affairs before the stipulated date of filing.

Disclosure as per sexual harassment of women at workplace (prevention, prohibition and redressal) Act 2013

Your Company has put in place a comprehensive Implementation guideline for prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, whether permanent, contractual, temporary and trainees are covered under this Guidelines.

An Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. The Committee has prepared annual report and submitted the same to the concerned authorities. During the year under review the details of complaints received are as follows:

- No. of complaints pending at the beginning of the year - Nil
- No. of complaints received during the year: Nil
- No. of complaints disposed of: Not applicable
- No. of complaints pending at the end of the year - Nil

Extract of Annual Return (MGT 9)

Extract of Annual Return is annexed herewith as **Annexure VI** to this Report.

The Annual return of the company shall be available at weblink <https://www.petronetmhbl.com/corporate-governance-disclosures/>

Particulars of loans given, investments made, guarantees given and securities provided

Nil

Particulars of Energy conservation, technology absorption and foreign exchange earnings and outgo required under the Companies (Accounts) Rules, 2014

The details are as per **Annexure VII**.

Managerial remuneration & Particulars of employees and related disclosure

Your Company, being a Govt. Company, is exempted to furnish information under Section 197 of Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) Notification dated 05.06.2015.

Deposits

The Company has not accepted/renewed any deposits during the year under consideration.

Secretarial Standards:

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, have been followed by the Company.

Material changes affecting the Company

There have been no material changes and commitments affecting the financial position of the Company between

the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

Significant orders passed by Regulator

Tariff order

The pipeline tariff rate as per the PNGRB revised Order No. TO/07/2015 dated 19.05.2015 applicable from 1st April, 2015 for a transition period of two years, was further extended upto 19th December, 2018 vide PNGRB Order No. TO/04/2018 dated 22.06.2018. The existing tariff for PMHBL was revised w.e.f 01.11.2018. by PNGRB vide TO/10/2018 dated 27.02.2019 read with corrigendum 01/2019 dated 29.03.2019 applicable from 01.11.2018 to 31.03.2019, maintaining the pipeline tariff at existing level.

Vide TO/2019-20/03 dated 04.06.2019, PNGRB has issued Tariff order for the pipeline from 01.04.2019 to 31.12.2019. There has been no change in the pipeline tariff.

EOI for extension of Pipeline from Hassan to Chitradurga:

Your Company filed EOI with PNGRB for laying Petroleum Product Pipeline from Hassan to Chitradurga in Karnataka State. However, PNGRB has decided to invite bids for laying of Petroleum Product Pipeline from Devangonhi to Chitradurga. The review petition filed by the Company with PNGRB was rejected by PNGRB vide its order dated 13.03.2019. An appeal is preferred with the appellate authority against the order of PNGRB rejecting PMHBL review application in the Appellate Tribunal and the same has been admitted.

Industrial relations

- Industrial relations in all the Stations and Head Office continued to be cordial during the year.
- The company continues its emphasis on human resource development through training in various fields connected with the operations.
- Compliance of safety rules, norms and procedures is ensured and closely monitored. Seminars on Safety are regularly held to educate the workers. Safety week & environmental day was observed.

Acknowledgements

Your Directors place on record their appreciation to the valued customers for the support and confidence reposed by them in the Company.

Your Directors take this opportunity to gratefully acknowledge the continuous support, guidance and assistance provided by MOP&NG Officials, Petroleum & Natural Gas Regulatory Board, State Govt. Officials, the Management of the promoter companies and support rendered by the Lender Bankers.

Your Directors also wish to place on record their appreciation of the continued cooperation received from Oil marketing Companies, Mangalore Refinery & Petrochemicals Ltd., all suppliers and financial institutions. Your Directors are also thankful to all the shareholders & employees and wish to express their appreciation to all the members of PMHBL family, whose dedication, hard work and cooperation have made it possible for the Company to show improved performance.

For and on behalf of the Board of Directors

PLACE : New Delhi
DATE : 16/08/2019

Sd/-
(Subhash Kumar)
Chairman

Annexure I A**Policy for Selection of Directors and determining their independence:**

The Nomination and Remuneration Committee and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations. Based on the review the Committee/ Board shall formulate the skills, knowledge and experience to be possessed by the Independent Director on case to case basis.

The Nomination and Remuneration Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same periodically. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director. In addition, the Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013 and should satisfy the criteria of independence, as laid down in Companies Act, 2013

Annexure I B**Remuneration Policy for Directors, Key Managerial Personnel and other employees.****Executive Directors:**

There is only one executive Director in the Company – MD, PMHBL whose Remuneration is governed by the terms of Deputation as advised by HPCL.

Non-Executive Directors:

All non-executive Directors on the Board are executives of PSU ie ONGC/ HPCL/ MRPL and are neither eligible for sitting fee nor any other remuneration from the Company.

Independent Directors:

The Independent Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as per following details:

- Rs. 10000/- per day for meeting of Board of Directors
- In case Committee meetings are on the same day as Board meeting, no sitting fee for the Committee meeting. Otherwise Rs. 5000/- per day for Committee meeting.

Remuneration to KMP and other employees:

KMP and other employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the approved grade and shall be based on various factors such as job profile, skill sets, seniority, experience etc.

ANNEXURE II

Details of amount spent on CSR Activities during the FY 2018 19							(Rs. In Lacs)	
1	2	3	4	5	6	7	8	9
SL No.	PMHBL Location	CSR Project or Activity Identified	Sector in which the Project is Covered	Project Programs (1) Local Area or Other (2) Specify the State and District where Projects or Programs was Undertaken	Amount - (Rs. lacs) Outlay (Budget) Project or Programs wise	Amount Spent on the Projects or programs Sub-heads (1) Direct Expenditure on Projects or Programs (2) Overheads (Rs. Lacs)	Cumulative Expenditure upto the Reporting Period (Rs. Lacs)	Amount Spent: Direct or through Implementing Agencies
1	Mangalore	Construction of Kitchen Room at D.K.Z.P Higher Secondary School, Kavalamuduru, Bantwal Taluk	Cl. (x) Rural Development Project	Karnataka Dakshin Kannada	7.00	3.13	3.13	Direct
2	Neriya	Waste Disposal Vehicle for villages under Gram Panchayat (3 nos.)	Cl.(i) - Heath Care & Sanitation	Karnataka Dakshin Kannada	16.50	15.56	15.56	Direct
3	Mangalore	Construction of Boys & Girls Toilet Block at Govt. Schools	Cl.(i) - Heath Care & Sanitation	Karnataka Dakshin Kannada	22.00	18.49	18.49	Direct
4	Hassan	Supply, Installation & Commissioning of Sanitary Napkins Vending Machine and Burning Incinerator at Govt. Girls Hostel	Cl.(i) - Heath Care & Sanitation	Karnataka Dakshin Kannada	6.89	6.89	6.89	Direct
5	Hassan & Devangonthi	Supply & Installation of 6 Mtr. Height 15 W Double Arm Solar Street Lights in Villages	Cl.(iv) Conservation of Natural Resources	Karnataka Hassan & Bengaluru Rural	114.60	69.95	69.95	Direct
6	Neriya	Supply & Installation of Automatic Haematology Analyzer to	Cl.(i) - Heath Care	Karnataka Dakshin Kannada	16.50	15.93	15.93	Direct
7	Neriya	Waste Disposal Vehicle for villages under Gram Panchayat	Cl.(i) - Heath Care & Sanitation	Karnataka - Dakshin Kannada	11.00	10.37	10.37	Direct
8	Hassan	Supply of Computer Table and Chair at Govt. Schools	Cl.(ii) Promoting Education	Karnataka - Hassan	10.00	5.58	5.58	Direct

9	Hassan & Devang onthi	Supply, Installation & Commissioning of 6 mtr height 15 w double arm Solar Street Lights in Villages	Cl.(iv) Conservation of Natural Resources	Karnataka-Hassan & Bengaluru Rural	76.76	46.66	46.66	Direct
10	Neriya	Construction of Bus Shelter with Gents & Ladies Toilet at Anniyoor	Cl.(i) - Heath Care & Sanitation	Karnataka - Dakshin Kannada	15.00	9.82	9.82	Direct
11	Devang onthi	Supply of 8 Meters 18W Led Solar Lights in Villages	Cl.(iv) Conservation of Natural Resources	Karnataka-Bengaluru Rural	9.35	9.35	9.35	Direct
12	All Locations	Water purifier & Dispenser units- 50 LPH to Govt. Schools	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada, Hassan and Bengaluru Rural	17.32	17.32	17.32	Direct
13	All Locations	Swachhbharat Pakhwada	Cl.(i) - Heath Care & Sanitation	Karnataka - Dakshin Kannada, Hassan and Bengaluru Rural	1.00	0.95	0.95	Direct
14	All Locations	Social Awareness Activities	Cl. (x) Rural Development	Karnataka - Dakshin Kannada, Hassan and Bengaluru Rural	9.26	0.98	0.98	Direct
				Grand Total	333.18	230.98	230.98	

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

Sd/-
Selvakumar
Managing Director

Sd/-
Venkatesh M Rao
Chairman, CSR Committee

Place: Mangalore
Date: 09.04.201

Annexure III

Form No. AOC-2

Form for disclosure of particulars of contract/ arrangements entered into by the Company with Related Parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts / arrangements / transactions	(C) Duration of the contracts / arrangements / transactions	(d) Salient terms of the contracts or arrangements or transactions		(e) Justification for entering into such contracts or arrangements or transactions	(f) date(s) of approval by the Board	(g) Amount paid as advances, if any:	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Name	Relationship			Salient terms	Transaction value				
NIL										

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts /arrangements /transactions	(c) Duration of the contracts / arrangements / transactions	(d) Salient terms of the contracts or arrangements or transactions		(f) date(s) of approval by the Board if any	(F) Amount paid as advances, if any:
	Name	Relationship			Salient terms	Transaction value (Rs. In Cr.)		
1.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary/ investing company	Transportation tariff	For the year from 01.04.2018 to 31.03.2019	As per PNGRB Tariff order	59.31		
2.	Mangalore refinery and Petrochemicals Limited (MRPL)	Subsidiary of a holding company to which it is also a subsidiary	Transportation tariff	For the year from 01.04.2018 to 31.03.2019	As per PNGRB Tariff order	3.53		
3.	Mangalore refinery and Petrochemicals Limited (MRPL)	Subsidiary of a holding company to which it is also a subsidiary	Power purchase	For the year from 01.04.2018 to 31.03.2019	As per agreement	3.92		
4.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	Lease of Land	For the year from 01.04.2018 to 31.03.2019	As per agreement	1.26		

5.	Mangalore refinery and Petrochemicals Limited (MRPL)	Subsidiary of a holding company to which it is also a subsidiary	Cross country dispatch charges	For the year from 01.04.2018 to 31.03.2019	As per agreed ratio	30.66		
6.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	Purchase of Lube	For the year from 01.04.2018 to 31.03.2019	Market rate	0.31		
7.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	Manpower on deputation	For the year from 01.04.2018 to 31.03.2019	As per deputation policy	2.18		
8.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	PIDS cost Sharing	For the year from 01.04.2018 to 31.03.2019	As per agreed MOM and agreement	7.87		
9.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	Sale of old DG Set	For the year from 01.04.2018 to 31.03.2019	As per Book Value (WDV)	0.04		
10.	Hindustan Petroleum Corporation Limited (HPCL)	Subsidiary of a holding company to which it is also a subsidiary / investing company	TAS Integration Exp	For the year from 01.04.2018 to 31.03.2019	As per agreed MOM	0.05		

Annexure IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED: 31.03.2019

To,
The Members
Petronet MHB Limited
Corporate Miller, 2nd Floor,
Block B, 332/1, Thimmaiah Road,
Vasanth Nagar, Bengaluru- 560052

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Petronet MHB Limited**. (Hereinafter referred to as "**the company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended March 31, 2019 (hereinafter referred to as "**the audit period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 (**the Act**) and the rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing. (Not applicable to the company during the audit period)
- iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the audit period)
- v. Other laws applicable specifically to the Company namely:-
 - i. Water (Prevention and Control of Pollution) Act, 1974 with rules
 - ii. Air (Prevention and Control of Pollution) Act, 1987 with rules
 - iii. Water (Prevention and Control of Pollution) Cess Act, 1977 with rules
 - iv. Noise Pollution (Regulation and Control) Rules, 2000
 - v. The Public Liability Insurance Act, 1991
 - vi. Batteries Management & Handling Rules, 2001
 - vii. Petroleum Act, 1934 and rules made thereunder
 - viii. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
 - ix. Petroleum and minerals pipelines (Acquisition of right of user inland) Act, 1962 with rules
 - x. Petroleum and Natural Gas Regulatory Board Act, 2006 with rules.
 - xi. The Hazardous Waste Management & Handling) Rules, 1989
 - xii. Forest (Conservation) Act, 1980

- xiii. The Contract Labour (Regulation and Abolition) Act, 1970
- xiv. Factory Act, 1948
- xv. Sexual Harassment of Women at Workplace (Prevention and Prohibition and Redressal) Act, 2013
- xvi. The Central Motor Vehicles Rules, 1989

We have also examined compliance with the Secretarial Standards (SS-1) on meetings of the Board of Directors and Secretarial Standards (SS-2) on General Meetings issued by the Institute of Company Secretaries of India.

With effect from January 31, 2018, the company (a Joint Venture Company) has become a Government Company by virtue of becoming a Subsidiary of ONGC Ltd.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines, etc. mentioned above except for the following:

The company has not complied with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as the vacancy caused by the cessation of Ms. Vanita Kumar as a woman director with effect from January 1, 2019 was filled up by appointment of Ms. K.G. Vijayalakshmi with effect from May 2, 2019, which is beyond the period of three months prescribed under the said rule for filling up the vacancy.

Being an unlisted public company during the audit period, the following Acts, Rules, Guidelines and Regulations were not applicable:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- ii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations), up to September 10, 2018 and SEBI ICDR Regulations, 2018 w.e.f September 11, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 w.e.f September 11, 2018;
 - (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have not examined compliance by the Company with respect to:

- (a) Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.
- (b) Listing Agreement with the Stock Exchange(s), as the company is an Unlisted Public Company. (Government Company)

We further report that

- a) The constitution of the Board of Directors of the Company and the balance of Executive Directors, Non-Executive Directors and Independent Directors is subject to our remarks herein contained. The company is not required to constitute Audit Committee and Nomination and Remuneration Committee as it is not covered under Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014. However, according to the company, the Board has decided to continue with the Audit Committee and Nomination & Remuneration Committee as a part of good corporate governance practice. The

company is not required to appoint Independent Directors. Being a Joint Venture Company, it is exempted from compliance vide sub-rule 2 of Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 vide amendment w.e.f. July 5, 2017.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the statutory compliance reports obtained by the management and taken on record at the board meetings, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, except for the installation of 3628 KW Grid connected Solar P.V. System at the plants at Bangalore, Hassan and Devangonhi, there were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, etc.

Place: Bengaluru

Date: July 11, 2019

For V. Sreedharan & Associates

Sd/-
V. Sreedharan
Partner
.C.S-2347: C.P.833

Annexure V

Explanation to the comments made by the Secretarial Auditor in their Audit Report:

While the woman director for appointment on PMHBL Board was identified and noted by the Board at its 113th meeting on 25.03.2019, the actual appointment could be made on 02.05.2019 after completion of procedural requirement for obtaining Director Identification number of Ms. K.G. Vijayalakshmi.

Annexure VI

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U85110KA1998GOI024020
2.	Registration Date	31-07-1998
3.	Name of the Company	Petronet MHB Limited
4.	Category / SubCategory of the Company	Public Company/ Limited by Shares
5.	Address of the Registered office and contact details	Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bengaluru-560052 Ph. 080-22262317/22262243, E mail:sachinjayaswal@petronetmhbl.com Website: www.petronetmhbl.com
6.	Whether listed company Yes / No	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Private Limited No 30 Ramana Residency, 4th Cross Sampige Road Malleswaram, Bengaluru-560 003 CIN: U74900TN2015PTC101466 SEBI Reg no : INR0000544 Contact-(080) 23460815-818 Fax-(080) 23460819

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transportation of petroleum products through underground pipeline	493	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Oil and Natural Gas Corporation Limited	L74899DL19 93GOI05415 5	Holding	65.44*	2(46)

* ONGC and its subsidiary HPCL are holding 32.72% each in Petronet MHB Limited.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0	0.00
d) Bodies Corp.	358892040	130000	359022040	65.44	359022040	0	359022040	65.44	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0	0.00
Sub - total (A) (1):	358892040	130000	359022040	65.44	359022040	0	359022040	65.44	0.00
(2) Foreign									
a) NRIs - individuals	0	0	0	0.00	0	0	0	0	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (2):	0	0	0	0.00	0	0	0	0	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	358892040	130000	359022040	65.44	359022040	0	359022040	65.44	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0	0.00
b) Banks / FI	189685184	0	189685184	34.56	189685184	0	189685184	34.56	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0	0.00
g) FIs	0	0	0	0.00	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0	0.00
Sub-total (B)(1):	189685184	0	189685184	34.56	189685184	0.00	189685184	34.56	0.00

2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00	0	0	0	0	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	40	40	0.00	0.00	40	40	0	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	0	0	0	0.00
c) Others(specify)	0	0	0	0.00	0	0	0	0	0.00
Sub-total (B)(2):	0	40	40	0.00	0	40	40	0	0.00
Total Public Shareholding (B)=(B)(1) +(B)(2)	189685184	40	189685224	34.56	189685184	40	189685224	34.56	0.00
C. Shares held by Custodian for GD Rs & ADRs									
	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	548577224	130040	548707264	100	548707224	40	548707264	100	0.00

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hindustan Petroleum Corporation Ltd.	179511020	32.72	0	179511020	32.72	0	0
2	Oil and Natural Gas Corporation Ltd.	179511020	32.72	0	179511020	32.72	0	0
	Total	359022040	65.44	0	359022040	65.44	0	0.00

(iii) **Change in Promoters' Shareholding (please specify, If there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	359022040	65.44%		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat	No change during the year			
	At the End of the year			359022040	65.44%

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	A. At the beginning of the year				
	B. Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat				
	C. At the end of the year				
1	State Bank of India				
	A.	50062640	9.12		
	B.				
	C.			50062640	9.12
2	Vijaya bank				
	A.	26884977	4.90		
	B.				
	C.			26884977	4.90
3	Punjab National bank				
	A.	26870077	4.90		
	B.				
	C.			26870077	4.90
4	Allahabad Bank				
	A.	17887247	3.26		
	B.				
	C.			17887247	3.26
5	Bank of Maharashtra				
	A.	17873769	3.26		
	B.				
	C.			17873769	3.26
6	Canara Bank				
	A.	17873652	3.25		
	B.				

	C.			17873652	3.25
7	Union Bank of India				
	A.	17145728	3.12		
	B.				
	C.			17145728	3.12
8	Central Bank of India				
	A.	15047174	2.74		
	B.				
	C.			15047174	2.74
9	IL&FS Financial Services Ltd.				
	A.	39920	0.007		
	B.				
	C.			39920	0.007
10	Sri V. Murali				
	A.	0	0		
	B. Transfer of Shares from Sri SM Bhoosekar to Sri V. Murali on 06.02.2019.	10	negligible	10	negligible
	C.			10	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

SI No	Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	A. At the beginning of the year				
	B. Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat				
	C. At the end of the year				
1	Sri J. S. Prasad				
	A	0	0.00		
	B transfer of shares from Sri A.B. Thosar to Sri J.S. Prasad on 06.08.2018	0	negligible	10	---
	C	---	---	10	negligible
2	Sri S.P. Gupta, Director				
	A	10	0.00		
	B transfer of shares by Sri S.P. Gupta to Sri R. Sridhar on 25.03.2019	---	negligible	10	negligible
	C	---	---	0	negligible
3	Sri R. Sridhar, Director				
	A	0	0.00		
	B transfer of shares from Sri S.P. Gupta to Sri R. Sridhar on 25.03.2019	0	negligible	10	negligible
	C	---	---	10	negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----
Change in Indebtedness during the financial year				
- Addition	-----	-----	-----	-----
- Reduction	-----	-----	-----	-----
Net Change	-----	-----	-----	-----
Indebtedness at the end of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount in Rs.
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Sri Selvakumar	71,96,371
2	Stock Option	-----	-----
3	Sweat Equity	-----	-----
4	Commission - as % of profit - Others, specify...	-----	-----
5	Others, (PF& Other Contributions)	-----	8,18,307
	Total (A)	-----	80,14,678
	Ceiling as per the Act	-----	7,97,44,284

A. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount in Rs.
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	Ms. Vanita Kumar	10,000 ---- ----
	Total (1)	-----	10,000
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	-----	-----
	Total (2)	-----	-----
	Total (B)=(1+2)	-----	10,000
	Total Managerial Remuneration (A+B)		80,24,678
	Overall Ceiling as per the Act		7,97,44,284

A. Remuneration to Key managerial Personnel other than MD/ Manager/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Amount in Rs.
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961	-----	19,34,247	19,09,596	38,43,843
2	Stock Option	-----	-----	-----	-----
3	Sweat Equity	-----	-----	-----	-----
4	Commission - as % of profit - others, specify...	-----	-----	-----	-----
5	Others, please specify	-----	-----	-----	-----
	Total	-----	19,34,247	19,09,596	38,43,843

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----
B. DIRECTORS					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----
C. OTHER OFFICERS IN DEFAULT					
Penalty	-----	-----	-----	-----	-----
Punishment	-----	-----	-----	-----	-----
Compounding	-----	-----	-----	-----	-----

Annexure VII**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014****A. Energy conservation:**

- * Total 3628 KWp Capacity Solar power plant installation carried out at 4 main locations (Mangalore, Neriya, Hassan & Devangunthi), 10 Sectionalizing valve (SV) stations & 01 Intermediate Pigging (IP) station. At Mangalore, SV & IP locations system is commissioned and solar power is being utilized. At Hassan and Devangunthi system installation is completed and work for export of power to Neriya Intermediate pumping station through wheeling and Banking is in progress.
- * Optimum usage of combination of single and dual mainline pumps at Mangalore as per thruput requirement to minimize the power consumption.
- * Replacement of Conventional lighting with more efficient LED lighting at PMHBL Stations is being carried out.
- * 5 star rated Inverter AC is installed at locations with timers to reduce energy consumption.

B. Technology Absorption:

- * Environmentally friendly clean agent system (Fire Extinguishing system) installed in control room at PMHBL locations.
- * Mass flow meters for Petroleum product accounting installed at all locations.
- * To enhance safety, vacuum circuit breakers in HT panels with Lockout/Tagout arrangement installed at Mangalore location.
- * Flameproof type Human Body Static Dissipater for dissipation of static charges before entering to hazardous area installed at all locations.
- * Differential Pressure transmitter for Basket Filter at PMHBL Neriya & Hassan location to obviate the need for manual inspection and data recording.
- * To strengthen the Security system, Pipeline Intrusion detection system (PIDS) is being installed. Telecom system is also being upgraded to cater with additional bandwidth requirement for PIDS system
- * Pipeline Supervisory Control and Data Acquisition system (SCADA) of pipeline is being replaced with an improved and updated version of SCADA.
- * Double block bleeding valve for double isolation in the manifold of Hassan station is being installed.

C. Import of technology –

Sl. No.	Technology imported	Year of import
1	Pipeline Intrusion Detection System	2018-19
2	Intelligent Pigging of pipeline.	2016-17& 2017-18
3	Vibration & Temperature probes and monitoring system of Mainline & Booster pumps at Mangalore & Neriya Station.	2016-17

D. Foreign Exchange earning & outgo:

During the year, the Foreign Exchange earning & outgo was as follows:

Particulars	Amount (Rs. in lacs)
Foreign exchange earning	NIL
Foreign exchange outgo	NIL

For and on behalf of the Board of Directors

PLACE: New Delhi
DATE: 16/08/2019

Sd/-
(Subhash Kumar)
Chairman

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
PETRONET MHB LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of PETRONET MHB Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in

aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B" on the directions and sub-directions issued by Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and 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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for GRSM & Associates
Chartered Accountants
Firm's registration number: 000863S

Place: Bangalore
Date: 30th April 2019

Sd/-
V.MADHAVAN
Partner
Membership Number: 028113

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) According to information and explanations given to us, fixed assets have been physically verified by the management once, towards the end of the year. We are informed that no material discrepancies were noticed during such physical verification. In our opinion, this periodicity of physical verification is reasonable, having regard to the size of the Company and the nature of its assets, but the method of conducting physical verification needs to be strengthened.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are not held in the name of the Company in few cases. In respect of land allotted by KIADB amounting to Rs.29.59 lakhs, lease cum sale agreements were entered into and the absolute sale deed has not been executed as yet, though the lease term has expired.
- ii. The Company is a service company, primarily rendering transportation of petroleum products. Accordingly, it does not hold any physical inventories other than stores, spares and project surplus. The management has conducted physical verification of such inventories at the end of the year. No material discrepancies were noticed during such verification. However, in our opinion, the method of conducting physical verification of inventories can be strengthened.
- iii. The Company has not granted any loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments or guarantees made by the Company attracting the provisions of section 185 and 186 of the Act.
- v. The Company has not accepted any deposits from the public.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records, the company is regular in depositing undisputed statutory dues including provident fund, income-tax, goods and services tax, duty of customs and cess to the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax, Goods and Services Tax, Service Tax and Excise Duty, which have not been deposited as at March 31, 2019 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Rs. lakhs
The Income Tax Act, 1961	Income Tax	CIT (Appeal)	FY 2015 - 16	Rs. 30.40 lakhs
Finance Act, 1994	Service Tax	CESTAT (Tribunal)	April 2013 to March 2015	Rs. 4.85 lakhs

- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **GRSM & Associates**
Chartered Accountants
Firm's registration number: 000863S

Sd/-
V.MADHAVAN
Partner
Membership Number: 028113

Place: Bangalore
Date: 30th April 2019

Annexure - B to the Auditors' Report

Annexure referred to in our report of even date to the members of Petronet MHB Limited on the accounts for the year ended 31st March 2019

1. **Direction:** - I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Observation: The company uses an IT – ERP system viz., Microsoft-Navision to process all the accounting transactions. No accounting transactions are processed outside the IT system, except payroll for which a separate software is used. In respect of payroll processes, the integrity of the accounts is ensured with adequate internal control.

2. **Direction:** II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Observation: There are no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.

3. **Direction:** III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Observation: No funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions.

4. **Sub Directions:** - Nil

for **GRSM & Associates**
Chartered Accountants
Firm's registration number: 000863S

Sd/-
V.MADHAVAN
Partner
Membership Number: 028113

Place: Bangalore
Date: 30th April 2019

Annexure - C to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Petronet MHB Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may

occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **GRSM & Associates**

Chartered Accountants

Firm's registration number: 000863S

Place: Bangalore

Date: 30th April 2019

Sd/-

V.MADHAVAN

Partner

Membership Number: 028113

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PETRONET MHB LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of Petronet MHB Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30th April 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Petronet MHB Limited for the year ended 31 March 2019 under section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143 (6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(R. AMBALAVANAN)
Director General of Commercial Audit
and Ex-officio Member Audit Board, Chennai

Place : Chennai
Date : 26/06/2019

Petronet MHB Limited

Balance Sheet as at March 31, 2019

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2	11,584.34	9,922.12
(b) Capital work-in-progress	2.1	1,105.96	436.39
(c) Investment Property	3	7.69	7.81
(d) Other Intangible assets	4	760.93	762.82
(e) Financial Assets			
(i) Other financial assets	5	201.19	201.19
(f) Deferred tax assets (net)	6	-	353.44
(g) Other non-current assets	7	1,657.19	1,952.67
		15,317.30	13,636.44
Total Non - Current Assets			
Current assets			
(a) Inventories	8	251.54	212.46
(b) Financial Assets			
(i) Trade receivables	9	1,552.86	1,528.44
(ii) Cash and cash equivalents	10	63,401.30	53,234.51
(iii) Bank balances other than (ii) above	11	675.95	689.00
(iv) Other financial assets	5	2,203.75	1,636.06
(c) Other current assets	12	164.77	92.45
		68,250.17	57,392.92
Total Current Assets			
Assets classified as held for sale	13	418.84	420.34
		83,986.31	71,449.70
Total Assets			
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	54,870.73	54,870.73
(b) Other Equity	14.1	24,759.66	13,592.29
		79,630.39	68,463.02
Total equity			
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Trade payables	15		
Dues of Micro & Small Enterprises		-	-
Dues to Creditor other than Micro & Small Enterprises		-	-
(ii) Other financial liabilities	16	657.69	657.69
(b) Provisions	17	160.27	103.38
(c) Deferred tax liabilities (Net)	6	910.66	-
		1,728.62	761.07
Total Non - Current Liabilities			

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	15		
Dues of Micro & Small Enterprises		495.12	10.62
Dues to Creditor other than Micro & Small Enterprises		141.93	393.98
(ii) Other financial liabilities	16	1,580.79	429.40
(b) Other current liabilities	18	308.65	1,342.56
(c) Provisions	17	100.81	49.05
Total Current Liabilities		2,627.30	2,225.61
Total Equity and Liabilities		83,986.31	71,449.70

The accompanying notes 1 to 34 form an integral part of the financial statements.

As per our report of even date attached

for GRSM & Associates

Chartered Accountants

Firm's Registration Number : 000863S

**for and on behalf of the Board of
Directors of Petronet MHB Limited**

Sd/-

V. Madhavan

Partner

Membership Number: 028113

Sd/-

M. Selvakumar

Managing Director

DIN: 07799398

Sd/-

R Sridhar

Director

DIN: 06749266

Sd/-

Chandan Kumar Das

Chief Financial officer

Sd/-

Sachin Jayaswal

Company Secretary

Place : Bangalore

Date : 30/04/2019

Place : New Delhi

Date : 29/4/2019

Statement of Profit and Loss for the year ended March 31, 2019

(Rs. In lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Revenue from operations	19	15,843.96	13,088.93
Other Income	20	4,458.08	4,024.09
Total Revenue		20,302.04	17,113.02
Expenses			
Employee benefit expense	21	745.67	525.10
Finance costs	22	30.35	80.76
Depreciation and amortisation expense	2.3 & 4	629.89	805.14
Other expenses	23	3,033.74	3,031.18
Total Expenses		4,439.65	4,442.18
Profit/(loss) before tax		15,862.39	12,670.84
Tax Expense			
Current tax	6	3,416.73	2,721.39
Deferred tax	6	1,268.24	1,603.68
Total tax expense		4,684.97	4,325.07
Profit/(loss) for the period		11,177.42	8,345.77
Other comprehensive income			
Items that will not be recycled to profit or loss		-	-
Remeasurements of the defined benefit liabilities / (asset)		(14.19)	(2.35)
Income tax relating to items that will not be reclassified to profit or loss		4.13	1.18
Items that may be reclassified to profit or loss		-	-
Others (specify nature)		-	-
Income tax on items that may be reclassified to profit or loss		-	-
Total Other comprehensive income, net of tax		(10.06)	(1.17)
Total comprehensive income for the period		11,167.36	8,344.60
Earnings per equity share			
Basic	26	2.04	1.52
Diluted	26	2.04	1.52

The accompanying notes 1 to 34 form an integral part of the financial statements.

As per our report of even date attached

for GRSM & Associates

Chartered Accountants

Firm's Registration Number : 000863S

Sd/-

V. Madhavan

Partner

Membership Number: 028113

Place : Bangalore

Date : 30/04/2019

for and on behalf of the Board of
Directors of Petronet MHB Limited

Sd/-

M. Selvakumar

Managing Director

DIN: 07799398

Sd/-

Chandan Kumar Das

Chief Financial officer

Sd/-

R Sridhar

Director

DIN: 06749266

Sd/-

Sachin Jayaswal

Company Secretary

Place : New Delhi

Date : 29/4/2019

Statement of Cash flows for the year ended March 31, 2019

(Rs. In lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities:		
Profit for the period before tax	15,862.39	12,670.84
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	629.89	805.14
Loss on disposal of fixed assets	6.32	2.25
Interest income on fixed deposits	(4,315.40)	(3,969.45)
Provision for Recompense	-	0.04
Other adjustments	(75.56)	80.72
Changes in assets and liabilities		
Trade receivables	(24.42)	(435.86)
Other financial assets	(45.54)	(30.04)
Inventories	(39.08)	12.42
Other assets	(62.83)	(1,440.36)
Trade payables	232.45	224.05
Other financial liabilities	1,151.39	22.53
Provisions and other liabilities	(939.45)	196.17
Cash generated from operations	12,380.16	8,138.45
Income taxes paid	(2,696.52)	(2,567.35)
Net cash generated from operating activities	9,683.64	5,571.10
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment	(128.44)	(367.99)
Proceeds from sale of property, plant and equipment	16.59	0.76
Capital advances	(2,854.15)	(439.70)
Bank Deposits not considered as cash and cash equivalents		
Placed		(50.00)
Matured	13.05	50.00
Interest received on fixed deposits	3,360.54	3,566.72
Net cash from investing activities	407.59	2,759.79

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C. Cash flow from financing activities:		
Recompense Paid	-	(9,150.04)
Interest on Income tax	75.56	(80.72)
Payment of dividends	-	(4,938.37)
Net cash used in financing activities	75.56	(14,169.13)
Net increase/(decrease) in cash and cash equivalents	10,166.79	(5,838.24)
Cash and cash equivalents at the beginning of the period	53,234.51	59,072.75
Cash and cash equivalents at the end of the period	63,401.30	53,234.51

As per our report of even date attached

for GRSM & Associates
Chartered Accountants
Firm's Registration Number : 000863S

for and on behalf of the Board of
Directors of Petronet MHB Limited

Sd/-
V. Madhavan
Partner
Membership Number: 028113

Sd/-
M. Selvakumar
Managing Director
DIN: 07799398

Sd/-
R Sridhar
Director
DIN: 06749266

Sd/-
Chandan Kumar Das
Chief Financial officer

Sd/-
Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30/04/2019

Place : New Delhi
Date : 29/4/2019

Statement of changes in Equity										(Rs. In lakhs)
Particulars	Equity Share Capital	Reserves & Surplus				Other Equity				Total Equity attributable to equity holders of the Company
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Equity Instruments through other comprehensive income	Debt Instruments through other comprehensive income	Other items of other comprehensive income		
Balance as of April 1, 2017	54,870.73	-	11,191.41	-	-	-	-	-	-	66,062.14
Changes in equity for the year ended March 31, 2018										
Changes in equity share capital during the year										
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	8,345.77	-	-	-	-	-	-	8,345.77
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	(1.17)	-	-	-	-	-	-	(1.17)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Interim Dividend [Dividend per Share Rs. 0.90 (Prev Year:Rs. Nil)]	-	-	(4,938.37)	-	-	-	-	-	-	(4,938.37)
Tax on Dividends	-	-	(1,005.35)	-	-	-	-	-	-	(1,005.35)
Balance as of March 31, 2018	54,870.73	-	13,592.29	-	-	-	-	-	-	68,463.02

Statement of changes in Equity										(Rs. In lakhs)
Particulars	Equity Share Capital	Reserves & Surplus					Other Equity			Total Equity attributable to equity holders of the Company
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Equity Instruments through other comprehensive income	Debt Instruments through other comprehensive income	Other items of other comprehensive income		
Balance as of April 1, 2018	54,870.73	-	13,592.29	-	-	-	-	-	-	68,463.02
Changes in equity for the year ended March 31, 2019										
Changes in equity share capital during the year										
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	11,177.42	-	-	-	-	-	-	11,177.42
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	(10.06)	-	-	-	-	-	-	(10.06)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Interim Dividend	-	-	-	-	-	-	-	-	-	-
Tax on Dividends	-	-	-	-	-	-	-	-	-	-
Balance as of March 31, 2019	54,870.73	-	24,759.66	-	-	-	-	-	-	79,630.39

The accompanying notes 1 to 34 form an integral part of the financial statements.

As per our report of even date attached

for **GRSM & Associates**
Chartered Accountants
Firm's Registration Number : 000863S

Sd/-
V. Madhavan
Partner
Membership Number: 028113

for and on behalf of the Board of
Directors of Petronet MHB Limited

Sd/-
M. Selvakumar
Managing Director
DIN: 07799398

Sd/-
R. Sridhar
Director
DIN: 06749266

Sd/-
Chandan Kumar Das
Chief Financial officer

Sd/-
Sachin Jayaswal
Company Secretary

Place : Bangalore
Date : 30/04/2019

Place : New Delhi
Date : 29/4/2019

Notes to the financial statements for the year ended March 31, 2019

SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

Petronet MHB Limited (The 'Company') was incorporated on 31st July, 1998 on common carrier principle to provide petroleum product transportation facility from Mangalore Refinery at Mangalore to the Oil Marketing Companies Terminals at Hassan & Devanagonthi (Bangalore). The Company is a Public Limited Company incorporated & domiciled in India. Its shares are not listed on any recognised stock exchanges in India. The registered office of the company is located at # Corporate Miller, 2nd Floor, Block B, 332/1, Thimmaiah Road, Vasanth Nagar, Bangalore Karnataka- 560 052.

1.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under the Companies (Indian Accounting Standards) Rules, 2015.

1.2. Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

1.2.2 Recent accounting pronouncements

Ind AS 116 Leases : Ministry of Corporate Affairs has notified Ind AS 116, Leases on March 30, 2019 to replace the existing Ind AS 17 Leases and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

As per the proposed standard, a single lessee accounting model requiring a lessee to recognize assets and liabilities for all leases with a term of more than twelve months (unless the underlying asset is of low value) is mandated. Under Ind AS 17, operating lease expenses are charged to the statement of Profit & Loss. The proposed Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 retains substantially the lessor accounting requirements as mandated in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019 with a permission for two possible methods of transition:

Full retrospective — Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Modified retrospective — Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as: (a) Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or (b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Based on an evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition

The effect of adoption as on transition date would majorly result in an increase in right of use asset approximately by Rs. 1,800 lakhs and an increase in lease liability by similar amount

Uncertainty over Income Tax Treatments Ind AS 12 Appendix C : Ministry of Corporate Affairs has on March 30, 2019, notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. As per this appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition —

- (i) Full retrospective approach — Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 — Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and,
- (ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C is expected to be insignificant on the financial statements of the company.

Amendment to Ind AS 12 — Income taxes : Ministry of Corporate Affairs has on March 30, 2019 issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. According to the amendment, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The amendment is effective for annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on its financial statements.

Amendment to Ind AS 19 relating to plan amendment, curtailment or settlement: Ministry of Corporate Affairs has on March 30, 2019 issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. According to the amendments, an entity is required to:

- (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- (ii) recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after | April 2019. The Company does not have any impact on account of amendments to Ind AS 103 relating to joint arrangement; Ind AS 109 relating to insertion of transition provisions consequential to issuance of Prepayment Features with Negative Compensation; and Ind AS 111 relating to joint operations.

1.3. Use of estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and takes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.3.1 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

1.3.2 Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 1.11.2

1.3.3 Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

1.4 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- * Expected to be realised or intended to be sold or consumed in normal operating cycle
- * Held primarily for the purpose of trading
- * Expected to be realised within twelve months after the reporting period, or
- * Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current. A liability is current when:
 - * It is expected to be settled in normal operating cycle
 - * It is held primarily for the purpose of trading
 - * It is due to be settled within twelve months after the reporting period, or
 - * There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

1.5. Assets held for sale

Non-current assets and disposal groups are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group)

and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

1.6. Revenue Recognition

Revenue is recognised upon transfer of Control of Promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services .

1.6.1 Income from Services

Transportation income is recognised as upon transfer of service to the customer i.e. on delivery of petroleum products to oil marketing companies. Revenue is recognised by allocating the transaction price as per agreed tariff rate to the distinct service .

1.6.2 Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.6.3 Other Income

Insurance claims are accounted on acceptance of claims by respective Insurance Companies

1.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.7.1 The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.8 Foreign Currency

In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1.9. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.10 Employee Benefits

1.10.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur, Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.10.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss

1.11. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.12 Property, Plant & Equipment

Land and buildings held for use in the supply of services or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

1.12.1 Depreciation:

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period. with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of property, plant & equipment is as specified below. Residual value is taken at 5%.

Building : 30 years
Computer equipment : 3 years
Plant and Equipment* : 10 to 15 years
Solar Power Plant : 25 years
Roads : 5 years
Pipeline : 30 years
Office equipment : 5 years
Furniture and fixtures* : 7 to 10 years

*- Based on the evaluation, the management believes that the useful lives as given above best represent the period over which the management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II of the Companies Act, 2013.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.13. Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.13.1 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.13.2 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Right of Way : Indefinite
Computer Software : 6 years

1.14. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets with finite life, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying

amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.15. Inventories

Inventories that comprise of stores and spares (which qualify as inventories) are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.16. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.16.1. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

1.17 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

1.17.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.17.2 Classification of financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

1.17.3. Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

1.17.4 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

1.17.5 Impairment of financial assets

The company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. The company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

1.17.6. Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.18. Cash and Cash Equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

1.19. Trade Receivables

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

1.20. Trade & other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.21. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 30 years from the date of original construction, based on the useful life prescribed in Schedule II to the Companies Act, 2013 using the straight-line method. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based either on the latest available information based on 'stamp duty — annual statement of rates' applicable to the area in which the land is situated, market comparison approach or on periodical evaluation performed by an external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

1.22. Earnings per Share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company does not have any potentially dilutive securities.

1.23. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.24. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Notes to the financial statements for the year ended March 31, 2019
Note No. 2 - Tangible Assets

Rs. In lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Computers and Data Processing Equipments	Plant and Equipment - Freehold	Roads	Pipeline	Office Equipment	Furniture and Fixtures	Total
I. Gross Block									
Balance as at 1 April, 2018	30.47	1,827.89	24.03	4,103.41	10.43	6,028.23	50.02	92.58	12,167.07
Additions	-	142.53	4.12	1,974.70	128.01	2.20	19.56	41.90	2,313.02
Disposals	-	-	0.94	19.65	-	-	0.44	5.40	26.43
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2019	30.47	1,970.42	27.21	6,058.46	138.44	6,030.43	69.14	129.08	14,453.66
II. Accumulated depreciation and impairment for the year 2018-19									
Balance as at 1 April, 2018	-	225.78	13.18	1,426.30	-	557.53	6.24	15.92	2,244.95
Depreciation / amortisation expense for the year	-	80.60	4.84	290.61	2.71	226.55	11.92	10.65	627.88
Eliminated on disposal of assets	-	-	-	3.43	-	-	0.08	-	3.51
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2019	-	306.38	18.02	1,713.48	2.71	784.08	18.08	26.57	2,869.32
Net block (I-II)									
Balance as on 31st March 2019	30.47	1,664.04	9.19	4,344.98	135.73	5,246.35	51.06	102.51	11,584.34
Balance as on 31st March 2018	30.47	1,602.11	10.85	2,677.11	10.43	5,470.70	43.78	76.66	9,922.12

Notes to the financial statements for the year ended March 31, 2019
Note No. 2 - Tangible Assets

Rs. In lakhs

Description of Assets	Land - Freehold	Buildings - Freehold	Computers and Data Processing Equipments	Plant and Equipment - Freehold	Roads	Pipeline	Office Equipment	Furniture and Fixtures	Total
I. Gross Block									
Balance as at 1 April, 2017	30.47	1,761.90	22.55	3,611.45	10.43	5,723.58	10.11	58.75	11,229.24
Additions	-	65.99	1.81	494.99	-	304.64	39.97	34.30	941.71
Disposals	-	-	0.33	3.02	-	-	0.06	0.48	3.89
Reclassified as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2018	30.47	1,827.89	24.03	4,103.41	10.43	6,028.23	50.02	92.58	12,167.07
II. Accumulated depreciation and impairment for the year 2017-2018									
Balance as at 1 April, 2017	-	147.03	8.51	915.56	-	359.45	3.60	8.44	1,442.59
Depreciation / amortisation expense for the year	-	78.75	4.71	511.51	-	198.08	2.64	7.53	803.22
Eliminated on disposal of assets	-	-	0.04	0.77	-	-	-	0.05	0.86
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2018	-	225.78	13.18	1,426.30	-	557.53	6.24	15.92	2,244.95
Net block (I-II)									
Balance as on 31st March 2018	30.47	1,602.11	10.85	2,677.11	10.43	5,470.70	43.78	76.66	9,922.12
Balance as on 31st March 2017	30.47	1,614.87	14.04	2,695.89	10.43	5,364.13	6.51	50.31	9,786.65

Notes:

- 1) The Company is still in the process of getting registered its acquisition of Land at seven locations, acquired through KIADB for Sectionalised Valve Stations. Until registration of the 'lease cum sale agreement', amount paid towards acquisition is shown as 'Capital advance against land purchase' under Note 7 - Other Non Current Assets.
- 2) Stock of Capital spares which was shown as a separate assets category until last year has been included under the assets " Pipeline "
- 3) Assets pledged as security:- Assets to the extent of Rs.Nil (Previous year 15,062.75 lacs) have been pledged to secure borrowings in respect of the Zero Coupon Bonds. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity. The Company has repaid the Zero Coupon Bond in full along with the recompense amount.

Notes to the financial statements for the year ended March 31, 2019**Note No. 2.1 - Capital Work In Progress**

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Unallocated Capital Expenditure	1105.96	436.39
Construction Period Expenses	-	-
Total	1,105.96	436.39

Note No. 3 - Investment Property

(Rs. In lakhs)

Description of Assets	Land	Building	Total
Impairment losses recognised / (Reversed) in Statement of Profit and Loss			
Gross Block			
Balance as at 1 April, 2018	5.17	3.00	8.17
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2019	5.17	3.00	8.17
II. Accumulated depreciation and impairment for the year 2018-19			
Balance as at 1 April, 2018	-	0.36	0.36
Depreciation expense for the year	-	0.12	0.12
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2019	-	0.48	0.48
Net block (I-II)			
Balance as at 31 March, 2019	5.17	2.52	7.69
Balance as on 31st March 2018	5.17	2.64	7.81
Description of Assets	Land	Building	Total
Gross Block			
Balance as at 1 April, 2017	5.17	3.00	8.17
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2018	5.17	3.00	8.17
II. Accumulated depreciation and impairment for the year 2017-2018			
Balance as at 1 April, 2017	-	0.24	0.24
Depreciation expense for the year	-	0.12	0.12
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2018	-	0.36	0.36
Net block (I-II)			
Balance as on 31st March 2018	5.17	2.64	7.81
Balance as on 31st March 2017	5.17	2.76	7.93

Notes:

1) Assets pledged as security:- Land & Building at Mehsana, Gujarat with carrying amount of Rs Nil (previous year : Rs.7.81 lakhs) has been pledged to secure borrowings in respect of the Zero Coupon Bonds.

2) There were no Income earned or expenditure incurred on the above Investment Property other than land revenue tax of Rs. 0.00 lakhs during the current year (Previous year Rs. 0.08 lakhs) and depreciation mentioned above. The fair value of the Property as per Valuation report dated 04-04-2019 issued by Mr. Feroz N Raaj, Government Approved Valuer is Rs. 22.11 lakhs.

Notes to the financial statements for the year ended March 31, 2019

Note No. 4 - Other Intangible Assests

(Rs. In lakhs)

Description of Assets	Right of Way	Software	Total
Intangible Assets			
Cost			
Balance as at 1 April, 2018	755.51	11.94	767.46
Additions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2019	755.51	11.94	767.46
II. Accumulated depreciation and impairment for the year 2018-2019			
Balance as at 1 April, 2018	-	4.64	4.64
Amortisation expense for the year	-	1.89	1.89
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2019	-	6.53	6.53
Net block (I-II)			
Balance as on 31 March, 2019	755.51	5.42	760.93
Balance as on 31st March 2018	755.51	7.31	762.82
Description of Assets	Right of Way	Software	Total
Intangible Assets			
Cost or deemed cost			
Balance as at 1 April, 2017	755.26	11.17	766.43
Additions	0.25	0.77	1.03
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2018	755.51	11.94	767.46
II. Accumulated depreciation and impairment for the year 2017-2018			
Balance as at 1 April, 2017	-	2.84	2.84
Amortisation expense for the year	-	1.80	1.80
Eliminated on disposal of assets	-	-	-
Eliminated on reclassification as held for sale	-	-	-
Balance as at 31 March, 2018	-	4.64	4.64
Net block (I-II)			
Balance as on 31st March 2018	755.51	7.31	762.82
Balance as on 31st March 2017	755.26	8.33	763.59

Notes:

1) The Company holds a Right of Way for laying Pipeline between Mangalore and Bangalore via Hassan. The cost of acquiring the right has been capitalised as Intangible Assets. The right is an indefinite(perpetual) right with no stipulation over the period of validity. Hence the same is not amortised.

Notes to the financial statements for the year ended March 31, 2019**Note 5 - Other Financial Assets**

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-Current		
Unsecured, considered good		
Security Deposits	201.19	201.19
Loans having significant increase in credit risk/ credit impaired	-	-
Total	201.19	201.19
Current		
Unsecured, considered good		
Security Deposits	53.04	7.50
Interest accrued On Deposits	2,150.71	1,628.56
Loans having significant increase in credit risk/ credit impaired	-	-
Total	2,203.75	1,636.06

Note 6 - Income Taxes

Income tax expense in the statement of profit and loss comprises: Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Current tax for the year	3,418.16	2,721.39
Current tax for Prior years	(1.43)	-
Deferred taxes/ Liability	1,268.24	1,603.68
Income tax expense	4,684.97	4,325.07

Out of the deferred tax for the period ending 31st March, 2019, Rs. 177.97 lacs (P.Y. - Rs.1229.57) pertains to MAT Credit Entitlement and balance relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Income tax expense in the statement of profit and loss comprises: Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Profit before income taxes	15,862.39	12,670.84
Enacted tax rates in India	29.12%	21.34%
Computed expected tax expense	4,619.13	2,704.16
Tax effect due to non-taxable income for Indian tax purposes	-	-
Tax reversals, overseas and domestic	-	-
Effect of exempt non-operating income	-	-
Effect of non-deductible expenses	266.22	17.23
Effect of timing differences	(415.60)	-
MAT Credit Utilised	(1,051.59)	-
Reclassification of revenue as capital expenditure & inventory value change	-	-
Income tax expense	3,418.16	2,721.39

The applicable Indian statutory tax rate for financial year 2018-19 and financial year 2017-18 is 29.12% & 34.608% . However, for the financial year 2017-18 the Company is liable to pay tax under Section 115JB of the Income tax Act, 1961 which is 21.3416%

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2019 , and March 31, 2018

Rs. In lakhs

	As at	
	March 31, 2019	March 31, 2018
Income tax assets	194.44	481.93
Current income tax liabilities	-	-
Net current income tax assets/ (liability) at the end	194.44	481.93

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2019 and March 31, 2018 is as follows:

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Net current income tax asset/ (liability) at the beginning	481.93	238.71
Income tax paid	3,369.10	2,964.11
Income tax refund received	(239.86)	-
MAT Adjustments	1,051.59	-
Current income tax expense	(4,469.75)	(2,721.39)
Current income tax for Prior years	1.43	-
Income tax on other comprehensive income	-	0.50
Net current income tax asset/ (liability) at the end	194.44	481.93

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Deferred income tax assets		
Gratuity payable to employees	15.26	12.06
Compensated absences	28.77	20.88
Trade receivables	83.02	83.02
Recompense expense	-	-
MAT Credit Entitlement	177.97	1,229.57
Tax losses carried forward	-	-
Others	-	-
Total deferred income tax assets	305.02	1,345.53
Deferred income tax liabilities		
Depreciation impact on PPE, inv Property and intangible assets	(1,220.50)	(992.77)
Others	-	-
Total deferred income tax liabilities	(1,220.50)	(992.77)
Deferred income tax assets after set off	(915.48)	352.76

Deferred tax assets and deferred tax liabilities have been offset as the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences.

The gross movement in the deferred income tax account for the year ended March 31, 2019 and March 31, 2018, are as follows:

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Net deferred income tax asset at the beginning	353.44	1,956.44
Credits / (charge) relating to temporary differences	(1,268.24)	(1,603.68)
Temporary differences on other comprehensive income	4.13	0.68
Net deferred income tax asset at the end	(910.66)	353.44

Note 7 - Other Non Current Assets

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured, considered good		
Capital advances		
Against Land	9.71	9.71
Advances other than Capital advances		
Prepaid Expenses	6.01	14.00
Others		
Court Deposit	1,447.03	1,447.03
Current Tax Assets (Net)	194.44	481.93
Loans Receivables which have significant increase in credit risk /Credit impaired	-	-
Total	1,657.19	1,952.67

Notes: Upon Payment of Allotment Consideration the Company has been given possession of land at 7 different locations. The Company is yet to enter into lease cum sale Agreement with KIADB for these lands. Hence the amount is not yet capitalised as freehold land.

Note 8 - Inventories

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
(At lower of cost and net realisable value)		
Stores and spares at site	251.54	212.46
Total	251.54	212.46

Note 9 - Trade Receivables

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Trade receivables, unsecured, considered good	1,552.86	1,528.44
Trade receivables, Which have significant increase in credit Risk	-	-
Trade receivables, -Credit Impaired	285.10	285.10
(A)	1,837.96	1,813.54
Less: Allowances for credit losses	285.10	285.10
(B)	285.10	285.10
Total (A-B)	1,552.86	1,528.44

Note 10 - Cash and cash equivalents

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Cash on hand	0.34	0.27
Balances with banks:		
In current accounts	1.91	77.28
In deposit accounts	63,399.05	53,156.96
Total	63,401.30	53,234.51

i) The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal.

(ii) Balances with banks include deposits with remaining maturity of more than 12 months from the Balance Sheet Date

7,120.04

-

Note 11 - Bank Balance other than above

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Balances with banks:		
In earmarked accounts	675.95	689.00
Balance held as security against performance and other guarantee		
Total	675.95	689.00

Note 12 - Other Current Assets

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured, considered good		
Advances other than Capital advances		
Balances with government authorities (other than income taxes)	138.44	71.43
Prepaid Expenses	26.07	20.52
Advance for Expenses	0.26	0.19
Advance to Employees & Others	-	0.31
Loans Receivables which have significant increase in credit risk /Credit impaired	-	-
Total	164.77	92.45

Note 13 - Assets classified as held for sale

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Project Surplus held for sale	418.84	420.34
	418.84	420.34
Liabilities associated with assets held for sale	-	-
	-	-

The Company intends to dispose of surplus materials used for the pipeline laying project, it no longer utilizes in the next 12 months. These materials are located at various project sites and were purchased for use during construction of pipeline. Efforts are underway to dispose of the project surplus materials to Oil Companies. The Management of the Company expects that, the fair value (less cost to sell) is higher than the carrying amount.

Note 14 - Equity Share capital

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Authorised 60,00,00,000 (P.Y.- 60,00,00,000) equity shares of Rs.10 each with voting rights	60,000.00	60,000.00
Total	60,000.00	60,000.00
Issued, subscribed and fully paid up 54,87,07,264 (P.Y.-54,87,07,264) equity shares of Rs. 10 each with voting rights	54,870.73	54,870.73
Total	54,870.73	54,870.73

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Equity shares with voting rights

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
Year Ended March 31, 2019				
No. of Shares	548,707,264	-	-	548,707,264
Amount (Rs. In lakhs)	54,870.73	-	-	54,870.73
Year Ended March 31, 2018				
No. of Shares	548,707,264	-	-	548,707,264
Amount (Rs. In lakhs)	54,870.73	-	-	54,870.73

ii) Detail of the rights, preferences and restrictions attaching to each class of shares :

With respect to equity shares, company has only one class of equity share, having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Equity shares with voting rights:	No. of shares	
	As at 31 March, 2019	As at 31 March, 2018
Hindustan Petroleum Corporation Ltd	179,511,020	179,511,020
% of holding	32.72%	32.72%
Oil & Natural Gas Corporation Ltd	179,511,020	179,511,020
% of holding	32.72%	32.72%
State Bank of India	50,062,640	50,062,640
% of holding	9.12%	9.12%

(iv) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date

Particulars	Aggregate Number of Shares	
	As at 31 March, 2019	As at 31 March, 2018
Equity shares with voting rights Fully paid up pursuant to contract(s) without payment being received in cash.	Nil	Nil
Total	-	-

Note 14.1 - Other equity

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Retained earnings	24,759.66	13,592.29
Total	24,759.66	13,592.29

14.1.1 - Retained earnings

Rs. In lakhs

	Year ended March 31,	
	2019	2018
Balance at beginning of the year	13,592.29	11,191.41
Profit for the year	11,177.42	8,345.77
Other comprehensive income arising from remeasurement of defined benefit obligation net of	(10.06)	(1.17)
Payments of dividends	-	(4,938.37)
Tax on Dividends	-	(1,005.35)
Balance at the end of the year	24,759.66	13,592.29

Note 15 - Trade payables

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-Current		
Trade payable for goods & services		
(a) Dues of micro enterprises and small enterprises	-	-
(b) Dues of creditors other than micro and small enterprises	-	-
Total	-	-
Current		
Trade payable for goods & services		
(a) Dues of micro enterprises and small enterprises	495.12	10.62
(b) Dues of creditors other than micro and small enterprises	141.93	393.98
Total	637.05	404.60

Note 16 - Other Financial Liabilities

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-Current		
Deposits received from Dealers	0.66	0.66
Retention Money for capital supplies / services	16.75	16.75
Payables for capital supplies/services	640.28	640.28
Total	657.69	657.69
Current		
Deposits received from Dealers	15.30	14.67
Retention Money for capital supplies / services	276.75	166.76
Earnest Money Deposit	41.74	40.26
Dues to Employees & Others	2.70	1.01
Payables for capital supplies/services	1,244.30	206.70
Total	1,580.79	429.40

Note 17 - Provisions

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-Current		
Provision for employee benefits		
Provision for compensated absences	93.97	61.40
Provision for gratuity	66.30	41.98
Total	160.27	103.38
Current		
Provision for employee benefits		
Provision for compensated absences	4.84	10.31
Provision for gratuity	2.64	1.78
Provision for Performance Incentives	49.97	36.96
Provision for Salary	43.36	-
Total	100.81	49.05

Details of movement in provisions:

Particulars	Gratuity Provision	Compensated absences	Performance Incentives	Recompense
Balance at April 1, 2017	35.61	42.07	29.77	9,150.00
Additional provisions recognised	9.92	31.30	36.96	-
Amounts used (ie incurred and charged against the provision) during the period	(1.77)	(1.66)	(29.77)	(9,150.00)
Unused amounts reversed during the period	-	-	-	-
Balance at March 31, 2018	43.76	71.71	36.96	-

Balance at April 1, 2018	43.76	71.71	36.96	-
Additional provisions recognised	25.18	34.66	49.97	-
Amounts used (ie incurred and charged against the provision) during the period		(7.57)	(36.96)	-
Unused amounts reversed during the period	-	-	-	-
Balance at March 31, 2019	68.94	98.81	49.97	-

Note 18 - Other Current Liabilities

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
Statutory dues		
Taxes payable (other than income taxes)	308.65	337.21
Dividend Distribution tax payable	-	1,005.35
Total	308.65	1,342.56

Note 19 - Revenue from operations

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Sale of Services		
Freight Charges for Transportation of Petroleum Products	12,873.84	13,080.96
Dispatch charges	2,956.19	-
Other Operating Income	13.93	7.97
Total	15,843.96	13,088.93

Notes:**i) The Freight Income is recognized based on the pipeline transportation tariff fixed by Petroleum & Natural Gas Regulatory Board (PNGRB)**

PNGRB vide order No. TO/ 04/2018 dated 22.06.2018 fixed the pipeline tariff for the period from 20.12.2016 to 19.12.2018 by benchmarking against alternate mode of transport i.e. rail at a level of 75% railway tariff on a train load basis for equivalent rail distance along the pipeline route, which was further extended upto 31.03.2019 vide Order No. TO/10/2018 dated 27.02.2019 and Corrigendum No. Corrigendum/01/2019 dated 29.03.2019.

ii) Dispatch Charges of Rs. 2956.19 lakh which include charges of past period amounting to Rs. 2773.69 Lakh The sharing ratio for dispatch charges (with retrospective effect) was agreed only during the current year, entire amount has been recognised as revenue of the current year.

iii) Earning in Foreign Currency Rs. Nil (Previous Year Rs. Nil)

Note 20 - Other income

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Interest Income		
On Financial Assets at Amortised Cost	4,315.40	3,982.32
On Income Tax Refund	75.56	-
Insurance Claim	1.09	5.82
Liabilities / provisions no longer required written back	-	16.27
Other Miscellaneous Incomes	66.03	19.68
Total	4,458.08	4,024.09
Interest income comprises of:		
Interest on Term Deposit	4,304.28	3,969.45
Interest on Security Deposit	11.12	12.87
Total - Interest income	4,315.40	3,982.32

Note 21 - Employee benefit expense

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Salaries and wages including incentives	519.61	400.49
Salaries and wages for HPCL Staff on Deputation	191.20	96.66
Contributions to provident fund	20.47	18.50
Gratuity	10.99	7.57
Staff welfare expense	3.40	1.88
Total	745.67	525.10

Note 22 - Finance costs

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Interest on Income Tax	-	80.72
Provision for Recompense exp	-	0.04
Interest on Service Tax	30.35	-
Total	30.35	80.76

Note 23 - Other expenses

Rs. In lakhs

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Power & Fuel	1,592.96	1,625.90
Repair & Maintenance on Plant and Machinery	94.50	81.37
Repair & Maintenance on Buildings	0.50	21.39
Repair & Maintenance - Electricals, ROW & Others	77.85	64.36
Operations and maintenance - Contract Manpower	103.96	104.90
Stores & Spares Consumed	66.27	65.88
Insurance Premium	61.67	56.87
Painting of Station Pipings And equipments	12.11	13.49
Watch and Wards	290.90	321.92
Lease Rent	171.51	133.29
Compensation to CA(LAO) Staff	18.92	19.71
Communication Expense	12.81	10.38
Net loss on foreign currency transactions	4.41	0.49
Net Loss on sale of Fixed Assets	6.32	2.25
Printing & Stationery	7.28	7.65
Professional and Consultancy Charges (Refer Note 23A below)	45.39	54.27
Rates and Taxes	14.45	14.69
Training, Recruitment, Seminar and Mock Drill Expenses	21.13	23.08
Travelling and Conveyance	45.61	46.21
Vehicle Hire Charges	76.64	71.56
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	230.98	221.35
Advertisement for Public Tender	19.33	30.37
Other Expenses	58.14	39.80
Director's Sitting Fees	0.10	-
Total	3,033.74	3,031.18

Note 23A - Legal and professional charges include payment to auditors
(excluding service tax/GST)

(Rs. in lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
As auditors		
Statutory audit	1.80	1.80
For Taxation matters	0.70	0.72
For Company Law matters	-	-
For other services	1.50	0.66
Total	4.00	3.18

Note 23B - Value of imports calculated on CIF basis

(Rs. in lakhs)

Particulars	March 31, 2019	March 31, 2018
Spare Parts	-	-
Capital Goods	-	-
Total	-	-

Note 23C - Expenditure in Foreign currency

(Rs. in lakhs)

Particulars	March 31, 2019	March 31, 2018
Intelligent Pigging Expense	-	106.69
Others	-	-
Total	-	106.69

Note 24 - Employee Benefits

a. Defined Benefit Plan - Gratuity

The following tables set out the gratuity plans (unfunded) and the amounts recognized in the Company's financial statements as at March 31, 2019 and March 31, 2018:

(Rs. in lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
Change in benefit obligations		
Benefit obligations at the beginning	43.76	35.61
Service cost	6.14	4.42
Interest expense	4.85	3.15
Curtailment gain	-	-
Particulars		
Remeasurements - Actuarial (gains)/ losses	14.19	2.35
Benefits paid	-	(1.77)
Benefit obligations at the end	68.94	43.76
Change in plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Transfer of assets	-	-
Remeasurements- Return on plan assets excluding amounts included in interest	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefit expenses.

(Rs. in lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Service cost	6.14	4.42
Net interest on the defined benefit obligation	4.85	3.15
Net gratuity cost	10.99	7.57

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in statement of other comprehensive income:

(Rs. in lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	-	-
(Gain)/loss due to change in demographic assumptions	1.28	2.17
(Gain)/loss due to change in financial assumptions	12.91	4.52
(Gain)/loss due to experience adjustments	-	-
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	14.19	2.35

The weighted-average assumptions used to determine benefit obligations as at March 31, 2019 and March 31, 2018 are set out below:

Particulars	As at	
	March 31, 2019	March 31, 2018
Discount rate	7.60%	7.70%
Salary escalation rate	5.00%	5.00%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

b. Long-term employee benefits -Earned and Sick Leave Encashment

The following tables set out the leave plans and the amounts recognized in the Company's financial statements as at March 31, 2019 and March 31, 2018:

(Rs. in lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
Change in benefit obligations		
Benefit obligations at the beginning	71.71	42.07
Service cost	13.45	21.57
Interest expense	7.4	5.82
Curtailement gain	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	15.20	21.01
Benefits paid	(8.95)	(18.76)
Benefit obligations at the end	98.81	71.71
Change in plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Transfer of assets	-	-
Remeasurements- Return on plan assets excluding amounts included in interest	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2019 and March 31, 2018 recognized in the Statement of Profit and Loss under employee benefit expenses.

(Rs. in lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Service cost	13.45	21.57
Net interest on the defined benefit obligation	7.4	5.82
Actuarial (gains) / losses		
(Gain)/loss due to changes in demographic assumptions	-	-
(Gain)/loss due to changes in financial assumptions	0.36	-3.14
(Gain)/loss from Plan experience	14.84	24.15
Curtailement gain	-	-
Net leave encashment cost	36.05	48.40

The weighted-average assumptions used to determine benefit obligations as at March 31, 2019 and March 31, 2018 are set out below:

(Rs. in lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.70%
Salary escalation rate	5.00%	5.00%

c. Defined contribution plans-Provident fund

The Company makes Provident Fund which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 20.47 lakhs (Year ended 31 March, 2018 Rs. 18.50 lakhs) for Provident Fund contributions in the Statement of Profit and Loss under the head Employee Benefits Expense. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Note 25 - Financials Instruments
Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 10)	63,401.30	-	-	-	-	63,401.30	63,401.30
Cash and cash equivalents (Refer Note 10)	675.95	-	-	-	-	675.95	675.95
Trade receivables (Refer Note 9)	1,552.86	-	-	-	-	1,552.86	1,552.86
Other financial assets (Refer Note 5)	2,404.94	-	-	-	-	2,404.94	2,404.94
Total	68,035.05	-	-	-	-	68,035.05	68,035.05
Liabilities:							
Trade payables (Refer Note 15)	637.05	-	-	-	-	637.05	637.05
Other financial liabilities (Refer Note 16)	2,238.48	-	-	-	-	2,238.48	2,238.48
Total	2,875.53	-	-	-	-	2,875.53	2,875.53

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Interim Dividend							
Cash and cash equivalents (Refer Note 10)	53,234.51	-	-	-	-	53,234.51	53,234.51
Bank Balances other than Cash and cash equivalents (Refer Note 11)	689.00	-	-	-	-	689.00	689.00
Trade receivables (Refer Note 9)	1,528.44	-	-	-	-	1,528.44	1,528.44
Other financial assets (Refer Note 5)	1,837.25	-	-	-	-	1,837.25	1,837.25
Total	57,289.20	-	-	-	-	57,289.20	57,289.20

Liabilities:							
Trade payables (Refer Note 15)	404.60	-	-	-	-	404.60	404.60
Other financial liabilities (Refer Note 16)	1,087.09	-	-	-	-	1,087.09	1,087.09
Total	1,491.69	-	-	-	-	1,491.69	1,491.69

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market risk

The Company has a small amount of international exposure on account of availing services. The exchange rate between rupee and dollar has changed in recent years and may fluctuate in future. However, the impact of this on the Company may not be significant.

The following table analyzes foreign currency risk from financial instruments as on March 31, 2019 and March 31, 2018

In lakhs

Particulars	AS at March 31, 2019			AS at March 31, 2018		
	U.S. dollars	Euro	Total	U.S. dollars	Euro	Total
Cash and cash equivalents	-	-	-	-	-	-
Trade payables	-	-	-	1.03	-	1.03
Net assets / (liabilities)	-	-	-	1.03	-	1.03

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Rs.285.10 lakhs and Rs. 285.10 lakhs as of March 31, 2019 and March 31, 2018, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss.

Based on the past experience, the Company has negligible level of bad debts, as the receivables are mainly from 4 CPSE Customers with whom the Company has a long-term relationship. In practice, expected credit losses are so immaterial that no calculations or loss reserves are required at all. The Company has however, provided for expected credit loss based on lifetime credit loss in respect of old doubtful/disputed receivables.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings, except for the re-compense amount that is payable to the consortium of Banks. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Note 26 - Earning Per Share

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Basic Earnings per share	Rs. Per Share	Rs. Per Share
From continuing operations	2.04	1.52
From discontinuing operations	-	-
Total basic earnings per share	2.04	1.52

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Diluted Earnings per share	Rs. Per Share	Rs. Per Share
From continuing operations	2.04	1.52
From discontinuing operations	-	-
Diluted earnings per share	2.04	1.52

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit / (loss) for the year attributable to owners of the Company	11,167.36	8,344.60
Less: Preference dividend and tax thereon	-	-
Profit / (loss) for the year used in the calculation of basic earnings per share	11,167.36	8,344.60
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Profits used in the calculation of basic earnings per share from continuing operations	11,167.36	8,344.60
Weighted average number of equity shares	548,707,264	548,707,264
Earnings per share from continuing operations - Basic (Rs.)	2.04	1.52
Interim Dividend		

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods, if any.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit / (loss) for the year used in the calculation of basic earnings per share	11,167.36	8,344.60
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	-	-
Profit / (loss) for the year used in the calculation of diluted earnings per share	11,167.36	8,344.60
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	-	-
Profits used in the calculation of diluted earnings per share from continuing operations	11,167.36	8,344.60
Weighted average number of equity shares	548,707,264	548,707,264
Earnings per share from continuing operations - Diluted (Rs.)	2.04	1.52

The Company does not have any Instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, hence the Weighted average number of equity shares used in the calculation of Diluted EPS is same as that of Basic EPS

Note 27 - Related party disclosures

Nature of relationship	Names of the related parties
Key management personnel (KMP)	Shri. Subhash Kumar - Chairman (appointed effective June 2nd , 2018) Shri.M Selvakumar - Managing Director Shri. R. Sridhar - Director (appointed effective 30th March, 2019) Shri.Satya Prakash Gupta - Director (resigned effective 1st March, 2019) Shri. Kumar Hariharan - Director (resigned effective June 1st , 2018) Shri. Rakesh Kaul - Director Shri. Venkatesh Madhava Rao - Director Shri. J S Prasad - Director Mrs. Vanita Kumar - Director (resigned effective 31st December, 2018) Shri. Chandan Kumar Das - CFO(KMP) Shri.Sachin Jayaswal - Company Secretary
Ultimate Holding Company	Oil and Natural Gas Corporation Limited
Fellow Subsidiary	Mangalore Refinery & Petrochemicals Ltd
Investing Party	Hindustan Petroleum Corporation Limited

(Rs. In lakhs)

Transactions between related parties	Year ended	
	March 31, 2019	31, 2018
Rendering of services - Freight Charges		
Hindustan Petroleum Corporation Limited	5,931.22	5,993.12
Mangalore Refinery & Petrochemicals Ltd	353.00	454.37
Rendering of services - Dispatch Charges		
Mangalore Refinery & Petrochemicals Ltd	3,065.86	-
Reimbursement of Expenses Received		
Hindustan Petroleum Corporation Limited - TAS Integration Exp	4.99	-
Sale of Assets		
Hindustan Petroleum Corporation Limited - Sale of old DG Set	4.14	-
Land Lease Rent Paid		
Hindustan Petroleum Corporation Limited	126.35	120.68
Receiving of Services - Power Charges Paid		
Mangalore Refinery & Petrochemicals Ltd	391.71	410.28
Reimbursement of Expenses Paid		
Hindustan Petroleum Corporation Limited - Salary & Allowances	218.17	140.13
Hindustan Petroleum Corporation Limited - Purchase of Lube oil	31.15	2.24
Hindustan Petroleum Corporation Limited - Sharing of Cost of PIDS	787.15	-
*Remuneration paid to KMP (On Deputation)		
M selvakumar	80.15	44.93
Remuneration paid to KMP (others)		
Chandan Kumar Das	19.10	15.27
Sachin Jayaswal	19.34	14.49

* - All the above services are including service tax or GST

* - Remuneration to Managing Director represents amounts debited by HPCL for its Executive on deputation to the company and the entitlement released by PMHBL as per HPCL rules

(Rs. In lakhs)

Balances outstanding at the end of the year	As at	
	March 31, 2019	March 31, 2018
Trade Receivable		
Hindustan Petroleum Corporation Limited (Allowances for credit losses Rs. 263.15 lakhs (Prev year Rs. 263.15 lakhs))	601.50	867.42
Mangalore Refinery & Petrochemicals Ltd (Allowances for credit losses Rs. 21.95 lakhs (Prev year Rs. 21.95 lakhs))	895.24	81.70
Trade Payables		
Hindustan Petroleum Corporation Limited	855.93	11.46
Mangalore Refinery & Petrochemicals Ltd	391.51	116.24
Other Financial Assets (Security Deposits)		
Mangalore Refinery & Petrochemicals Ltd	23.38	23.38

Note 28 - Leases

The Company has entered into operating lease arrangements for certain facilities, land and office premises.

(Rs. In lakhs)

Particulars	As at	
	March 31, 2019	March 31, 2018
Lease rentals recognised during the year	171.51	133.29
Future minimum lease payments under non cancellable operating leases not later than one year	175.07	107.07
later than one year and not later than five years	577.56	484.21
later than five years	1,137.97	1,272.69

Notes:

The lease rentals in respect of the lands situated at Mangalore, Hasaan and Devengonhi are being paid based on the Minutes of Meeting with HPCL dated 17-03-2003. The lease adreemnts are yeat to be formalised.

In respect of the land allotted by the forest department under perpetual lease, the future minimum lease payments are disclosed only upto the next 5 years.

Note 29 - Contingent liabilities and commitments (to the extent not provided for)**Contingent liabilities****I. Claims against the company not acknowledged as debt-with respect to: -**

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
i) PMHBL v/s. Punj Lloyd Ltd (PLL) - Appeal Case lying with the High Court of Karnataka, Bangalore against the order of City Civil Court Bangalore.and interim stay has been granted - The Company has deposited Rs. 1,400 lakhs as court deposit.	2,974.71	2,829.80
ii) PMHBL v/s. Punj Lloyd Ltd (PLL) - (Arbitration Case) – M/s. PLL filed Arbitration case against PMHBL in mainline pipe laying contract.	2,566.22	2,566.22
iii) 127 Writ Petition cases filed by PMHBL at Hon'ble High Court of Karnataka Bangalore against the order of Hon'ble District judge of Bangalore Rural District for compensation enhancement cases filed by ROU land owners. The Company has deposited Rs.26.00 lakhs court deposit.	52.00	52.00

iv) 01 Writ Petition case filed by PMHBL at Hon'ble High Court of Karnataka, Bangalore against the order of Hon'ble District judge of Chickmagalur District for damages outside the ROU. The Company has deposited Rs. 21.03 lakhs as court deposit.	21.03	21.03
	5,613.95	5,469.05

II. In the following cases of claims against the company, no reliable estimate could be made of the liability :-

- i) 1 Writ Petition case filed by land owners against PMHBL at Hon'ble High Court of Karnataka, Bangalore for enhancement of compensation against order of Hasan District Court.
- ii) 04 cases filed by Land owners at Mangalore District Court for enhancement of Compensation
- iii) 01 Writ Petition filed by the Land owner in the High Court of Karnataka, Bangalore against the order of Chikkamangalure District Court for enhancement of Compensation.

III. 1) Performance Bank Guarantee of Rs. 639 lakhs has been given by the company in favour of Petroleum & Natural Gas Regulatory Board towards 1% cost of the pipeline project as security deposit for meeting the quality of service obligations and requirement of PNGRB during operating phase. The Bank Guarantee is renewed from time to time and presently valid till 29th June 2020.

2) Bank Guarantee of Rs. 27.65 lakhs has been given by the company in favour of M/s PTC India Limited towards 18 days of contracted energy bill as security deposit for purchase of power from Indian Energy Exchange on behalf of the Company Valid till 19th June 2019.

3) Bank Guarantee of Rs. 9.00 lakhs has been given by the company in favour of M/s KREDL towards approval of Solar Power Projects by the Company valid till 14th May 2020

4) Bank Guarantee of Rs. 0.30 lakhs has been given by the company in favour of M/s KPTCL towards approval of Solar Power Projects by the Company. Valid till 30th Sep 2019

IV. Appeal against Order of Income Tax/ Service Tax:

a) Income Tax Case - AY 2016-17 : Appeal filed with CIT(Appeal) against Order of AO passed U/s. 143(3) for disallowing Depreciation on Right of Way (being amount paid to Forest Department for regularisation of Forest Land) of Rs. 60 Lacs and raised demand of Rs. 30.40 lacs. Hearing yet to take place

b) Service Tax Case : Against the Order of Joint Commissioner Central Taxes, PMHBL filed appeal with Commissioner Central Taxes(Appeal) for FY 2017-18, the Commissioner (Appeal) passed Order upholding confirmation of Demand in two cases, Sl. no. 2 & 3 totaling to Rs 4.85 lacs for PMHBL is in the process of filling Appeal before Tribunal.

V. Capital Commitments

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances if any)	1,449.54	506.56

Note 30 - Corporate Debt Restructuring (CDR)

Based on approval of CDR Core Group, the company paid the Recompense amount of Rs. 91.50 Crore to all the consortium of lenders and as agreed, lenders issued NOC for exit from CDR. Based on the NOC issued by all the consortium of lenders, Satisfaction of Charges has been filed with Register of Companies(ROC), removing all the charges created by Lenders on Immovable & Movable properties of the Company.

Note 31 - Disclosures required for Micro, Small and Medium Enterprises

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	495.12	10.62
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-

(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Dues to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company

Note 32 - Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting health care and sanitation, promoting education, employment enhancing vocation skills and livelihood enhancement project, promoting Women empowerment, promoting Environmental sustainability & conservation of Natural Resources and Promoting Rural Development.

A CSR committee has been formed by the company as per the Act. The funds were utilized through the year on the activities which are specified in Schedule VII of the Companies Act, 2013.

Breakup of amount spent during the year on CSR Activities

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Promoting Health Care & Sanitation	85.42	79.43
Promoting Education, Employment enhancing Vocational Skills and Livelihood enhancement Projects	8.71	10.30
Promoting Environmental Sustainability & Conservation of Natural Resources	125.95	67.41
Promoting Rural Development in alignment with other Thrust Areas	10.90	64.21
Total	230.98	221.35

Note 33 - Operating Segments

The Company has only one single reportable segment i.e. Transportation of Petroleum Products of Oil Marketing Companies (OMCs').

(Rs. In lakhs)

Particulars	Year ended	
	March 31, 2019	March 31, 2018
Revenue from External Customers		
Within India	15,830.03	13,080.96
Outside India	-	-
Non Current Assets		
Within India	15,116.11	13,081.81
Outside India	-	-
Information about Major External Customers		
Major External Customer No. 1	5,295.73	5,167.57
Major External Customer No. 2	3,559.24	4,277.38
Major External Customer No. 3	3,703.69	3,242.12

Note 34

Previous year's figures have been regrouped where necessary to conform to those of the current year's classification.

The accompanying notes 1 to 34 form an integral part of the financial statements.

As per our report of even date attached

for GRSM & Associates**Chartered Accountants**

Firm's Registration Number : 000863S

for and on behalf of the Board of
Directors of Petronet MHB Limited

Sd/-**V. Madhavan**

Partner

Membership Number: 028113

Sd/-**M. Selvakumar**

Managing Director

DIN: 07799398

Sd/-**R Sridhar**

Director

DIN: 06749266

Sd/-**Chandan Kumar Das**

Chief Financial officer

Sd/-**Sachin Jayaswal**

Company Secretary

Place : Bangalore

Date : 30/04/2019

Place : New Delhi

Date : 29/4/2019