19th Annual Report 2016-17

Petronet MHB Ltd

CIN : U85110KA1998PLC024020
No. 332, Darus Salam Building, 1st Floor, Queen's Road,
Bangalore – 560 052. Phone : 080 – 2226 2317 (Board)
Email : headoffice@petronetmhbl.com
Website: www.petronetmhbl.com

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Offices, Auditors & Bankers

Registered Office (Head Office) :
No. 332, Darus Salam Building,
1st Floor, Queen's Road,
Bangalore – 560 052.
Phone : 080 – 2226 2317 (Board)
Website: www.petronetmhbl.com
CIN : U85110KA1998PLC024020

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,
Bangalore - 560067.

Statutory Auditors:

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

Cost Auditors:

GNV & Associates
Cost Accountants
No 8, I Floor, 4th Main
Chamarajpet
Bangalore - 560 018

Banker:

Central Bank of India

Registrar & Share Transfer Agent:

Integrated Enterprises (India) Limited

Depository:

National Securities & Depositories Ltd

Key Managerial Personnel:

Sri Selvakumar (wef 01.05.2017)
Managing Director

Sri Anil Khurana(till 30.04.2017)
Managing Director

Sri Chandan Kumar Das
Chief Financial Officer

Sri Sachin Jayaswal
Company Secretary

Petronet MHB Limited

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No. 332, Darus Salam Building, 1st Floor, Queen's Road, Bangalore – 560 052.
Website: www.petronetmhbl.com, Email : headoffice@petronetmhbl.com Tel : 080 – 2226 2317 / 22262243

Notice of 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the members of Petronet MHB Limited will be held on Friday, 22nd September 2017 at 12.30 PM at Hotel le Meridien, 28, Sankey Road, (Opposite Bangalore Golf Club), Bangalore - 560052 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, 2017 together with the Boards' Report and the Auditors' Report thereon.

2. To appoint a Director in place of Sri S.P. Gupta (DIN: 07236361), who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Sri Venkatesh M Rao (DIN: 07025342), 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 to be appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2017-18 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 to be appointed by the Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial Year 2017-18"

B. Special business

5. To appoint Sri J.S. Prasad (DIN: 07673253) 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 J.S. Prasad (DIN 07673253), who was appointed as Additional Director by the Board of Directors effective 13.12.2016 pursuant to the provisions of Section 161 (1) of the Companies Act

2013 and the Articles of Association of the Company and who hold 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 J.S. Prasad, 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 Sri Selvakumar (DIN: 07799398) 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, Sri Selvakumar, (DIN: 07799398) who was appointed as Additional Director effective 01.05.2017 pursuant to the provisions of Section 161 (1) of the Companies Act 2013 and the Articles of Association of the Company and who hold 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 Selvakumar, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

7. To appoint Sri Selvakumar (DIN: 07799398) as Managing 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 Article 94 of the Articles of Association of the company and in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the appointment of Sri Selvakumar (DIN: 07799398) as Managing Director for a period of Three years with effect from May 01st, 2017, on terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this meeting, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any Statutory modification(s) or re-enactment thereof"

   "RESOLVED FURTHER THAT subject to the above provisions, the salary, allowances and perquisites of Sri Selvakumar will be in keeping with the terms of deputation as advised by Hindustan Petroleum Corpn. Ltd. (HPCL) from time to time."

   "RESOLVED FURTHER THAT:

   (i) ***Attention of Sri Selvakumar is drawn to the provisions of Article 124(a) of the Articles of Association regarding secrecy.***

   (ii) ***As Managing Director of the Company Sri Selvakumar will not be entitled for payment of any sitting fees for attending the meetings of the Board or any of its committees.***

(iii) ***Since Sri Selvakumar is on deputation from HPCL with the Company, in case HPCL requires his service, the terms of his employment will be reduced in keeping with the advice received from HPCL."***

8. To reappoint Ms. Vanita Kumar (DIN: 07260123) as Independent Director (Woman) of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and Companies (Appointment and Qualification of Directors), Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Vanita Kumar (DIN: 07260123), who was appointed as an Independent Director for a period from 12.08.2015 to 11.08.2017 and who was reappointed by the Board as Independent Director from 12.08.2017 to 31.12.2018 subject to approval by the shareholders by way of special resolution and who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act, and who is eligible for reappointment as an Independent Director be and is hereby reappointed as an Independent Director of the Company to hold office for a period from 12.08.2017 to 31.12.2018"

"RESOLVED FURTHER THAT upon expiry of her term as Independent Director, Ms. Vanita Kumar shall cease to be a director of the Company.

9. To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2018 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. 50,000/- plus applicable taxes plus reimbursement of out-of-pocket expenses incurred for the Audit at actuals payable to M/s GNV & Associates, 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, 2018 be and is hereby ratified."

By order of the Board of Directors
For Petronet MHB Ltd.

(Sachin Jayaswal)
Company Secretary

Regd. Office : 332, Darus Salam Building (1st Floor)
Queens Road, Bangalore – 560052

Date : **24.08.2017**

NOTES:

a. **A Member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote on a poll 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 (1) 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 4:

Under Companies Act, 1956 Petronet MHB Limited was a deemed Government company within the meaning of Section 619B of the Companies Act, 1956 pursuant to which Statutory Auditor of the Company was appointed by Comptroller & Auditor General of India (C&AG) and remuneration was fixed by the Company under Section 224 (8) (aa).

Companies Act, 2013 contains no provision corresponding to Section 619 (B) of the Companies Act, 1956. However, the Ministry of Corporate Affairs, vide its General Circular No. 33/2014 dated 31.07.2014 have, inter alia, clarified that such deemed Government Companies are covered under Sub Section (5) and (7) of Section 139 of the Companies Act, 2013. The appointment of Statutory Auditors by C&AG for FY 2017-18 is awaited.

The Board of Directors have recommended authorizing the Board of Directors of the Company for fixation of remuneration of Auditors to be appointed by C&AG for auditing the Annual Accounts of the Company for the year 2017-18 for approval of shareholders.

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

The Board, therefore, recommends the ordinary resolution for approval by the members.

Item no. 5:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Sri J.S. Prasad as an Additional Director of the Company with effect from 13.12.2016.

In terms of the provisions of Section 161(1) of the Act, Sri J.S. Prasad would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from Sri J.S. Prasad alongwith the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company.

Sri J.S. Prasad is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He is not holding any Shares in the Company.

Shri J.S. Prasad is presently ED-Pipelines in HPCL. He is a graduate in Mechanical Engineering passed with distinction from Andhra University College of Engineering in the year 1983

Sri J.S. Prasad is about 55 years old and has 33 years of experience in various executive positions of Hindustan Petroleum Corporation Ltd. The experience range includes Engineering, Construction, Maintenance & Operations, Marketing of Terminals, LPG Installations, Cross country Pipelines and economic distribution of products. He played a key role in expansion of HPCL's Pipeline network expansion to around 3400 Km. in last 15 years and possesses deep understanding of Pipeline Industry, PNGRB Regulatory frame work, execution & operations of cross country Pipeline Networks. Currently, he is holding the position of ED-Pipelines in HPCL and is responsible for growth and safe operations of HPCL's Pipeline SBU.

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

The Board of Directors considers that in view of the background and experience of Sri J.S. Prasad, it would be in the interest of the Company to appoint him as a Director of the Company. The Board, therefore, recommends the ordinary resolution for approval by the members.

Item No. 6:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Sri Selvakumar as an Additional Director of the Company with effect from 01.05.2017.

In terms of the provisions of Section 161(1) of the Act, Sri Selvakumar would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from Sri Selvakumar alongwith the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company.

Sri Selvakumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He is not holding any Shares in the Company.

Sri Selvakumar aged about 57 years is a B. E. Mechanical (Honours) from Madras University and has more than 33 years of experience in HPCL. He has experience in strategic planning, sales, marketing, project execution, operations and Retail engineering. He has worked in various capacities in HPCL such as Senior Regional Manager, DGM – LPG operations and LPG projects and GM – Retail upgradation. He Headed the team of officers for the "Techno Commercial Mission" to the LPG Equipment manufacturers based in Denmark. He was adjudged as "The Best Retail Regional Manager".

During his tenure in HPCL, Sri Selvakumar was:

- Overall In charge of All India Retail Engineering activities viz. Construction of New outlets, Modernization of outlets, branding activities etc.
- In charge of complete Roll out of Automation of Retail outlets, Development & procurement of various types of Dispensing Units, STPs.
- Development of policies towards Investments at Retail outlets & monitoring execution
- In charge of Retail Safety & Roll out of Solarisation/ Vapour Recovery Systems at ROs.

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

The Board of Directors considers that in view of the background and experience of Sri Selvakumar, it would be in the interest of the Company to appoint him as a Director of the Company. The Board, therefore, recommends the ordinary resolution for approval by the members.

Item No. 7:

After the tenure of Sri Anil Khurana as MD, PMHBL came to an end on 30.04.2017, M/s Hindustan Petroleum Corporation Ltd. (HPCL), in terms of the Articles of Association of the Company, nominated Sri Selvakumar as Managing Director of the Company for a period of three years with effect from 01.05.2017 pursuant to which Sri Selvakumar was appointed by the Board of Directors as MD, PMHBL effective 01.05.2017 for a period of three years or till further advise from HPCL, whichever is earlier, at a remuneration recommended by the Nomination and Remuneration Committee and subject to the approval of the Shareholders in the Annual General Meeting.

It is proposed to seek the Shareholders' approval for appointment of and remuneration payable to Sri Selvakumar as Managing Director, in terms of applicable provisions of the Companies Act, 2013.

Sri Selvakumar aged about 57 years is a B. E. Mechanical (Honours) from Madras University and has more than 33 years of experience in HPCL. He has experience in strategic planning, sales, marketing, project execution, operations and Retail engineering. He has worked in various capacities in HPCL such as Senior Regional Manager, DGM – LPG operations and LPG projects and GM – Retail upgradation. He Headed the team of officers for the “Techno Commercial Mission” to the LPG Equipment manufacturers based in Denmark. He was adjudged as “The Best Retail Regional Manager”.

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- Development of policies towards Investments at Retail outlets & monitoring execution
- In charge of Retail Safety & Roll out of Solarisation/ Vapour Recovery Systems at ROs.

Particulars of the terms of appointment of and remuneration (under section I, Part II of Schedule V of the company as act, 2013) payable to Sri Selvakumar, Managing Director :

The terms of appointment and remuneration of Sri Selvakumar has been approved by Nomination and Remuneration committee constituted by the Board of Directors as detailed below:

a) Remuneration:

The remuneration payable to Sri Selvakumar, subject to the applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 will be in keeping with the terms of deputation as advised by HPCL from time to time.

Particulars	Rs. in lacs/ Annum
Salary	23.00
Perquisites and allowances	19.00

The major components of remuneration of Sri Selvakumar as Managing Director shall include the followings:

- **Salary** - His salary will consist of basic pay, variable DA, Stagnation increment, Special pay, protected pay and other allowances per rules of HPCL (Hindustan Petroleum Corporation Limited). It shall be revised from time to time according to his entitlement in the HPCL subject nevertheless to the various provisions of the Companies Act, 2013. In addition, he will be paid Deputation Allowance as per HPCL rules.
- **Perquisites and allowances** - In addition to salary, the following perquisites and allowances will be provided to him as per the rules of HPCL:
    - Housing
    - Medical Reimbursement - For him and his family
    - Leave Travel Allowance - For him and his family
    - Club Fees
    - Performance Related Pay
- In addition to above, Sri Selvakumar will be entitled to the followings as per the rules of HPCL:
    - Contribution of Provident Fund / Superannuation Fund / Annuity Fund
    - Personal Accident Insurance
    - Gratuity
    - Reimbursement of entertainment, residential telephone, mobile phone, electricity, newspaper, utilities etc. traveling and all other expenses incurred for the business
    - Leave benefits/ Leave Travel Assistance
    - For his official duties, he will be reimbursed expenses for operation and maintenance of his Vehicle
    - Any other allowances/ perquisites/ payments/ loans/ reimbursements/ advances etc. as may be applicable as per HPCL Rules.
    - As the Salary revision of Public Sector Undertaking is due with effect from 01.01.2017, Sri Selvakumar will be eligible for the revised salary, allowances etc. subject to not exceeding the ceiling of 5% of the net profits of the Company.

b) General terms and conditions:

1. The Managing Director shall exercise and perform such powers and duties as the Board of Directors of the Company (hereinafter called "the Board") shall, from time to time, determine, and subject to any directions and restrictions, from time to time, given and imposed by the Board and further subject to the superintendence, control and direction of the Board, he shall have the general control, management and superintendence of the business of the company with power to appoint and to dismiss employees and enter into contracts on behalf of the Company in the ordinary course of business and to do and

perform other acts, deeds, and things, which in the ordinary course of business, he may consider necessary or as per or in the interest of the Company, provided however, that nothing shall be done by the Managing Director which by the Act or the Articles of the Company shall be transacted at a meeting of the Board or which shall not be effective unless approved by the Board or which are not expressly provided.

2. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
3. Without prejudice to the generality of the power vested in the Managing Director herein above, Managing Director shall be entitled to exercise the following powers:
   - (i) With the Board's approval, together with the person in charge of Finance for the time being of the company and other personnel authorized by the Board, to open and operate any banking or other account and to draw, make, accept, execute, endorse, discount, negotiate, retire, pay, satisfy and assign cheques, drafts, bills of exchange, promissory notes, hundis, interest and dividend warrants and other negotiable or transferable instruments or securities;
   - (ii) To borrow moneys with or without security, for the purpose of business of the company, as per applicable provisions of the Companies Act, 2013.
   - (iii) To invest funds of the company (other than in the shares of the other companies) and fixed deposit with the company's bankers.
   - (iv) To appoint distributors for the sale of the products of the company subject to prior to approval of the Board whenever necessary.
   - (v) To ensure that all taxes due to the Central and State Governments and Municipal authorities are paid promptly.
   - (vi) To engage persons in the employment of the Company.
   - (vii) To increase the salary or the remuneration of any employee of the company and to sanction annual increases.
   - (viii) To enter into contracts for the purchase of goods for the company subject to applicable provisions of the Companies Act, 2013.
   - (ix) To institute, prosecute, defend, oppose, appear or appeal to, compromise, refer to arbitration, abandon and execution or become non-suited in any legal proceedings including trademarks, trade names, trade property and passing off actions and revenue proceedings relating to customs or excise duties, tax on income, profits and capital and taxation generally or otherwise.
4. The Managing Director shall throughout the said term, devote his entire time, attention and abilities to the business of the company and shall carry out the orders, from time to time, of the Board and in all respect conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the Company and use his utmost endeavors to promote the interests of the company.
5. Confidential Information:

a) The Managing Director shall not, either during or after his tenure hereunder, divulge or utilize any confidential information belonging to the Company or any of its associated companies (including confidential information as to formulae, processes and manufacturing methods, and confidential information as to the business and affairs of the company) which may have come to his knowledge during his tenure hereunder or during his tenure under any previous contract of service with the Company or any of its associated companies, and he shall, both during and after his employment hereunder, take all reasonable precautions to keep all such information secret.

b) Except so far as may be necessary for the purpose of his duties hereunder, the Managing Director shall not, without the consent of the company, retain or make originals or copies of the telegrams, letters, maps, reports drawing, calculations, specifications, formulae, forms, licenses, agreements or other documents of whatever nature belongings to the company or any of its associated companies, or notes thereof, nor retain samples of specimens in which the company or any of its associated companies may be or may have been interested and which have come into his possession by reason of his tenure hereunder. If on the termination of his tenure hereunder, the Managing Director is in possession of any originals or copies of telegrams, letters, maps, reports, drawings, calculations, specifications, formulae, forms licenses, agreements or other documents of whatever nature belonging to the company or any of its associated companies, or any notes thereof or any such samples or specimens as aforesaid, he shall deliver the same to the company without being asked, except so far as consent to retain them has been given to him by the company. Any such consent shall not of itself relieve the Managing Director from his obligations under sub-paragraph (1) above.

6. Inventions:

If at any time while in the tenure of the company, the Managing Director makes or contributes to the making of any invention, the Managing Director shall forthwith supply the company with full particulars of the invention, and subject as hereinafter provided:

a) The Managing Director shall not, without the written consent of the company, make, exercise, use or vend the invention or dispose of any of his rights therein, whether by assignment, license, encumbrance or otherwise;

b) The Managing Director shall not, without the written consent of the company, publish the invention or any information relating thereto to any person whomsoever, except the company and its duty authorized agents.

Provided that paragraph (a) and (b) hereof shall cease to have effect at the expiration of four months from the time when the company has received full particulars of the invention from the Managing Director, unless before the expiration of the said period of four months, the company gives notices to the Managing Director that it wishes the Managing Director to assign his rights in the invention to the Company

7. The Company shall not be entitled to give such a notice as aforesaid unless, in the judgment of the company, exercised in good faith by such officers as may be appropriate, either

a) the invention is wholly or partly attributable to the Managing Director's knowledge of or association with any of the company's activities, or

b) the invention pertains to or is capable of being operated in connection with any actual or projected activities of the company or of any of the company's associated companies.

8. Where any such notice is given the Managing Director shall, at the expense of the company, provide the company with all such documents, information and assistance, execute all such instrument, and otherwise do all such acts as the company may reasonably require for the purpose of vesting the invention in the company, providing the company with patent and other protections therefore, in any part of the world, or otherwise enabling or assisting the company to exploit and develop the invention and enjoy the property therein, in any country. In any case, in which the Managing Director is not the sole inventor, his obligation under this sub-clause (3), so far as they relate to vesting the invention in the company and enabling or assisting the company to enjoy the property in the invention, shall extend only to such interests in the invention as he is able to secure for the company having regard to the interests of other inventor.

9. If no such notice is given within the said period of four months, then after the expiration of the said period the rights of the Managing Director to publish, exploit, develop and protect the invention shall be subject to the following restrictions only:

   a) The said rights shall not be exercised so as to interfere with the duties of service which the Managing Director owes to the company, and

   b) b) If at any time in the judgment of the company exercised in good faith by such officers as may be appropriate, any actual or projected activity of the Managing Director in the exercise of the said rights is or will be inimical to the interests of the company or of any of its associated companies, the company may impose such restricts upon his engaging therein as the company thinks reasonable for the protection of the said interests.

10. The duties of the Managing Director under this Clause shall be part of the normal duties owed by the Managing Director to the company in consideration of the Managing Director's annual or other periodical salary, and the company shall not be bound to provide the Managing Director with any additional reward in respect of the performance of his duties under this Clause. Nevertheless, in order to promote the advancement of technical arts, the company may be in its sole discretion award the Managing Director such ex-gratia recognition as it may think fit whenever in its opinion such recognition is justified having regard to all the circumstances of the case.

11. Without prejudice to its rights under this Clause, the company is prepared in special cases to consider requests from the Managing Director for permission to publish original papers, in an appropriate form, whenever in the opinion of the company the subject matter thereof is calculated to be of benefit to the community.

12. In these Clauses, the expression “the Managing Director” includes the Managing

Director's personal representatives, and the expression “invention” includes any new or improved substance, material, plant, machinery or apparatus produced or capable or being produced by manufacturer, any new or improved method or process of manufacture, or of testing or of sampling and any discovery in a field of science or applied technology.

Sri Selvakumar satisfy all the conditions set out in Part-1 of Schedule V to the act as also conditions set out in under sub-section (3) of Section 196 of the Companies Act, 2013 for being eligible for his appointment.

The above may be treated as a written memorandum setting out terms of appointment of Sri Selvakumar under Section 190 of the Companies Act, 2013.

None of the directors/ Key Managerial Personnel of the company or their relatives except Sri Selvakumar is interested in the above resolution.

The Board, therefore, recommends the ordinary resolution for approval by the members.

Item no. 8:

The Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, appointed Ms. Vanita Kumar as an Independent Director for a term of two years with effect from 12.08.2015. Accordingly, Ms. Vanita Kumar was appointed as a Director at the 18th AGM on 24.09.2015 and her appointment as Independent Director was also approved by the Shareholders at the 18th AGM.

The Board, based on recommendation of the Nomination & Remuneration Committee and performance evaluation which has revealed her performance to be very good, reappointed Ms. Vanita Kumar as Independent Director for a period from 12.08.2017 to 31.12.2018, subject to approval of Shareholders by way of special resolution.

Under MCA notification dated 05.07.2017, PMHBL being a joint venture of HPCL & ONGC is not required to appoint Independent Directors on the Board wef 05.07.2017. However, the Board, for the time being has recommended reappointment of present Independent Director in the Company.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he/she shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Ms. Vanita Kumar that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Ms. Vanita Kumar possesses appropriate skills, experience and knowledge relevant for the Company.

In the opinion of the Board, Ms. Vanita Kumar fulfills the conditions for her appointment as an Independent Director as specified in the Act. Ms. Vanita Kumar is independent of the management. Keeping in view her expertise and knowledge, it will be in the interest of the Company that Ms. Vanita Kumar is appointed as Independent Director.

Ms. Vanita Kumar, aged about 59 years completed her MBA in International Business and Marketing from the Kogod School of Business, American University, Washington DC and was a

Dean's Honor Student. She has worked with Essar Oil and Reliance Petroleum in Planning, Marketing, Sales & Branding. She joined MRPL as Group General Manager Marketing at Mumbai in 2003 December. She moved to Delhi in 2011 as Head of Delhi Office and was in charge of Oil Marketing Company Sales, Shipping, and Coordination. She did a two year stint on deputation with ONGC as Head of CSR/ Women's Development Forum. Currently she is with MRPL at Mangalore and is in charge of Oil Marketing Company Sales & Marketing Operations.

None of the Directors/ Key Managerial Personnel or their relatives except Ms. Vanita Kumar is interested in the above resolution.

The Board, therefore, recommend the special resolution for approval by the members.

Item no. 9

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s GNV and Associates 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, 2018.

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, has to be ratified by the members of the Company.

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

The Board, therefore, recommend the ordinary resolution for approval by the members.

By the order of the Board
For Petronet MHB Ltd.

(Sachin Jayaswal)
Company Secretary

Regd. Office : 332, Darus Salam Building (1st Floor)
Queens Road, Bangalore – 560052

Date : 24.08.2017

BOARD'S REPORT

TO THE MEMBERS

Your Directors take pleasure in presenting to you the 19th Annual Report on the working of your Company, together with the Audited Accounts of the company for the year ended 31st March 2017.

It is a matter of great pleasure that the Company completed 15th year of successful business operations during 2016-17 and achieved highest thruput of 3.429MMT. Your company recorded about 4% growth in gross revenue earnings amounting to Rs. 170.20 Cr. compared to Rs. 163.67Cr. during 2015-16.

A. FINANCIAL HIGHLIGHTS:

DESCRIPTION	YEAR 2016-17	YEAR 2015-16
THRUPUT (MMT)	3.429	3.318
INCOME FROM OPERATIONS	128.33	124.00
INTEREST ON FD & OTHER INCOME	41.87	39.67
TOTAL INCOME	**170.20**	**163.67**
OPERATING AND THE OTHER EXPENSES	29.26	28.19
OPERATING PROFIT	140.94	135.48
FINANCE COST	8.66	31.89
OPERATING PROFIT AFTER INTEREST	132.28	103.29
DEPRECIATION	7.43	7.07
PROFIT BEFORE EXCEPTIONAL & EXTRAORDINARY ITEMS	124.85	96.52
PRIOR PERIOD INCOME	0.00	0.02
PROFIT BEFORE TAX	**124.85**	**96.54**
CURRENT TAX	**(42.22)**	**(28.36)**
DEFERRED TAX (NET)	(1.70)	(4.67)
PROFIT AFTER TAX	**80.93**	**63.51**
ACCUMULATED PROFIT	**111.91**	**30.98**

Transfer to Reserves

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

Dividend

With a view to conserve resources of the Company, the Directors are not recommending any Dividend.

Corporate Debt Restructuring

The Zero Coupon Bonds issued to the lenders after the debt restructuring of the company in the year 2006 has been redeemed in full. Subsequent to the approval of CDR Core group, approval of lenders for payment of Recompense amount of Rs. 91.50 Cr. have been received on 08.08.2017 and the payment will be made shortly.

B. PERFORMANCE & OPERATIONS DURING 2016-17:

Your company achieved a 3.34% growth in thruput of 3.429 MMT during the year 2016-17 compared to 3.318 MMT achieved during 2015-16. This is also the highest thruput achieved in a year since commissioning of the pipeline.

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

(Figures in MMT)

Year	Hassan Delivery	Devangonthi Delivery	Total Delivery
2016-17	2.818	0.611	3.429
2015-16	2.730	0.588	3.318

Achievements during FY 2016-17

- The Pipeline achieved a throughput of 3.429 MMT which is the highest since inception, the previous highest being 3.318 MMT in 2015-16.
- Energy consumption of 98.62 BTU/MT - KM (Standard for pipeline operations is 50 BTU to 135 BTU).
- Power cost per MT - KM of 20.87 paise which is reasonable.
- Operating cost of 42.50 paise / MT-KM which is reasonable.
- Revenue Contribution per employee of approx. Rs.5.31 Cr.
- Capacity utilization of pipeline at 160 % with respect to applicable capacity of 2.143 MMTPA as compared to capacity utilization of 155 % during 2016-17.

Performance highlights during FY 2016-17:

- Audit of Operations:
  - Periodic Audit of IMS viz QMS 9001:2008, EMS 14001:2004 & OHSAS 18001:2007.
  - Certification Audit of Energy Management system (EnMS) ISO:50001.
  - Hazop study of stations and pipeline.

- Pigging of the pipeline: Intelligent Pigging (IPS) of Mangalore – Neriya, Neriya – Hassan and Hassan – Intermediate Pigging station section carried out. No major defects found in pipeline.
- Offsite Mock drill conducted at Ch. 73.20 Km & 23.50 Km of PMHBL pipeline in presence of District Authorities, Factories Authorities, Department of Fire & Emergency Services, Police Officials and mutual aid members.
- Power trading from IEX through open access system commenced at PMHBL Neriya Intermediate Pumping Station from 02.03.2017.
- Emergency Maintenance vehicle procured and placed at Neriya Station. Emergency Response vehicle alongwith Mobile Oil spill recovery unit procured and placed at PMHBL Hassan station.
- New Vibration & Temperature monitoring system (VMS & TMS) installed and commissioned at Mangalore & Neriya.
- Toll free Phone No. from BSNL is availed and put into use for emergency calls from Right of user by Public.
- Replacement and upgradation of Vacuum Circuit Breakers of 6.6 KV HT panel at Mangalore station.
- Procurement of Emergency safety Kit with tools alongwith trolley for stations.
- AC interference survey on cathodic protection system of pipeline carried out.
- Lightning Risk assessment study at PMHBL Main Station, Sectionalizing valve station & Intermediate Pigging station carried out.

C. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a corporate Social Responsibility Policy indicating 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 Annual report on CSR Expenditure is as follows:

Summary Statement

Average net profit of the company for last three financial years.	Rs. 66.69 Cr.
Prescribed CSR Expenditure (two per cent of the average net profit of last three financial years)	Rs. 1.33 Cr
Add: Carried over amount from FY 2015-16	Rs. 0.23 Cr.
Total amount for CSR expenditure for FY 2016-17	Rs. 1.56 Cr
CSR Expenditure	Rs. 1.16 Cr.
Shortfall in CSR expenditure	Rs. 0.40 Cr.

Note: During the year 2015-16, there was a shortfall in CSR expenditure of Rs. 0.23 Cr. which was carried over to FY 2016-17. The CSR expenditure of Rs. 1.16 Cr. includes expenditure out of the Carry over amount of Rs. 0.23 Cr. also. Hence the total shortfall in CSR expenditure for FY 2016-17 is Rs. 0.40 Cr. which is being carried over for expenditure during FY 2017-18.

Reasons for shortfall in expenditure:

During the year the Company, based on the needs of the local community, has undertaken a number of CSR Initiatives like Borewell, Toilets, High mast Street Lights, Bus stand, Water dispenser, ambulance to hospital etc. On these activities a sum of Rs. 1.16 Crore have been spent. Some of these activities started during the year 2016-17 are in process of being completed in FY 2017-18. Moreover, a few Borewell projects did not yield water & therefore could not be proceeded with resulting in under expenditure. Therefore, there is a shortfall of Rs. 0.40 Cr in CSR expenditure during FY 2016-17 which is being carried over for expenditure during FY 2017-18.

The Company is in the process of identifying suitable activities to be undertaken as a part of CSR initiative along the Pipeline route. The Company seeks to ensure that the amount under CSR expenditure is spent in such a manner and on such activities which provide optimum benefit to the intended beneficiaries. As a part of this exercise, the company is in talks with the local community to ascertain their needs.

Manner in which the amount has been spent during the financial year is detailed in ***Annexure I***.

A. CORPORATE GOVERNANCE

Board meeting details:

Five meetings of the Board of Directors were held during the financial year 2016-17 on 06.03.2017, 18.11.2016, 18.10.2016, 06.08.2016 and 16.05.2016. The details of the Directors' attendance are as follows:

Sl. No.	Name of Director	No. of Board meetings held during respective tenure during 2016-17	No. of Board meetings attended during 2016-17
1.	Sri H. Kumar	5	5
2	Sri Venkatesh M Rao	5	5
3	Sri S.K. Gupta	5	5
4	Sri S.P. Gupta	5	5
5	Sri J.S. Prasad (wef 13.12.2016)	1	1
6	Ms. Vanita Kumar	5	5
7	Sri Anil Khurana	5	5
8	Sri A.B. Thosar (till 30.11.2016)	4	3

Annual General Meeting Details

Year	Date of AGM
2016	23rd Sep. 2016
2015	24th Sep. 2015
2014	26th Sep. 2014

Company Policy on Directors Appointment, Remuneration etc.

As per Annexure IIA and IIB

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 Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The Board considered and discussed the inputs received from the Directors. Further, the Independent Director at its meeting, reviewed the performance of Board, Chairman of the Board and of Directors.

Directors & Key Managerial Personnel

The Board of your company presently comprises of following seven Directors:

1. Sri Kumar Hariharan, Chairman
2. Sri Venkatesh Madhava Rao, Director
3. Sri S.K. Gupta, Director
4. Sri S.P. Gupta, Director
5. Sri J.S. Prasad, Director (Wef 13.12.2016)
6. Ms. Vanita Kumar, Woman Independent Director
7. Sri Selvakumar, Managing Director(Wef 01.05.2017)

Changes in Directorship

Sri J.S. Prasad has been nominated by HPCL on PMHBL Board in place of Sri A.B. Thosar who has superannuated from HPCL. Sri J.S. Prasad has been appointed as additional director with effect from 13.12.2016.

Sri Selvakumar has been nominated by HPCL as Managing Director wef 01.05.2017 in place of Sri Anil Khurana who has superannuated from HPCL and has resigned from the Board of the Company wef 30.04.2017.

The Board places on record deep appreciation for valuable contribution made by Sri A.B. Thosar and Sri Anil Khurana during their tenure on the Board of the Company.

Re-appointments

As per Section 152 of the Companies Act, 2013, Sri S.P. Gupta & Sri Venkatesh M Rao 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 (ID)

Pursuant to provisions of the Companies Act, 2013 &Rule 4 of the (Companies appointment & qualification of Directors) Rules 2014PMHBL was required to appoint Independent Directors. However, under MCA notification dated 05.07.2017, PMHBL being a joint venture in no longer required to have any Independent Directors on the Board.

Sub-section (10) of Section 149 of the Companies Act,2013 provides that IDs shall hold office for a term of up to five consecutive years on the board of a company and shall beeligible for re-appointment on passing of a special resolution by the shareholders of the Company. Ms. Vanita Kumar was inducted as Woman Independent Director on the Board wef 12.08.2015 for a period of two years which expires on 11.08.2017. The Nomination & Remuneration Committee had in its meeting on 28.06.2017 have recommended for the reappointment of Ms. Vanita Kumar as Independent Director. Although, in view of the MCA notification dated 05.07.2017, PMHBL is no longer required to appoint Independent Director, Ms. Vanita Kumar has been reappointed as Independent Director by the Board for the second term from 12.08.2017 to 31.12.2018. The Board recommends her appointment by way of special resolution at the ensuing AGM.

The Company has received declaration from Ms. Vanita Kumar confirming that she meets the criteria of independence as prescribed under the Companies Act, 2013.

Key Managerial Personnel

In line with Section 203 of the Companies Act, 2013, Sri Selvakumar, Managing Director (wef 01.05.2017), Sri Chandan Kumar Das, CFO and Sri Sachin Jayaswal, Company Secretary are the Key Managerial Personnel. Sri Anil Khurana was Managing Director of the Company till 30.04.2017.

Directors' responsibility statement

Your Directors State that:

(i) In the preparation of the Annual Accounts for the financial year ended 31st March 2017, 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 2017 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 S.P. Gupta (Chairman), Sri S.K. Gupta & Sri J.S. Prasad. The Audit Committee, at the meeting held on 27.04.2017 reviewed the Accounts for the year 2016-17, before the Accounts were adopted by the Board.

Five meetings of the Audit Committee were held during 2016-17 on 06.03.2017, 18.11.2016, 06.08.2016, 08.07.2016 and 06.05.2016.

Corporate social responsibility committee

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

Three meetings of the CSR Committee were held during 2016-17 on 23.09.2016, 06.08.2016, 16.05.2016.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee presently comprises of four Directors namely Sri Venkatesh Madhava Rao (Chairman), Sri S.K. Gupta, Sri J.S. Prasad and Ms. Vanita Kumar.

One meeting of the Nomination and Remuneration Committee was held on 06.08.2016.

Change in Shareholding

7.9% Equity Shares held by one of the initial promoters of the Company, M/s Petronet India Ltd. in the company has been transferred equally to two other promoters viz. M/s HPCL & M/s ONGC in Aug. 2016. Consequently, M/s HPCL & M/s ONGC each holds 32.72% of the paid up share capital in your Company

The State Bank of Hyderabad, State Bank of Mysore and State Bank of Travancore which together held 9.12% of the paid up share capital of the Company have been merged with State Bank of India, hence State Bank of India now holds 9.12% Shares in your Company.

Internal Financial Controls

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

Based on the established framework of internal financial control, work performed by the internal, statutory, cost and secretarial auditors, the reviews by Management, the Board is of the opinion that the Company's internal financial controls are adequate and effective.

Related party transactions

During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties.

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 the Vigilance Department of HPCL.

Risk Management

Many risks exist in a company's operating environment and some risks emerge over a period of time. The Company's Risk Management practices aims at timely identification and mitigation of these risks.

The Board of Directors have adopted Risk Management Policy under which Risk Management committees have been constituted with clearly defined roles and responsibilities. The Committees, headed by senior functionaries have the primary responsibility of implementing the Risk Management Policy of the Company and achieving the stated objective of developing a risk intelligent culture in the Company.

The Committees periodically reviews the risk management practices and actions taken for identification, monitoring, mitigation and reporting of key risks to the Board of Directors.

Further, the Committee endeavours to assist the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing and guiding the risk policy.

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

The Company has zero tolerance towards sexual harassment at the workplace and has constituted Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013and the Rules thereunder.

There were no complaints received under the Act during 2016-17.

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 2016-17.

Statutory Auditors

The Comptroller and Auditor General of India (C&AG) have appointed M/s GRSM & Associates, Chartered Accountants, Bangalore as Statutory Auditors of your Company for the year 2016-17 and they audited the Accounts for the year 2016-17. At the 18^{th} AGM of the Company, the Board was authorized to fix the remuneration of the Statutory Auditor for the Financial Year 2016-17. The Board has fixed a remuneration of Rs. 1.80 lacs plus out of pocket expenses plus service tax at applicable rate for the Statutory Auditor for the Financial Year 2016-17. For the year 2015-16, the Statutory Auditor fee was Rs. 1.50 lacs plus out of pocket expenses plus service tax at applicable rate. For the year 2017-18, the C&AG is yet to appoint the Statutory Auditors.

Cost Auditors

M/s GNV & Associates, were appointed as Cost Auditor for the financial year 2016-17 pursuant to Section 148 of the Companies Act 2013 & Companies (Cost Audit records and Audit) Rules, 2014 at a remuneration of Rs. 50000/- plus service tax plus out of pocket expenses.

Secretarial Auditors

The Board has appointed M/s V. Sreedharan and associates to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report (MR3) for the financial year ended March 31, 2017 is annexed herewith marked as Annexure III to this Report. The explanation of the Board of Directors on the remarks made by the Secretarial Auditor is annexed herewith marked as Annexure IV.

Extract of Annual Return(MGT 9)

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

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

Nil

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

The details are as per Annexure VI.

Particulars of employees and related disclosure

In terms of Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in the said rules are to be provided in the Annual Report.

None of the employees are attracting the provisions of Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Pipeline Tariff Fixation by PNGRB

PNGRB vide its order PNGRB/M(C)/98 dated 14.02.2017 has extended the transition period for one year upto 19.12.2017 and advised to charge the tariff as per the Tariff order no. TO/07/2015 dated 19th May 2015 "on account basis". The difference in the amount, if any on account of fresh tariff order shall be refunded to/ recovered from the customers.

Deposits

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

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 and CDR Cell/ Empowered Group.

Your Directors also wish to place on record their appreciation of the continued cooperation received from OMCs, MRPL, 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 : Bangalore
Date:10.08.2017

(Kumar Hariharan)
Chairman

Annexure I

Details of amount spent on CSR activities during FY 2016-17

Rs. In lakhs

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	Cumulative Expenditure upto the Reporting Period	Amount Spent : Direct or through Implementing Agencies
1	**Mangalore**	Water dispenser with RO purifiers in School	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada	2.00	1.96	1.96	Direct
2		Girls & Boys Toilet Block in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	7.00	9.54	9.54	Direct
3		Borewell & Allied Works	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada	3.00	2.80	2.80	Direct
4		Girls Toilet Block in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	4.00	4.65	4.65	Direct
5		Borewell & Allied Works	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada	3.00	2.68	2.68	Direct
6		Ladies Toilet Block & Structural Shed at in Girls Hostel	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	10.00	8.78	8.78	Direct
7		Water dispenser with RO purifiers in School	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada	1.50	1.40	1.40	Direct
8		High Mast Street Lights	Cl. (x) Rural Development Project	Karnataka - Dakshin Kannada	5.50	5.32	5.32	Direct
9		Girls & Boys toilet blocks in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	9.80	9.99	9.99	Direct
10		Girls & Boys toilet blocks In School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	9.50	0.00	0.00	Direct
11		Girls & Boys toilet blocks in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	9.50	0.00	0.00	Direct
12	**Neriya**	Borewell and Allied work	Cl. (i) Making available Safe Drinking Water	Karnataka - Dakshin Kannada	3.20	2.92	2.92	Direct

13		Street Light Pole 10 Mtrs.	Cl. (x) Rural Development Project	Karnataka - Dakshin Kannada	8.80	6.83	6.83	Direct
14		Boys Toilet Blocks in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	8.00	4.97	4.97	Direct
15		Girls Toilet Block in School	Cl. (i) Sanitation	Karnataka - Dakshin Kannada	5.00	5.50	5.50	Direct
16		Free Medical Camp	Cl. (i) Health Care	Karnataka - Dakshin Kannada	2.00	0.99	0.99	Direct
17	**Hassan**	Borewell and allied work	Cl. (i) Making available Safe Drinking Water	Karnataka - Hassan	13.20	2.72	2.72	Direct
18		Bus Stands	Cl. (x) Rural Development Project	Karnataka - Hassan	3.80	3.44	3.44	Direct
19		Ambulance with Equipments	Cl. (i) Health Care	Karnataka - Hassan	20.00	16.38	16.38	Direct
20	**Devang onthi**	Street Light Pole 10 Mtrs.	Cl. (x) Rural Development Project	Karnataka - Bangalore Rural	2.20	2.12	2.12	Direct
21		Bus Stands	Cl. (x) Rural Development Project	Karnataka - Bangalore Rural	8.00	7.43	7.43	Direct
22		Girls Toilet Blocks in School	Cl. (i) Sanitation	Karnataka - Bangalore Rural	5.00	3.56	3.56	Direct
23		School Furniture's	Cl. (ii) Promoting Education	Karnataka - Bangalore Rural	12.00	11.99	11.99	Direct
				Grand Total	**156.00**	**115.98**	**115.98**	

Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors 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/- Sd/- *Selvakumar*

Venkatesh M Rao Managing Director

Chairman, CSR Committee

Annexure IIA

Policy for Selection of Directors and determining their independence:

he 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 IIB

Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Executive Directors:

The Committee after deliberations noted that there is only one executive Director in the Company – MD, PMHBL whose Remuneration is governed by the terms of Deputation as advised by M/s HPCL.

Non-Executive Directors:

The Committee noted that all non-executive Directors on the Board are executives of PSU ie M/s 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 III

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: 31.03.2017

To,
The Members
Petronet MHB Limited
No. 332, Darus Salam Building,
1st Floor, Queens Road,
Bangalore-560 052

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, 2017 (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, 2017 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; (Not applicable to the company during the audit period)

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.

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

The Company has not appointed an Independent Director as required under Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014.

The Company 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;

(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;

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.

We further report that

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 above. 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, there were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, etc.

12-06-2017 **For V. Sreedharan & Associates**

Sd/-
V. Sreedharan

Partner
F.C.S-2347: C.P.833

Annexure IV

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

"The Board of Directors is in the process to appoint one more Independent Director on the Board of the Company and the appointment is expected to be made soon. Upon the appointment of another Independent Director, the Constitution of the Board of Directors and its committees would change as per statutory requirements"

Annexure V

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

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	U85110KA1998PLC024020
2.	Registration Date	31-07-1998
3.	Name of the Company	Petronet MHB Limited
4.	Category / Sub-Category of the Company	Public Company/ Limited by Shares
5.	Address of the Registered office and contact details	332, Darus Salam Building, 1st Floor, Queens Road, Bangalore – 560052 Tel: 080-22262317Fax: 080-22262242
6.	Whether listed companyYes / No	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited, 12, Ramanuja Plaza, Ground Floor, 5th Cross, Malleswaram, Bengaluru – 560003 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

Sl. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NIL	---	---	---	---
2	NIL	---	---	---	---

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.	315552000	43470040	359022040	65.44	358892040	130000	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):	315552000	43470040	359022040	65.44	358892040	130000	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

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	
Sub-total (A) (2):	0	0	0	0.00	0	0	0	0	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	315552000	43470040	359022040	65.44	358892040	130000	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) FIIs	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	18968 5184	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 GDRs & ADRs	0	0	0	0.00	0	0	0	0	0.00
Grand Total (A+B+C)	**505237184**	**43470080**	**548707264**	**100**	**548577224**	**130040**	**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 shareholding 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	Petronet India Ltd.	43340040	7.9	0	0	0	0	-7.9%
2	Hindustan Petroleum Corporation Ltd.	157841000	28.77	0	179511020	32.72	0	3.95%
3	Oil and Natural Gas Corporation Ltd.	157841000	28.77	0	179511020	32.72	0	3.95%
	Total	**359022040**	**65.44**	**0**	**359022040**	**65.44**	**0**	**0.00**

(iii) *Change in Promoters' Shareholding*

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	43340040 equity shares transferred by Petronet India Ltd. equally to other promoters HPCL & ONGC on 02.08.2016	7.9%	359022040	65.44%
	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.	0	0.00		
	B. State Bank of Mysore/ Hyderabad/ Travancore merged into State Bank of India hence SBI has become shareholder in the company in their place.			50062640	9.12
	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 Maharastra				
	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 SM Bhosekar				
	A.	10	0.00		
	B.				
	C.			10	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. 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 A.B. Thosar, Director**	---	---	---	---
	A	10	negligible		
	B	---	---	---	---
	C	---	---	10	negligible
2	**Sri Anil Khurana, Managing Director**				
	A	10	negligible		
	B	---	---	---	---
	C	---	---	10	negligible
3	**Sri S.P. Gupta, Director**				
	A	0	0.00		
	B Transfer of shares on 26.07.2016	---	---	10	negligible
	C	---	---	10	negligible

V. INDEBTEDNESS

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

	excluding deposits Secured Loans (ZCB)	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	Anil Khurana	2731921 1300999
2	Stock Option	------	------
3	Sweat Equity	------	------
4	Commission - as % of profit - Others, specify…	------	------
5	Others, (PF & Other Contributions)	------	620886
	Total (A)	------	4653806
	Ceiling as per the Act	------	64002700

B. Remuneration to other directors:

Sl. No.	**Particulars of Remuneration**	**Name of Directors**	**Total Amount**
1	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	------	------
	Total (1)	------	------
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	------	------
	Total (2)	------	------
	Total (B)=(1+2)	------	------
	Total Managerial Remuneration		**4653806**
	Overall Ceiling as per the Act		**64002700**

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Amount
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	------	1309800	1367995	2677795
2	Stock Option	------	------	------	------
3	Sweat Equity	------	------	------	------
4	Commission - as % of profit - others, specify…	------	------	------	------
5	Others, please specify	------	------	------	------
	Total	------	**1309800**	**1367995**	**2677795**

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	------	------	------	------	------

For and on behalf of the Board of Directors

PLACE: BANGALORE
DATE: 10.08.2017

(Kumar Hariharan)
Chairman

Annexure VI

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

A. **Energy conservation:**

- Optimum usage of modified mainline pumps at Mangalore as per thruput requirement to minimise the power consumption.
- ·Battery bank replacement carried out at Neriya, SV 3, SV 4, Hassan, SV 8, SV 9, SV 10, IP & Devangunthi stationswith more efficient & higher backup batteries.
- ·Phasing out conventional lighting with LED lighting at Stations.
- ·Installation of timers for High mast & Street lights with seasonal time settings at all stations for Auto on & off of lighting system.
- ·Tapping of alternate sources of energy i.e. installation of solar power plants contemplated at Mangalore, Hassan & Devangunthi stations.

B. **Technology Absorption:**

- Upgradation of EPBAX exchange to IP exchange of Telecom system at all locations to reduce maintenance and downtime.
- Auto Corrosion Inhibitor dosing facility system (prorata to the pipeline flow) at Mangalore & Hassan stations for more accuracy and operational flexibility.
- Electromechanical type Motpro relay replaced with advanced Numerical type Motor Protection relays at Mangalore station for operational flexibility and event recording.
- Replacement and upgradation of Vacuum Circuit Breakers of 6.6 KV HT panel at Mangalore station for enhanced safety and operational and maintenance flexibility.
- Modification of HWX type vacuum Circuit breaker panel doors and introduction of Mechanical Interlocks in Circuit Breakers at PMHBL Hassan & Neriya station for enhanced safety.
- Differential Pressure transmitter for Basket Filter & CI Level Indication at Hassan station to obviate the need for manual inspection and data recording.
- Expenditure on Research & Development - Nil

Import of technology –

Sl. No.	Technology imported	Year of import
1	Intelligent Pigging of pipeline.	2016-17
2	Vibration & Temperature probes and monitoring system of Mainline & Booster pumps at Mangalore & Neriya Station.	2016-17
3	Flow Control Valve Actuator	2015-16

D. Foreign Exchange Earnings & Outgo:

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

Particulars	Amount (Rs. in lacs)
Foreign exchange earning	NIL
Foreign exchange outgo	150.74

For and on behalf of the Board of Directors

PLACE: Bangalore
DATE: 10.08.2017

(Kumar Hariharan)
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Petronet MHB Limited

Report on the IND AS Financial Statements

We have audited the accompanying Ind AS financial statements of Petronet MHB Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us for the year ended 31st March 2016 dated 17 May 2016, by the predecessor auditor for the year ended 31st March 2015 whose report dated 11 May 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matter.

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, 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder;

e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 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"; and

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, 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 Ind AS financial statements - Refer Note No.29 to the Ind AS financial statements.

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

   iv) The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note No.32 to the Ind AS financial statements.

For GRSM & Associates
Chartered Accountants
FRN: 000863S

Bangalore
Date: 27-04-2017

Sd/-

V. MADHAVAN
Partner
M.No.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 2017, 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 there were no material discrepancies were noticed during such physical verification. Detailed work sheets for comparison of such physical verification with the fixed assets register to ascertain discrepancies have not been maintained. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(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:

i. In the case of land worth Rs.29,58,689/- 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. In the case of certain other land, though Possession Certificates are held, Lease cum Sale Agreements are not entered into. Amount paid towards the land is disclosed as capital advance and is yet to be capitalised.

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, service tax, duty of customs, value added tax 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, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of income tax or service tax or duty of customs or value added tax which have not been deposited on account of any dispute.

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
FRN: 000863S

Bangalore
Date: 27-04-2017

Sd/-

V. MADHAVAN
Partner
M.No.028113

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 2017

1. **Direction: -** Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.

   Observation :- No. Detailed information is provided below:

Location	*Extent of Holding*	*Remarks*
Freehold Land		
Sectional Valve (SV) - 1 station land-Mogar, Mangalore Taluk	0.4 Acres	The land was allotted to the Company by KIADB and a Possession Certificate was issued in favour of the Company. The Company has entered into a Lease Cum Sale Agreement with KIADB but the same is not yet registered with the sub-registrar. Absolute Sale Deed is yet to be executed.
SV - 5 station land-Hantanamane, Alur Taluk	0.15 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed, though the Company has submitted the required documents. Lease term has expired and Absolute Sale Deed is yet to be executed.
SV - 6 station land-Kalenahalli, Chennarayapatna Taluk	0.15 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed though the Company has submitted the required documents. Lease term has expired and Absolute Sale Deed is yet to be executed.
SV - 7 station land-Karikyatanahalli, Chennarayapatna Taluk	0.2 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed though the Company has submitted the required documents. Lease term has expired and Absolute Sale Deed is yet to be executed.
SV - 8 station land-Jeddigere, Kunigal Taluk	0.15 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed. Company has submitted required documents for execution of Lease Cum Sale Agreement.
IP Station land-Kurudihalli, Kunigal Taluk	1 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed. Company has submitted required documents for execution of Lease Cum Sale Agreement.
SV - 9 station land-Ennegere, Magadi Taluk	0.15 Acres	Possession Certificate is available. Lease Cum Sale Agreement with KIADB is yet to be executed. Company has submitted required documents for execution of Lease Cum Sale Agreement.

Location	*Extent of Holding*	*Remarks*
Neriya station land Neriya, Beltangady Taluk	4.85 and 2.9 Acres	Lease Cum Sale Agreement with KIADB is Executed. Absolute Sale Deed not yet executed.
66 KV transmission line ROW at Hassan – KIADB	2.03 Acres	Lease Cum Sale Agreement with KIADB is Executed. Lease Term Expired and Absolute Sale Deed not yet executed.
Leasehold Land		
Mangalore	18.07 Acres	Lease Deed with Hindustan Petroleum Corp. Ltd., is yet to be executed. Lease Rental paid based on Minutes of Meeting dated 17-3-2003.
Hassan	16.69 Acres	Lease Deed with Hindustan Petroleum Corp. Ltd., is yet to be executed. Lease Rental paid based on Minutes of Meeting dated 17-3-2003.
Devangonthi	14.30 Acres	Lease Deed with Hindustan Petroleum Corp. Ltd., is yet to be executed. Lease Rental paid based on Minutes of Meeting dated 17-3-2003.

2. **Direction**: Whether there are any cases of waiver/ write off of debt/ loans/ interest etc., if yes, the reasons therefor and the amount involved.

   Observation: According to information and explanations given to us, there are no cases of waiver/ write off of debts/ loans/ interest etc.

3. **Direction**: Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant (s) from the Government or other Authorities.

   Observation: According to the information and explanations provided by the management, there are no inventories lying with third parties. Further, the Company has not received any gift/grant from the Government or other authorities during the year.

4. **Sub Directions**: - Nil

For GRSM & Associates
Chartered Accountants
FRN: 000863S

Bangalore

Date: 27-04-2017 **Sd/-**

V.**MADHAVAN**
Partner [M.No.028113]

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 2017 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 2017, 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
FRN: 000863S

Bangalore

Date: 27-04-2017 Sd/-

V. MADHAVAN
Partner
M.No.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 2017.

The preparation of financial statements of Petronet MHB Limited for the year ended 31 March 2017 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 27.04.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Petronet MHB Limited for the year ended 31 March 2017. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd/-
(G. SUDHARMINI)
Principal Director of Commercial Audit and
Ex-Officio Member Audit Board, Chennai

Place: Chennai

Date: 10.07.2017

Petronet MHB Limited
Balance Sheet as at March 31, 2017

(Rs in Lakhs)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non-current assets				
(a) Property, Plant and Equipment	3	9,786.65	9,790.65	9,891.03
(b) Capital work-in-progress		571.45	117.57	8.56
(c) Investment Property	4	7.93	8.05	8.17
(d) Other Intangible assets	4.1	763.59	764.88	458.33
(e) Financial Assets				
(i) Other financial assets	5	171.15	153.46	153.46
(f) Deferred tax assets (net)	6	1,956.44	3,657.02	6,000.81
(g) Other non-current assets	7	295.86	699.21	217.46
Total Non - Current Assets		**13,553.07**	**15,190.84**	**16,737.82**
Current assets				
(a) Inventories	8	224.88	252.00	247.95
(b) Financial Assets				
(i) Trade receivables	9	1,092.58	1,294.17	1,315.80
(ii) Cash and cash equivalents	10	59,072.75	48,407.40	36,856.86
(iii) Bank balances other than (ii) above	11	689.00	724.04	639.00
(iv) Other financial assets	5	1,630.07	1,527.98	1,910.97
(c) Other current assets	12	65.68	46.19	51.54
Total Current Assets		**62,774.96**	**52,251.78**	**41,022.12**
Assets classified as held for sale	13	420.34	420.34	420.69
Total Assets		**76,748.37**	**67,862.96**	**58,180.63**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	14	54,870.73	54,870.73	54,870.73
(b) Other Equity	14.1	11,191.41	3,098.28	(3,253.00)
Total equity		**66,062.14**	**57,969.01**	**51,617.73**
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
(i) Trade payables	15	-	9.18	9.18
(ii) Other financial liabilities	16	661.45	775.24	776.68
(b) Provisions	17	75.22	57.61	43.40
Total Non - Current Liabilities		**736.67**	**842.03**	**829.26**

(Rs. In lakhs)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	15	180.55	272.87	227.34
(ii) Other financial liabilities	16	403.11	227.71	195.63
(b) Other current liabilities	18	183.67	202.68	150.86
(c) Provisions	17	9,182.23	8,348.66	5,159.81
Total Current Liabilities		**9,949.56**	**9,051.92**	**5,733.64**
Total Equity and Liabilities		**76,748.37**	**67,862.96**	**58,180.63**

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

As per our report of even date attached

For GRSM & Associates
Chartered Accountants
F.R.No. 000863S

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

Sd/-
V Madhavan
Membership No. 028113

Sd/-
Anil Khurana
Managing Director

Sd/-
S P Gupta
Director

Sd/- Chandan Kumar Das Chief Financial Officer

Sd/- Sachin Jayaswal Company Secretary

Place : Bangalore
Date : 27-04-2017

Place : Bangalore
Date : 27-04-2017

Statement of Profit and Loss for the Year Ended 31st March 2017

(Rs. in Lakhs)

Particulars	Notes	Year Ended 31st March 2017	Year Ended 31st March 2016
Revenue from operations	19	12,832.76	12,400.37
Other Income	20	4,187.60	3,966.66
Total Revenue		**17,020.36**	**16,367.03**
Expenses			
Employee benefit expense	21	431.53	392.33
Finance costs	22	865.78	3,189.06
Depreciation and amortisation expense	3,4&4.1	742.67	706.64
Other expenses	23	2,494.03	2,427.27
Total Expenses		**4,534.01**	**6,715.30**
Profit/(loss) before tax		**12,486.35**	**9,651.73**
Tax Expense			
Current tax	6	4,221.89	2,835.88
Deferred tax	6	169.70	467.01
Total tax expense		**4,391.59**	**3,302.89**
Profit/(loss) for the period		**8,094.76**	**6,348.84**
Other comprehensive income			
Items that will not be recycled to profit or loss		-	-
Remeasurements of the defined benefit liabilities/(asset)		(2.50)	3.73
Income tax relating to items that will not be reclassified to profit or loss		0.87	(1.29)
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		**(1.63)**	**2.44**
Total comprehensive income for the period		**8,093.13**	**6,351.28**
Earnings per equity share			
Basic	26	1.47	1.16
Diluted	26	1.47	1.16

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For GRSM & Associates
Chartered Accountants
F.R.No. 000863S

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

Sd/-
V Madhavan
Membership No. 028113

Sd/-
Anil Khurana
Managing Director

Sd/-
S P Gupta
Director

Sd/- Chandan Kumar Das Chief Financial Officer

Sd/- Sachin Jayaswal Company Secretary

Place : Bangalore
Date : 27-04-2017

Place : Bangalore
Date : 27-04-2017

Statement of Cash Flows for the Year Ended March 31, 2017

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Cash flow from operating activities:		
Profit for the period before tax	12,486.35	9,651.73
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	742.67	706.64
Loss on disposal of fixed assets	3.24	-
Interest income on fixed deposits	(4,001.07)	(3,912.66)
Provision for Recompense	831.78	3,189.06
Other adjustments	(49.30)	-
Changes in assets and liabilities		
Trade receivables	201.59	21.63
Other financial assets	(17.69)	-
Inventories	27.12	(4.05)
Other assets	(18.23)	5.61
Trade payables	(101.50)	45.53
Other financial liabilities	61.61	30.64
Provisions and other liabilities	(2.11)	69.55
Cash generated from operations	**10,164.46**	**9,803.68**
Income taxes paid	(1,841.67)	(1,049.05)
Net cash generated by operating activities	**8,322.79**	**8,754.63**
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(745.69)	(912.69)
Proceeds from sale of property, plant and equipment	5.20	-
Capital advances	(453.88)	(109.01)
Bank Deposits not considered as cash and cash equivalents		
Placed	(689.00)	(724.04)
Matured	724.04	639.00
Interest received on fixed deposits	3,501.89	3,902.65
Net cash from investing activities	**2,342.56**	**2,795.91**
Cash flow from financing activities:		
Recompense Paid	-	-
Payment of dividends	-	-
Net cash used in financing activities	**-**	**-**
Net increase/(decrease) in cash and		

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Cash equivalents	**10,665.35**	**11,550.54**
Cash and cash equivalents at the beginning of the period	48,407.40	36,856.86
Cash and cash equivalents at the end of the period	**59,072.75**	**48,407.40**

Notes:

Figures of previous year have been regrouped wherever necessary to conform to current year presentation

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For GRSM & Associates
Chartered Accountants
F.R.No. 000863S

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

Sd/-
V Madhavan
Membership No. 028113

Sd/-
Anil Khurana
Managing Director

Sd/-
S P Gupta
Director

Sd/- Chandan Kumar Das Chief Financial Officer

Sd/- Sachin Jayaswal Company Secretary

Place : Bangalore
Date : 27-04-2017

Place : Bangalore
Date : 27-04-2017

Statement of changes in Equity

(Rs. In lakhs)

Particulars	Equity Share Capital	Other Equity							Total Equity attributable to equity holders of the Company
		Reserves & Surplus				Other comprehensive income			
		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, 2015	**54,870.73**	**-**	**(3,253.00)**	**-**	**-**	**-**	**-**	**-**	**51,617.73**
Changes in equity for the year ended March 31, 2016									
Changes in equity share capital during the year									
Issue of share capital	-	-	-	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	6,348.84	-	-	-	-	-	6,348.84
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	2.44	-	-	-	-	-	2.44
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	-	-	-	-	-	-	-
Balance as of April 1, 2016	**54,870.73**	**-**	**3,098.28**	**-**	**-**	**-**	**-**	**-**	**57,969.01**

Statement of changes in Equity

Particulars	Equity Share Capital	Other Equity							Total Equity attributable to equity holders of the Company
		Reserves & Surplus				Other comprehensive income			
		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, 2016	**54,870.73**	**-**	**3,098.28**	**-**	**-**	**-**	**-**	**-**	**57,969.01**
Changes in equity for the year ended March 31, 2017									
Changes in equity share capital during the year									
Issue of share capital	-	-	-	-	-	-	-	-	-
Issue of Bonus shares	-	-	-	-	-	-	-	-	-
Any Other Change	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	8,094.76	-	-	-	-	-	8,094.76
Actuarial gains/(loss) on account of re-measurement of defined benefit plans	-	-	(1.63)	-	-	-	-	-	(1.63)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	-	-	-	-	-	-	-
Balance as of March 31, 2017	**54,870.73**	**-**	**11,191.41**	**-**	**-**	**-**	**-**	**-**	**66,062.14**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For GRSM & Associates
Chartered Accountants
F.R.No. 000863S

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

Sd/-
V Madhavan
Membership No. 028113

Sd/-
Anil Khurana
Managing Director

Sd/-
S P Gupta
Director

Sd/- Chandan Kumar Das Chief Financial Officer

Sd/- Sachin Jayaswal Company Secretary

Place : Bangalore
Date : 27-04-2017

Place : Bangalore
Date : 27-04-2017

Notes to the financial statements for the year ended March 31, 2017

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 and is a Joint Venture of HPCL & ONGC who holds 32.72% each. Its shares are not listed on any recognised stock exchanges in India. The registered office of the company is located at # 332, Darus Salam Building, 1st Floor, Queens Road, Bengaluru, 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.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 2 for the details of first-time adoption exemptions availed by the Company.

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.

1.3 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 to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

1.6.1 Income from Services

Transportation income is recognised on delivery of petroleum products to oil marketing companies.

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 & liability.

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
Roads : 5 years
Pipeline : 30 years
Office equipment : 5 years
Furniture and fixtures : 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 marketplace.

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 11 and Ind AS 18, 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 effect 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.

Note No. - 2 First-time adoption of Ind-AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS (‘previous GAAP' or 'IGAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at 1 April 2015, the Company’s date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

2.1 Exemptions availed on first time adoption of Ind-AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

a) Deemed cost

The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment, investment property and intangible assets recognised as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

b) Fair value measurement of financial assets or financial liabilities at initial recognition.

The Company has elected to avail the exemption by which the fair value of the financial assets and financial liabilities are measured as on the transition date, rather than going back and measuring these items as on the transaction date.

c) Extinguishing financial liabilities with equity instruments.

In respect of extinguishing financial liabilities with equity instruments, the provisions of Ind AS 109 have been applied from the date of transition

d) Assets held for sale.

The Company has measured non-current assets held for sale at the lower of carrying value and fair value less cost to sell, if any at the date of transition to Ind ASs in accordance with Ind AS 105.

2.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Effect of Ind AS adoption on the balance sheet as at April 01, 2015 and March 31, 2016
2. Reconciliation of total equity as at April 1, 2015 and March 31, 2016
3. Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2016

2.2.1 Effect of Ind AS adoption on the balance sheet as at April 01, 2015 and March 31, 2016

(Rs. In lakhs)

Particulars	Note	Balance Sheet as at March 31, 2016			Opening Balance Sheet as at April 1, 2015		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	A,B,C	9,362.16	428.49	9,790.65	9,598.33	292.70	9,891.03
Capital work-in-progress	D	69.40	48.17	117.57	8.56	-	8.56
Investment Property	B	-	8.05	8.05	-	8.17	8.17
Intangible assets	E	760.22	4.66	764.88	458.33	-	458.33
Financial assets:		-	-	-	-	-	-
Other financial assets		153.46	-	153.46	153.46	-	153.46
Deferred tax assets (net)	F	3,612.90	44.12	3,657.02	5,909.74	91.07	6,000.81
Other non-current assets		699.21	-	699.21	217.46	-	217.46
Total non-current assets		*14,657.35*	*533.49*	*15,190.84*	*16,345.88*	*391.94*	*16,737.82*
Current assets							
Inventories	A,H,I	978.56	(726.56)	252.00	969.51	(721.56)	247.95
Financial assets:		-	-	-	-	-	-
Trade receivables	G,H	1,557.32	(263.15)	1,294.17	1,578.95	(263.15)	1,315.80
Cash and cash equivalents		48,407.40	-	48,407.40	36,856.86	-	36,856.86
Bank Balances other than above		724.04		724.04	639.00	-	639.00
Other financial assets		1,527.98	-	1,527.98	1,910.97	-	1,910.97
Other current assets		46.19	-	46.19	51.54	-	51.54
Total current assets		*53,241.49*	*(989.71)*	*52,251.78*	*42,006.83*	*(984.71)*	*41,022.12*
Assets classified as held for sale	I	-	*420.34*	*420.34*	-	*420.69*	*420.69*
Total assets		***67,898.84***	***(35.88)***	***67,862.96***	***58,352.71***	(172.08)	***58,180.63***

(Rs. In lakhs)

EQUITY AND LIABILITIES							
Equity							
Equity share capital		54,870.73	-	54,870.73	54,870.73	-	54,870.73
Other equity	C,D,E,F,G,H	3,134.16	(35.88)	3,098.28	(3,080.92)	(172.08)	(3,253.00)
Total equity		*58,004.89*	*(35.88)*	*57,969.01*	*51,789.81*	*(172.08)*	*51,617.73*
Non-current liabilities							
Financial liabilities:							
Trade payables		9.18	-	9.18	9.18	-	9.18
Other financial liabilities		775.24	-	775.24	776.68	-	776.68
Provisions		57.61	-	57.61	43.40	-	43.40
Total non-current liabilities		*842.03*	-	*842.03*	*829.26*	-	*829.26*
Current liabilities							
Financial liabilities:							
Trade payables		272.87	-	272.87	227.34	-	227.34
Other financial liabilities		227.71	-	227.71	195.63	-	195.63
Other current liabilities		202.68	-	202.68	150.86	-	150.86
Provisions		8,348.66	-	8,348.66	5,159.81	-	5,159.81
Total current liabilities		*9,051.92*	-	*9,051.92*	*5,733.64*	-	*5,733.64*
Total liabilities and equity		***67,898.84***	***(35.88)***	***67,862.96***	***58,352.71***	***(172.08)***	***58,180.63***

2.2.2 Reconciliation of total equity as at April 1, 2015 and March 31, 2016

(Rs. In lakhs)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's funds) under previous GAAP		58,004.89	51,789.81
Allowance for credit loss	G	(263.15)	(263.15)
Reversal of amortization of intangible assets with indefinite useful life	E	4.66	-
Capitalisation of Cost of Inspection Activity relating to an item of PPE - previously charged to revenue	D	48.17	-
Reversal of excess depreciation charged	C	135.67	-
Change in consumption of spares due to change in caluation method	H	(5.35)	-
Deferred Tax Adjustments on account of the above adjustments	F	44.12	91.07
Total adjustments to equity		(35.88)	(172.08)
Total equity under Ind AS		57,969.01	51,617.73

2.2.3 Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2016

(Rs. In lakhs)

Particulars	Note	Year ended March 31 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations		12,400.37	-	12,400.37
Other income, net		3,966.66	-	3,966.66
Total Income		**16,367.03**	**-**	**16,367.03**
Expenses				
Employee benefit expenses	J	391.57	3.73	395.30
Finance costs		3,189.06	-	3,189.06
Depreciation and amortisation expenses	C,E	846.97	(140.33)	706.64
Other expenses	D,H	2,467.12	(42.82)	2,424.30
Total expenses		**6,894.72**	**(179.42)**	**6,715.30**
Profit before tax		**9,472.31**	**179.42**	**9,651.73**
Tax expense:				
Current tax		2,835.88	-	2,835.88
Deferred tax	F	421.35	45.66	467.01
Profit for the period		**6,215.08**	**133.76**	**6,348.84**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/ asset	J	-	3.73	3.73
Income tax relating to items that will not be reclassified to profit or loss	K	-	(1.29)	(1.29)
		-	2.44	2.44
Items that will be reclassified subsequently to profit or loss				
		-	-	-
Total other comprehensive income, net of tax		**-**	**2.44**	**2.44**
Total comprehensive income, for the period		**6,215.08**	**136.20**	**6,351.28**

2.2.4 Cash flow statement

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

2.3 Notes on reconciliation

A. Property, plant and equipment/Inventories

Under previous GAAP, all types of spare parts were presented in the balance sheet under 'Inventories'. Under IND AS 16, spare parts that are expected to be used during more than one period (capital spares) and meet the definition of property, plant and equipment are to be presented as PPE. Such capital spare parts are included under the head "Stock of Capital Spares" as on the transition date. The effect of this change is an increase of Rs.300.87 lakhs in PPE and a decrease of Inventory for the same amount as at 31-3-2016 (Rs.300.87 as at 1-4-2015), but does not affect retained earnings as on 01-04-15 or profit for the year ended 31-3-2016.

B. Investment Property

Under the previous GAAP, there was no requirement to present investment property separately and the same was included under PPE. Under IND AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1-4-2015 of Rs. 8.17 lakhs and as at 31-3-2016 of Rs. 8.05 lakhs under previous GAAP has been reclassified to a separate line item on the fact of the balance sheet and depreciation provided based on the estimated useful life. These changes do not affect profit before tax or total profit for the year ended 31-3-2016, because depreciation was charged even under the classification of PPE in respect of this property (to the extent of Building component).

C. Rectification of Error in Depreciation

Under the previous GAAP, an Error, if identified would have been rectified though the statement of profit or loss for the current year. Under IND AS, an error is to be rectified by retrospective restatement. There is an error of Rs. 135.67 lakhs in the depreciation charged for the year ending 31-3-2016 in the financial statements presented under the previous GAAP. There has been a retrospective restatement to rectify this error.The net effect of this change is a decrease of Rs. 135.67 lakhs profit before tax for the year ended 31-3-2016 (Nil for 1-4-2015) and an increase of Rs. 135.67 lakhs in the amount of PPE for the year ended on that date.

D. Capital Work In Progress

Previous GAAP was silent on accounting for cost of Inspection Activity relating to an item of PPE and the practice was to charge such expenses to revenue. Thus, cost of Intelligent Pigging (inspection) to the Pipeline (PPE) was charged as expense in the statement of profit and loss for the year ending March 31, 2016. Whereas under IND AS, cost of inspection requires to be capitalised. The Company has incurred a cost of Rs. 48.17 lakhs towards Intelligent Pigging during the year 2015-16. This amount has been treated as capital expenditure, but included under Capital Work in Progress, as the inspection work is still under progress. The effect of this change is increase in profit before tax for the year ended 31-3-2016 by Rs. 48.17 lakhs and increase in the amount of Capital work in progress as at 31-3-2016 for the same amount. (Nil as at

1-4-2015). The costs would be capitalised as PPE as per IND AS 16 upon completion of the activity and depreciated over its useful life.

E. Intangible Assets

Under previous GAAP, intangible assets with indefinite useful life was also to be amortised based on a pre-determined useful life. Under IND AS, such intangible assets with indefinite useful life is not amortised. The Company had an Intangible Asset (with indefinite useful life) "Right of Way" with a carrying amount of Rs. 455.15 lakhs as on 1-4-2015, but amortised the same, based on an assumed life of 99 years (industry practice). The amortisation amount charged during 15-16 of Rs. 4.66 lakhs is reversed as per the provisions of IND AS 38. The effect of this change is increase in profit before tax for the year ended 31-3-2016 by Rs. 4.66 lakhs and increase in the amount of Intangible Assets as at 31-3-2016 for the same amount. (Nil as at 1-4-2015).

F. Deferred Tax Assets

Impact of Deferred tax Asset/Liability on account of all transitional adjustments carried out.

G. Trade Receivables

Under the previous GAAP, the company had not recognised provision for doubtful debts on an item of trade receivable amounting to Rs.263.15 lakhs lying uncollected for over three years, based on its expectation to collect the amount. Under IND AS, the Company has adopted an Expected credit loss model under which an item of trade receivable lying past due for a period over three years require recognition of expected credit loss to the extent of life time credit loss. An amount of Rs. 263.15 lakhs has been provided for as allowance for credit loss as on the transition date of 1-4-2015. The effect of this is a decrease in the value of trade receivable as on 1-4-2015 by Rs. 263.15 lakhs and a decrease by the same amount in the Other Equity on that date. These changes do not affect profit before tax or total profit for the year ended 31-3-2016, because of the reclassification for the transition date.

H. Inventories

The Company has changed the cost formula used in valuation of inventory from FIFO to weighted average method. This change has been effected from 2015-16 and no change for Balance as on 01-04-2015 has been made. The effect of this change is decrease in profit before tax for the year ended 31-3-2016 by Rs. 5.35 lakhs and decrease in the value of inventory as at 31-3-2016 for the same amount.

I. 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. Upon purchase, the materials were classified as “Capital Work in progress”. On completion of the construction of pipeline, surplus material was transferred to and disclosed under Inventories. In the IGAAP financial statements, these assets continued to be disclosed under “Inventories”. Under Ind AS 105, “Non Current Assets held for sale”, these have been reclassified as Assets Held for sale. The net effect of this change is a increase in Assets Held for sale of Rs. 420.69 as on April 1, 2015 and Rs. 420.34 as on March 31, 2016, with corresponding decrease in the value of inventories. The change does not affect profit or equity.

J. Employee benefit expenses

As per Ind-AS 19- Employee Benefits , actuarial gains and losses on defined benefit plans are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

K. Current tax

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS

Notes to the financial statements for the year ended March 31, 2017
Note No. 3 - 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	Stock of capital spares	Total
I. Gross Block										
Balance as at 1 April, 2016	30.47	1,667.70	14.32	3,007.52	10.43	5,422.71	8.07	34.16	300.87	10,496.25
Additions	-	94.20	8.23	616.00	-	-	2.04	24.59	-	745.06
Disposals	-	-	-	64.21	-	-	-	-	-	64.21
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2017	**30.47**	**1,761.90**	**22.55**	**3,559.31**	10.43	**5,422.71**	**10.11**	**58.75**	**300.87**	**11,177.10**
										-
II. Accumulated depreciation and impairment for the year 2016-2017										**-**
Balance as at 1 April, 2016	-	70.83	4.92	445.08	-	179.80	1.73	3.24	-	705.60
Depreciation / amortisation expense for the year	-	76.20	3.59	474.12	-	179.65	1.87	5.20	-	**740.63**
Eliminated on disposal of assets	-	-	-	55.78	-	-	-	-	-	**55.78**
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-	**-**
Balance as at 31 March, 2017	-	**147.03**	**8.51**	**863.42**	-	**359.45**	**3.60**	**8.44**	**-**	**1,390.45**
Net block (I-II)										
Balance as on 31st March 2017	**30.47**	**1,614.87**	**14.04**	**2,695.89**	**10.43**	**5,063.26**	**6.51**	**50.31**	**300.87**	**9,786.65**
Balance as on 31st March 2016	30.47	1,596.87	9.40	2,562.44	10.43	5,242.91	6.34	30.92	300.87	**9,790.65**

Notes to the financial statements for the year ended March 31, 2017
Note No. 3 - 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	Stock of capital spares	Total
I. Cost or deemed cost										
Balance as at 1 April, 2015	30.47	1,410.90	9.00	2,674.72	10.43	5,422.71	7.91	24.02	300.87	9,891.03
Additions	-	256.80	5.32	332.80	-	-	0.16	10.14	-	605.22
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2016	**30.47**	**1,667.70**	**14.32**	**3,007.52**	10.43	**5,422.71**	**8.07**	**34.16**	300.87	**10,496.25**
										-
II. Accumulated depreciation and impairment for the year 2015-2016										-
Balance as at 1 April, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation / amortisation expense for the year	-	70.83	4.92	445.08		179.80	1.73	3.24	-	**705.60**
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	-	-
Eliminated on reclassification as held for sale	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March, 2016	-	70.83	4.92	445.08	-	179.80	1.73	3.24	-	**705.60**
Net block (I-II)										-
Balance as on 31st March 2016	**30.47**	**1,596.87**	**9.40**	**2,562.44**	**10.43**	**5,242.91**	**6.34**	**30.92**	**300.87**	**9,790.65**
Balance as on 31st March 2015	30.47	1,410.90	9.00	2,674.72	10.43	5,422.71	7.91	24.02	300.87	**9,891.03**

Notes:

1) The Company is still in the process of getting registered its acquisition of Land at six 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) Items of Spares that are included under 'Stock of Capital Spares' are not available for use as they are not yet fitted in the plant, machinery or equipment. Hence, charge of depreciation has not commenced in respect of these items.

3) Assets pledged as security:-All movable assets with carrying amount of Rs.98141.31 lakhs (as at March 31, 2016: Rs.8163.31 lakhs as at April 1, 2015: Rs.8449.66 lakhs) have been pledged to secure borrowings in respect of the original term loan and 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. and the charges created with the Registrar of Companies are still subsisting.

Notes to the financial statements for the year ended March 31, 2017

Note No. 4 - Investment Property

Rs. In lakhs

Description of Assets	Land	Building	Total
I. Gross Block			
Balance as at 1 April, 2016	**5.17**	**3.00**	**8.17**
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2017	**5.17**	**3.00**	**8.17**
II. Accumulated depreciation and impairment for the year 2016-2017			
Balance as at 1 April, 2016	-	**0.12**	**0.12**
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, 2017	-	**0.24**	**0.24**
Net block (I-II)			
Balance as on 31st March 2017	**5.17**	**2.76**	**7.93**
Balance as on 31st March 2016	**5.17**	**2.88**	**8.05**
Description of Assets	**Land**	**Building**	**Total**
I. Cost or deemed cost			
Balance as at 1 April, 2015	**5.17**	**3.00**	**8.17**
Additions relating to acquisitions	-	-	-
Disposals or classified as held for sale	-	-	-
Balance as at 31 March, 2016	**5.17**	**3.00**	**8.17**
II. Accumulated depreciation and impairment for the year 2015-2016			
Balance as at 1 April, 2015	-	-	-
Deprecation 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, 2016	-	**0.12**	**0.12**
Net block (I-II)			
Balance as on 31st March 2016	**5.17**	**2.88**	**8.05**
Balance as on 31st March 2015	**5.17**	**3.00**	**8.17**

Assets pledged as security:- Land & Building at Mehsana, Gujarat with carrying amount of Rs.7.93 lakhs (as at March 31, 2016: Rs.8.05 lakhs, as at April 1, 2015: Rs.8.17 lakhs) has 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.

There were no Income earned or expenditure incured on the above Investment Property during the current year or the previous year other than depreciation mentioned above.

Notes to the financial statements for the year ended March 31, 2017
Note No. 4.1 - Other Intangible Assets

(Rs. In lakhs)

Description of Assets	Right of Way	Software	Total
I. Intangible Assets			
Cost			
Balance as at 1 April, 2016	**755.26**	**10.54**	**765.80**
Additions	-	0.63	**0.63**
Disposals or classified as held for sale	-	-	**-**
Balance as at 31 March, 2017	**755.26**	**11.17**	**766.43**
II. Accumulated depreciation and impairment for the year 2016-2017			
Balance as at 1 April, 2016	**-**	**0.92**	**0.92**
Amortisation expense for the year	-	1.92	**1.92**
Eliminated on disposal of assets	-	-	**-**
Eliminated on reclassification as held for sale	-	-	**-**
Balance as at 31 March, 2017	**-**	**2.84**	**2.84**
Net block (I-II)			
Balance as on 31st March 2017	**755.26**	**8.33**	**763.59**
Balance as on 31st March 2016	**755.26**	**9.62**	**764.88**
Description of Assets	**Right of Way**	**Software**	**Total**
I. Intangible Assets			
Cost or deemed cost			
Balance as at 1 April, 2015	**455.15**	**3.18**	**458.33**
Additions	300.11	7.36	**307.47**
Disposals or classified as held for sale	-	-	**-**
Balance as at 31 March, 2016	**755.26**	**10.54**	**765.80**
II. Accumulated depreciation and impairment for the year 2015-2016			
Balance as at 1 April, 2015	**-**	**-**	**-**
Amortisation expense for the year	-	0.92	**0.92**
Eliminated on disposal of assets	-	-	**-**
Eliminated on reclassification as held for sale	-	-	**-**
Balance as at 31 March, 2016	-	0.92	**0.92**
Net block (I-II)			
Balance as on 31st March 2016	**755.26**	**9.62**	**764.88**
Balance as on 31st March 2015	**455.15**	**3.18**	**458.33**

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 and was amortised over a presumed useful life based on industry practice under IGAAP. The right is an indefinite(perpetual) right with no stipulation over the period of validity. Hence, The carrying amount of the right of way is Rs. 755.26 (31-3-2017), Rs. 755.26 (31-3-2016) & Rs. 455.15 lakhs (1-4-2015) and the same is not amortised.

Notes to the financial statements for the year ended March 31, 2017

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 5 - Other Financial Assets			
Non-Current			
(Unsecured, considered good)			
Security Deposits	171.15	153.46	153.46
Total	**171.15**	**153.46**	**153.46**
Current			
(Unsecured, considered good)			
Security Deposits	7.50	7.50	7.50
Interest accrued On Deposits	1,622.57	1,520.48	1,903.47
Total	**1,630.07**	**1,527.98**	**1,910.97**

Note 6 - Income Taxes

Income tax expense in the statement of profit and loss comprises:

Particulars	As at 31 March, 2017	As at 31 March, 2016
Current tax for the year	4,232.07	2,835.88
Current tax for Prior years	(10.18)	-
Deferred taxes	169.70	467.01
Income tax expense	**4,401.77**	**3,302.89**

Entire deferred tax for the year ended March 31, 2017 and March 31, 2016 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:

Particulars	As at 31 March, 2017	As at 31 March, 2016
Profit before income taxes	12,486.35	9,651.73
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	4,321.28	3,340.27
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	315.44	1369.19
Effect of timing differences	(421.32)	(452.36)
Additional deduction on research and development expense	-	-
Effect of set-off of b/f losses	-	(1,416.58)
Reclassification of revenue as capital expenditure & inventory value change	16.67	(14.82)
Excess provision	-	10.18
Income tax expense	**4,232.07**	**2,835.88**

Rs. In lakhs

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Income tax assets	238.71	640.80	159.14
Current income tax liabilities	-	-	-
Net current income tax assets/ (liability) at the end	**238.71**	**640.80**	**159.14**

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2017 and March 31, 2016 is as follows:

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Net current income tax asset/ (liability) at the beginning	640.80	159.14
Income tax paid	3,048.07	1,442.05
Income tax refund received	(760.02)	
MAT Adjustments	1,531.75	1,875.49
Current income tax expense	(4,232.07)	(2,835.88)
Current income tax for Prior years	10.18	
Income tax on other comprehensive income	-	-
Net current income tax asset/ (liability) at the end	**238.71**	**640.80**

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

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Deferred income tax assets			
Gratuity payable to employees	12.32	9.24	5.72
Compensated absences	14.56	11.50	8.02
Trade receivables	98.67	98.67	98.53
Recompense expense	2,878.77	2,878.77	-
MAT Credit Entitlement	-	1,531.75	3,407.24
Tax losses carried forward	-	-	3,134.68
Others	-	9.73	11.44
Total deferred income tax assets	**3,004.32**	**4,539.66**	**6,665.63**
Deferred income tax liabilities			
Depreciation impact on PPE, inv Property and intangible assets	(1,047.88)	(882.64)	(664.82)
Others	-	-	-
Total deferred income tax liabilities	**(1,047.88)**	**(882.64)**	**(664.82)**
Deferred income tax assets after set off	1,956.44	3,657.02	6,000.81

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, 2017 and March 31, 2016, are as follows:

(Rs. In lakhs)

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Net deferred income tax asset at the beginning	3,657.02	6,000.81
Credits / (charge) relating to temporary differences	(1,701.45)	(2,342.50)
Temporary differences on other comprehensive income	0.87	(1.29)
Net deferred income tax asset at the end	**1,956.44**	**3,657.02**

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 7 - Other Non Current Assets			
(Unsecured, considered good)			
Capital advances			
Against Land	9.71	9.71	9.71
Advances other than Capital advances			
Prepaid Expenses	0.41	1.67	1.58
Others			
Court Deposit	47.03	47.03	47.03
Current Tax Assets (Net)	238.71	640.80	159.14
Total	**295.86**	**699.21**	**217.46**
Note 8 - Inventories			
(At lower of cost and net realisable value)			
Stores and spares at site	224.88	252.00	247.95
Total	**224.88**	**252.00**	**247.95**

The Company has changed the cost formula used in valuation of inventory from FIFO to weighted average method. Such a change is necessitated to align the accounting policy with that of the Investing entities and would improve the relevance and reliability of the financial statement information. This change requires retrospective application of the new principle to all prior periods. The Inventory of the Company comprise only of consumable stores and spares used in rendering of services. As most the items of inventory were acquired since project commissioning in 2003, it is impracticable to determine the cumulative effect of applying a change in accounting principle to any prior period. Hence, the new accounting principle has been applied as if the change was made prospectively from financial year 2015-16 and no cumulative adjustment to asset and equity arising before 1-4-2015 have been made. The impact of this change is not material.

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 9 - Trade Receivables			
Trade receivables, unsecured, considered good	1,092.58	1,294.17	1,315.80
Trade receivables, unsecured, considered doubtful	285.10	285.10	285.10
(A)	**1,377.68**	**1,579.27**	**1,600.90**
Less: Allowances for credit losses	285.10	285.10	285.10
(B)	**285.10**	**285.10**	**285.10**
Total (A-B)	**1,092.58**	**1,294.17**	**1,315.80**

Note 10 - Cash and cash equivalents

Cash on hand	0.44	0.68	0.20
Balances with banks:			
In current accounts	46.31	63.97	159.76
In deposit accounts	59,026.00	48,342.75	36,696.90
Total	**59,072.75**	**48,407.40**	**36,856.86**

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	6,505.50	2,081.36	-

Note 11 - Bank balance other than above

Balances with banks:			
In earmarked accounts			
Balance held as security against performance and other guarantee	689.00	724.04	639.00
Total	**689.00**	**724.04**	**639.00**

Note 12 - Other Current Assets
(Unsecured, considered good)

Advances other than Capital advances			
Balances with government authorities (other than income taxes)	51.57	29.03	36.27
Prepaid Expenses	13.83	17.01	15.10
Advance for Expenses	0.28	0.15	0.17
Total	**65.68**	**46.19**	**51.54**

Note 13 - Assets classified as held for sale

Project Surplus held for sale	420.34	420.34	420.69
	420.34	**420.34**	**420.69**
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. No impairment loss was recognized on reclassification of the 'project surplus' held for sale as on the transition date (1-4-2015) nor as at 31-3-2016 and 31-3-2017, as the Management of the Company expects that, the fair value (less cost to sell) is higher than the carrying amount.

Upon purchase, the materials were classified as "Capital Work in progress". On completion of the construction of pipeline, surplus material was transferred to and disclosed under Inventories. In the IGAAP financial statements, these assets continued to be disclosed under "Inventories". Under IND AS 2, these are not strictly classifiable as Inventories, being items of capital nature. The management feels that "Assets held for sale" [IND AS 105] is a better classification and hence it is reclassified.

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 14 - Equity Share capital			
Authorised			
60,00,00,000 (60,00,00,000)* equity shares of Rs.10 each with voting rights	60,000.00	60,000.00	60,000.00
Total	**60,000.00**	**60,000.00**	**60,000.00**
Issued, subscribed and fully paid up			
54,87,07,264 (54,87,07,264)* equity shares of Rs. 10 each with voting rights	54,870.73	54,870.73	54,870.73
Total	**54,870.73**	**54,870.73**	**54,870.73**

*- Represents Number of Shares as of March 31, 2016

The Authorised equity shares were 60,00,00,000 and the issue, subscribed and fully paid up shares were 54,87,07,264 as of April 1,2015

Notes:

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

Equity shares with voting rights

	Opening Balance	Fresh Issue	Other Changes	Closing Balance
Year Ended March 31, 2017				
No. of Shares	548,707,264	-	-	548,707,264
Amount(Rs. Lakhs)	54,870.73	-	-	54,870.73
Year Ended March 31, 2016				
No. of Shares	548,707,264	-	-	548,707,264
Amount(Rs. Lakhs)	54,870.73	-	-	54,870.73
Year Ended April 01, 2015				
No. of Shares	548,707,264	-	-	548,707,264
Amount(Rs. 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:

No. of shares	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Equity shares with voting rights:			
Hindustan Petroleum Corporation Ltd	179,511,020	157,841,000	157,841,000
% of holding	32.72%	28.77%	28.77%
Oil & Natural Gas Corporation Ltd	179,511,020	157,841,000	157,841,000
% of holding	32.72%	28.77%	28.77%
Petronet India Ltd	-	43,340,040	43,340,040
% of holding	-	7.90%	7.90%
State Bank of India	50,062,640	-	-
% of holding	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

	Aggregate Number of Shares		
Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Equity shares with voting rights			
Fully paid up pursuant to contract(s) without payment being received in cash.	Nil	Nil	Nil
Total	**-**	**-**	**-**

Note 14.1 - Other equity

(Rs. In lakhs)

Retained earnings	11,191.41	3,098.28	(3,253.00)
Total	**11,191.41**	**3,098.28**	**(3,253.00)**

14.1.1 - Retained earnings

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at beginning of the year	3,098.28	(3,253.00)
Profit attributable to owners of the Company	8,094.76	6,348.84
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(1.63)	2.44
Balance at the end of the year	**11,191.41**	**3,098.28**

Note 15 - Trade payables

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Non-Current			
Trade payable for goods & services	-	9.18	9.18
	-	**9.18**	**9.18**

(Rs. In lakhs)

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Current			
Trade payable for goods & services	180.55	272.87	227.34
Total	**180.55**	**272.87**	**227.34**

Note 16 - Other Financial Liabilities

Non-Current			
Deposits received from Dealers	0.66	0.66	0.66
Retention Money for capital supplies / services	16.75	16.75	16.75
Earnest Money Deposit	3.76	4.52	5.96
Payables for capital supplies/services	640.28	753.31	753.31
Total	**661.45**	**775.24**	**776.68**
Current			
Deposits received from Dealers	18.01	22.19	6.11
Retention Money for capital supplies / services	124.49	92.80	55.81
Earnest Money Deposit	30.16	-	25.39
Dues to Employees & Others	1.10	0.62	1.52
Payables for capital supplies/services	229.35	112.10	106.80
Total	**403.11**	**227.71**	**195.63**

Note 17 - Provisions

Non-Current			
Provision for employee benefits			
Provision for compensated absences	40.97	32.09	22.39
Provision for gratuity	34.25	25.52	21.01
Total	**75.22**	**57.61**	**43.40**
Current			
Provision for employee benefits			
Provision for compensated absences	1.10	1.15	0.86
Provision for gratuity	1.36	1.17	3.84
Provision for Performance Incentives	29.77	28.12	25.94
Provision Others:			
Provision for Recompense	9,150.00	8,318.22	5,129.17
Total	**9,182.23**	**8,348.66**	**5,159.81**

Details of movement in provisions:

Particulars	Gratuity I rovision	Compensated absences	Performance Incentives	Recompense
Balance at April 1, 2015	**24.85**	**23.25**	**25.94**	**5,129.17**
Additional provisions recognised	1.84	13.00	28.12	3,189.05

(Rs. In lakhs)

Particulars	Gratuity Provision	Compensated absences	Performance Incentives	Recompense
Amounts used (ie incurred and charged against the provision) during the period	-	(3.01)	(23.75)	-
Unused amounts reversed during the period	-	-	(2.19)	-
Balance at March 31, 2016	**26.69**	**33.24**	**28.12**	**8,318.22**
Balance at April 1, 2016	**26.69**	**33.24**	**28.12**	**8,318.22**
Additional provisions recognised	8.92	10.81	33.40	831.78
Amounts used (ie incurred and charged against the provision) during the period	-	(1.98)	(31.75)	-
Unused amounts reversed during the period	-	-	-	-
Balance at March 31, 2017	**35.61**	**42.07**	**29.77**	**9,150.00**

	As at 31 March, 2017	As at 31 March, 2016	As at 01 April, 2015
Note 18 - Other Current Liabilities			
Statutory dues			
Taxes payable (other than income taxes)	183.67	202.68	150.86
Total	**183.67**	**202.68**	**150.86**

	Year ended 31 March, 2017	Year ended 31 March, 2016
Note 19 - Revenue from operations		
Sale of Services		
Freight Charges for Transportation of Petroleum Products	12,828.21	12,382.68
Other Operating Income	4.55	17.69
Total	**12,832.76**	**12,400.37**

Notes:

(i) Earnings in Foreign Currency Rs. Nil (Prev. Yr. Rs.Nil)

Note 20 - Other income		
Interest Income		
On Financial Assets at Amortised Cost	4,014.35	3,923.19
On Income Tax Refund	83.30	-
Insurance Claim	13.83	21.51
Liabilities / provisions no longer required written back	58.96	-
Other Miscellaneous Incomes	17.16	21.96
Total	**4,187.60**	**3,966.66**

Notes :

Interest income comprises of:		
Interest on Term Deposit	4,001.07	3,912.66
Interest on Security Deposit	13.27	10.53
Total - Interest income	**4,014.35**	**3,923.19**

(Rs. In lakhs)

	Year ended 31, March, 2017	Year ended 31, March, 2016
Note 21 - Employee benefit expense		
*Salaries and wages including incentives	406.25	369.83
Contributions to provident fund	16.61	14.57
Gratuity	6.42	5.58
Staff welfare expense	2.25	2.35
Total	**431.53**	**392.33**

Notes:

*includes Rs.89.00 lakhs (Prev. Yr. Rs.85.95) being salaries and allowances paid to HPCL Staff members on deputation.

Note 22 - Finance costs

Interest on Income Tax	34.00	-
Provision for Recompense exp	831.78	3,189.06
Total	**865.78**	**3,189.06**

Note 23 - Other expenses

Power & Fuel	1,456.42	1,314.70
Repair & Maintenance on Plant and Machinery	73.83	108.96
Repair & Maintenance on Buildings	18.29	6.82
Repair & Maintenance - Electricals, ROW & Others	37.39	177.49
Operations and maintenance - Contract Manpower	84.38	79.40
Stores & Spares Consumed	67.57	66.84
Insurance Premium	54.48	50.55
Painting of Station Pipings And equipments	13.26	50.71
Watch and Wards	177.24	148.38
Lease Rent	117.99	110.33
Compensation to CA(LAO) Staff	12.26	8.72
Communication Expense	13.36	9.82
Net loss on foreign currency transactions	1.25	-
Net Loss on sale of Fixed Assets	3.24	-
Printing & Stationery	5.99	10.47
Professional and Consultancy Charges (Refer Note 23A below)	34.45	24.98
Rates and Taxes	9.37	14.30
Training, Recruitment, Seminar and Mock Drill Expenses	13.77	9.94
Travelling and Conveyance	40.19	33.99
Vehicle Hire Charges	65.48	57.14
Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	115.98	70.95
Advertisement for Public Tender	36.41	27.40
Bad trade and other receivables written off	-	0.51
Other Expenses	41.43	44.87
Total	**2,494.03**	**2,427.27**

(Rs. In lakhs)

	Year ended 31, March, 2017	Year ended 31 March 2016
Note 23A - Legal and professional charges include payment to auditors		
(excluding service tax)		
As auditors		
Statutory audit	1.80	1.50
For Taxation matters	0.62	0.60
For Company Law matters	0.15	0.15
For other services	0.75	-
Total	**3.32**	**2.25**
Note 23B - Value of imports calculated on CIF basis		
Spare Parts	0.34	-
Capital Goods	34.67	
Total	**35.01**	**-**
Note 23C - Expenditure in Foreign currency		
Intelligent Pigging Expense	115.73	33.89
Others	-	-
Total	**115.23**	**33.89**

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, 2017 and March 31, 2016:

Particulars	As at March 31, 2017	As at March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	26.69	24.84
Service cost	4.39	3.64
Interest expense	2.03	1.94
Curtailment gain	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	2.50	(3.73)
Benefits paid	-	-
Benefit obligations at the end	**35.61**	**26.69**
Change in plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
Transfer of assets	-	-
Remeasurements- Return on plan assets excluding	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

(Rs. In lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	4.39	3.64
Net interest on the defined benefit obligation	2.03	1.94
Net gratuity cost	**6.42**	**5.58**

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

Rs. In lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Re-measurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses		
(Gain)/loss from change in demographic assumptions	1.41	0.71
(Gain)/loss from Plan experience	1.09	(4.44)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	-	-
	2.50	**(3.73)**

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

Particulars	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Discount rate	7.30%	7.60%	7.80%
Salary escalation rate	5.00%	5.00%	5.00%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are set out below:

Particulars	As of March 31, 2017	As of March 31, 2016
Discount rate	7.30%	7.60%
Weighted average rate of increase in compensation levels	5.00%	5.00%
Weighted average duration of defined benefit obligation	16.99 years	16.98 years

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, 2017 and March 31, 2016:

(Rs. In lakhs)

	As at March 31, 2017	As at March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	33.24	23.26
Service cost	42.07	8.21
Interest expense	2.45	1.7
Curtailment gain	-	-
Transfer of obligation	-	-
Remeasurements - Actuarial (gains)/ losses	(33.71)	3.09
Benefits paid	(1.98)	(3.02)
Benefit obligations at the end	**42.07**	**33.24**
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 income	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of plan assets at the end	-	-

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

Rs. In lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	42.07	8.21
Net interest on the defined benefit obligation	2.45	1.7
Actuarial (gains) / losses		
(Gain)/loss from change in assumptions	1.89	1.01
(Gain)/loss from Plan experience	(35.60)	2.08
Curtailment gain	-	-
Net leave encashment cost	**10.81**	**13.00**

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

Particulars	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Discount rate	7.30%	7.60%	7.80%
Salary escalation rate	5.00%	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. 16.61 lakhs (Year ended 31 March, 2016 Rs. 14.57 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, 2017 were as follows:

(Rs. In lakhs)

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)	59,072.75	-	-	-	-	59,072.75	59,072.75
Bank Balances other than Cash and cash equivalents (Refer Note 11)	689.00	-	-	-	-	689.00	689.00
Trade receivables (Refer Note 9)	1,092.58	-	-	-	-	1,092.58	1,092.58
Other financial assets (Refer Note 5)	1,801.22	-	-	-	-	1,801.22	1,801.22
Total	**62,655.55**	**-**	**-**	**-**	**-**	**62,655.55**	**62,655.55**
Liabilities:							
Trade payables (Refer Note 15)	180.55	-	-	-	-	180.55	180.55
Other financial liabilities (Refer Note 16)	1,064.56	-	-	-	-	1,064.56	1,064.56
Total	**1,245.11**	**-**	**-**	**-**	**-**	**1,245.11**	**1,245.11**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

(Rs. In lakhs)

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)	48,407.40	-	-	-	-	48,407.40	48,407.40
Bank Balances other than Cash and cash equivalents	724.04	-	-	-	-	724.04	724.04

(Refer Note 11)							
Trade receivables (Refer Note 9)	1,294.17	-	-	-	-	1,294.17	1,294.17
Other financial assets (Refer Note 5)	1,681.44	-	-	-	-	1,681.44	1,681.44
Total	**52,107.05**	**-**	**-**	**-**	**-**	**52,107.05**	**52,107.05**
Liabilities:							
Trade payables(Refer Note 15)	282.05	-	-	-	-	282.05	282.05
Other financial liabilities (Refer Note 16)	1,002.95	-	-	-	-	1,002.95	1,002.95
Total	**1,285.00**	**-**	**-**	**-**	**-**	**1,285.00**	**1,285.00**

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

(Rs. In lakhs)

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)	36,856.86	-	-	-	-	36,856.86	36,856.86
Bank Balances other than Cash and cash equivalents (Refer Note 11)	639.00	-	-	-	-	639.00	639.00
Trade receivables (Refer Note 9)	1,315.80	-	-	-	-	1,315.80	1,315.80
Other financial assets (Refer Note 5)	2,064.43	-	-	-	-	2,064.43	2,064.43
Total	**40,876.09**	**-**	**-**	**-**	**-**	**40,876.09**	**40,876.09**
Liabilities:							
Trade payables (Refer Note 15)	236.52	-	-	-	-	236.52	236.52
Other financial liabilities (Refer Note 16)	972.31	-	-	-	-	972.31	972.31
Total	**1,208.83**	**-**	**-**	**-**	**-**	**1,208.83**	**1,208.83**

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 of March 31, 2017 and March 31, 2016

(Rs. In lakhs)

	As at March 31, 2017			As at March 31, 2016		
Particulars	**U.S. dollars**	**Euro**	**Total**	**U.S. dollars**	**Euro**	**Total**
Cash and cash equivalents	-	-	-	-	-	-
Trade payables	0.12	-	0.12	0.46	-	0.46
Net assets / (liabilities)	**0.12**	**-**	**0.12**	**0.46**	**-**	**0.46**

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.1092.59 lakhs and Rs. 1294.17 lakhs as of March 31, 2017 and March 31, 2016, 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 3 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, 2017**	**Year ended March 31, 2016**
	Rs. Per Share	Rs. Per Share
Basic Earnings per share		
From continuing operations	1.47	1.16
From discontinuing operations	-	-
Total basic earnings per share	**1.47**	**1.16**
Diluted Earnings per share		
From continuing operations	1.47	1.16
From discontinuing operations	-	-
Total diluted earnings per share	**1.47**	**1.16**

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:

(Rs. In lakhs)

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Profit / (loss) for the year attributable to owners of the Company	8,093.13	6,351.28
Less: Preference dividend and tax thereon	-	-
Profit / (loss) for the year used in the calculation of basic earnings per share	8,093.13	6,351.28
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	**8,093.13**	**6,351.28**
Weighted average number of equity shares	**548,707,264**	**548,707,264**
Earnings per share from continuing operations - Basic (Rs.)	**1.47**	**1.16**

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.

(Rs. In lakhs)

Particulars	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Profit / (loss) for the year used in the calculation of basic earnings per share	8,093.13	6,351.28
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	8,093.13	6,351.28
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	**8,093.13**	**6,351.28**
Weighted average number of equity shares	**548,707,264**	**548,707,264**
Earnings per share from continuing operations - Diluted (Rs.)	**1.47**	**1.16**

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)	Anil Khurana - Managing Director Avinash Bhalchandra Thosar - Director Kumar Hariharan - Director Sunil Kumar Gupta - Director Venkatesh Madhava Rao - Director J S Prasad - Director Satya Prakash Gupta - Director Vanita Kumar - Director Chandan Kumar Das - CFO(KMP) Sachin Jayaswal - Company Secretary
Investing Party	Hindustan Petroleum Corporation Limited Oil and Natural Gas Corporation Limited
Subsidiary of Investing Party	Mangalore Refinery & Petrochemicals Ltd

(Rs. In lakhs)

Transactions between related parties	Year ended March 31, 2017	Year ended March 31, 2016
Rendering of services - Freight Charges		
Hindustan Petroleum Corporation Limited	5,603.89	5,025.33
Mangalore Refinery & Petrochemicals Ltd	-	138.94
Sale of goods - Project Surplus Pipes/ Empty Barrels		
Hindustan Petroleum Corporation Limited	-	0.37
Others - Sharing of ROU for HPCL LPG Project (Received)		
Hindustan Petroleum Corporation Limited	-	167.93
Land Lease Rent Paid		
Hindustan Petroleum Corporation Limited	111.84	104.82
Receiving of Services - Power Charges Paid		
Mangalore Refinery & Petrochemicals Ltd	296.08	261.98
Reimbursement of Expenses Paid		
Hindustan Petroleum Corporation Limited - Salary & Allowances	99.53	98.06
Hindustan Petroleum Corporation Limited - Lab Sample Testing	-	56.23
Hindustan Petroleum Corporation Limited - Purchase of Lube oil	-	2.11
Hindustan Petroleum Corporation Limited - others	-	12.93
Remuneration paid to KMP		
**Anil Khurana	46.53	46.14
Chandan Kumar Das	13.67	12.28
Sachin Jayaswal	13.09	12.03

* - All the above services are including service tax

** - 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 31 March, 2017	As at 31 March, 2016
Trade Receivable		
Hindustan Petroleum Corporation Limited (Allowances for credit losses Rs. 263.15 lakhs (Prev year Rs. 263.15 lakhs)	701.06	749.28
Mangalore Refinery & Petrochemicals Ltd (Allowances for credit losses Rs. 21.95 lakhs (Prev year Rs. 21.95 lakhs)	21.95	21.95
Trade Payables		
Hindustan Petroleum Corporation Limited	8.78	6.43
Mangalore Refinery & Petrochemicals Ltd	29.27	19.71

Note 28 - Leases

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

	As at 31st March, 2017	As at 31st March, 2016
Lease rentals recognised during the year	118.01	110.33
Future minimum lease payments under non cancellable operating leases not later than one year	103.06	98.42
later than one year and not later than five years	462.62	441.99
later than five years	1,401.36	1,524.25

Notes:

The lease rentals in respect of the lands situated at Mangalore, Hasaan and Devengonthi are being paid based on the Minutes of Meeting with HPCL dated 17-03-2003. The lease agreements are yet 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: -

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
i) PMHBL v/s. Punj Lloyd Ltd (PLL) - Court Case (Arbitration suit) at City Civil Court Bangalore. – Against the award of Sole Arbitrator in PMHBL v/s. PLL case, PMHBL filed an Arbitration suit No. AS/18/2010 at City Civil Court Bangalore.	4,075.06	3,808.52
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.	52.00	52.00

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
iv) 01Writ Petition case filed by PMHBL at Hon'ble High Court of Karnataka, Bangalore against the order of Hon'ble District judge of Chickkmagalur District for damages outside the ROU	21.03	21.03
v) Arbitration case filed by M/s Reunion Engg. Pvt. Limited against PMHBL towards the Electrical & Instrumentation works at PMHBL stations during project.	32.94	32.94
	6,747.25	**6,480.71**

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

i) 12 Writ Petition cases filed by land owners against PMHBL at Hon'ble High Court of Karnataka, Bangalore for enhancement of compensation at Hassan (11 cases) which are remanded back to Hasan District Court & Chickkmagalur (01 case) District

ii) 05 cases filed by Land owners at Mangalore District Court for enhancement of Compensation

iii) 01 case filed by land owner at Hassan District Court for enhancement of Compensation. All the said cases are at various stages of proceedings and hence no provisions are made

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 1st June 2017.

2) Bank Guarantee of Rs. 27.65 lakhs has been given by the company in favour of 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. The Bank Guarantee is presently valid till 4th March 2018.

IV. Capital Commitments

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances if any)	460.02	159.83

Note 30 - Corporate Debt Restructuring

The company has issued Zero Coupon Bond amounting to Rs. 164.44 Crore to Lenders as per CDR Approved Scheme repayable in 36 quarterly instalments commencing from Sept, 2006 and ending on June 2015. The Company has made payments and cleared the entire liability under the facility by 31st March, 2015. In accordance with the CDR Approval and as per RBI guidelines the lender banks have right of recompense, under certain conditions and such recompense amount was required to be paid to lenders for exit from CDR.

As on March 31, 2017, the lender banks and the CDR empowered group have approved the recompense amount of Rs. 9150 lakhs (82.5% of total recompense of Rs. 11091 lakhs). A provision to the extent of Rs.9150 lakhs have been made in the account over the last three years ending March 31, 2017. Since there is a concession on recompense amount (82.5%), further approval of CDR core group is also required. As on March 31, 2017 such approval is pending. Upon receipt of the approval from the CDR Core Group, the Company will release the payment of recompense and exit from CDR.

The securities (land at Mehsana, Gujrat and all movable assets) offered in respect of the original term loan and the Zero Coupon Bond and the charges created with the Registrar of Companies are still subsisting.

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

Particulars	As at 31 March, 2017	As at 31 March, 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(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 - Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification are given below:

Amount in Rs.

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	23,500	9,907	33,407
(+) Permitted receipts	-	85,032	85,032
(-) Permitted payments	-	69,794	69,794
(-) Amount deposited in Banks	23,500	-	23,500
Closing cash in hand as on December 30, 2016	**-**	**25,145**	**25,145**

* For the purposes of this clause, the term ‘Specified Bank Notes’ shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note 33 - 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.

As per our report of even date attached

For GRSM & Associates Chartered Accountants Firm Registration No.- 000863S	For and on behalf of the Board of Directors **of Petronet MHB Limited**	
Sd/- **V Madhavan** Partner M No.028113	**Sd/-** **Anil Khurana** **Managing Director**	**Sd/-** **S.P. Gupta** **Director**
	Sd/- **Chandan Kumar Das** **Chief Financial Officer**	**Sd/-** **Sachin Jayaswal** **Company Secretary**
Place : Bangalore Date : 27-04-2017	Place : Bangalore Date : 27/04/2017	

Petronet MHB Limited

CIN : U85110KA1998PLC024020
No. 332, Darus Salam Building, 1st Floor, Queen's Road, Bangalore – 560 052.
Website: www.petronetmhbl.com, Email : headoffice@petronetmhbl.com Tel : 080 – 2226 2317 / 22262243

ATTENDANCE SLIP

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

Notice is hereby given that the 19th Annual General Meeting of the members of Petronet MHB Limited will be held on Friday, 22nd September 2017 at 12.30 PM at Hotel le Meridien, 28, Sankey Road, (Opposite Bangalore Golf Club), Bangalore – 560052.

I / We hereby record my / our presence at the 19th Annual General Meeting of the Company, held on Friday, 22nd September 2017 at 12.30 PM at Hotel le Meridien, 28, Sankey Road, (Opposite Bangalore Golf Club), Bangalore – 560052.

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.

Name of the member(s)	
Registered Address	
Email Id	

Folio No. / Client id

DP ID

I / We, being the member(s) of the ……………………………………share 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 19th Annual General Meeting of the Company, to be held on Friday, 22nd day September 2017 (date) at 12.30 PM at Hotel Le Meridien, No. 28 Sankey Road, (Opposite Bangalore Golf Club), Bangalore – 560052 and at any adjournment thereof in respect of such resolutions as are indicated below:

No	Resolutions	Vote		
Ordinary Business		**For**	**Against**	**Abstain**
1	To receive, consider and adopt the audited financial statement of the company for the financial year ended on March 31, 2017 together with the Boards' Report and the Auditors' Report thereon.			
2	To appoint a Director in place of Sri S.P. Gupta (DIN: 07236361), who retires by rotation and being eligible, offers himself for reappointment.			
3	To appoint a Director in place of Sri Venkatesh M Rao (DIN: 07025342), 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 to be appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2017-18			
Special Business				
5	To appoint Sri J.S. Prasad (DIN: 07673253) as Director of the Company			
6	To appoint Sri Selvakumar (DIN: 07799398) as Director of the Company			
7	To appoint Sri Selvakumar (DIN: 07799398) as Managing Director of the Company			
8	To reappoint Ms Vanita Kumar (DIN: 07260123) as Independent Director (Woman) of the Company			
9	To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2018			

Signed this ……………………………………….. day of ………………………….. 2017.

Affix Revenue Stamp of ` 1

Signature of Shareholder

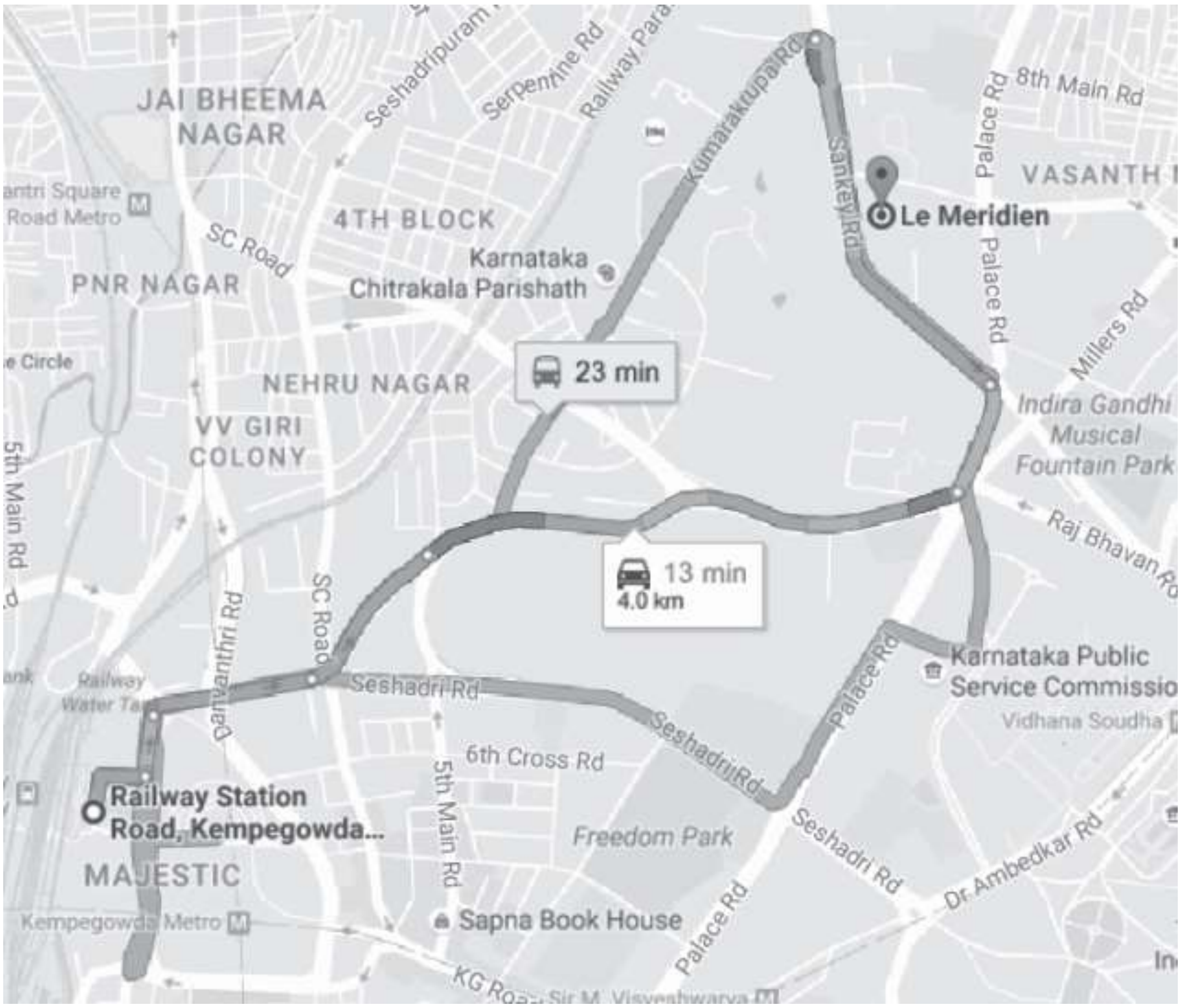
Signature of proxy holder (s)

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 The Annual General Meeting On Friday, 22nd September 2017 At 12.30 P.M.

From City Railway Station to Hotel Le Meridien



Hotel Le Meridien, No. 28 Sankey Road,
(Opposite Bangalore Golf Club), Bangalore – 560052