

17th Annual Report 2014-15



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

CONTENTS

Sl No.	Particulars	Page No.
1	Offices, Auditors & Bankers	1
2	Notice of AGM	2 -14
3	Directors' Report	15-37
4	Auditor's Report	38-43
5	C& AG Comments	44
6	Balance Sheet	45
7	Statement of Profit & Loss	46
8	Cash Flow Statement	47
9	Notes forming part of Financial Statement	48-61
10	Attendance Slip	62
11	Proxy Form	63

Offices, Auditors & Bankers

Registered Office (Head Office) :
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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: (2014-15)

M/s. Acharya & Co.
Chartered Accountants
'Rajalakshmi', 107,
Diagonal Road, V. V. Puram,
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 Anil Khurana
Managing Director

Sri Chandan Kumar Das
Chief Financial Officer

Sri Sachin Jayaswal
Company Secretary

Notice of 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the members of Petronet MHB Limited will be held on Thursday, 24th day of September 2015 at 12.30 PM at Hotel Le Meridien, No. 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 March 31, 2015 together with reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri A. B. Thosar (DIN: 02583055), who retires by rotation and being eligible, offers himself for reappointment.
3. To fix and/or to determine the payment of remuneration of the Auditors of the Company appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2015-16 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 M/s GRSM & Associates, Chartered Accountants appointed by the Comptroller & Auditor General of India for Statutory Audit of the Accounts of the Company for the Financial Year 2015-16".

B. Special business

4. To appoint Sri Venkatesh M Rao (DIN: 07025342) 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 Venkatesh M Rao (DIN 07025342), who was appointed as Additional Director by the Board of Directors effective 18.05.2015 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 Venkatesh M Rao, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To appoint Sri S. P. Gupta (DIN: 07236361) 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 S. P. Gupta, (DIN: 07236361) who was appointed as Additional Director effective 20.07.2015 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 S.P. Gupta, 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 re-appoint Sri Anil Khurana (DIN: 05270420) 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 reappointment of Sri Anil Khurana (DIN: 05270420) as Managing Director for a period of one year with effect from April 19, 2015, 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 Anil Khurana 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 Anil Khurana is drawn to the provisions of Article 124(a) of the Articles of Association regarding secrecy.*
- (ii) *As Managing Director of the Company Sri Anil Khurana 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 Anil Khurana 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.”*

7. To authorise the Board of Directors for borrowing money and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the resolution passed under Section 293(1)(d) of the erstwhile Companies Act, 1956 and pursuant to Section 180(1)(c) and other

applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to borrow by way of loan / debentures (whether secured or unsecured) / bonds / deposits for the purpose of the business of the Company any sum or sums of money from time to time from any Bank(s) or any Financial Institution(s) or any other Institution(s), firm(s), body corporate(s), or other person(s) or from any other source in India or outside India upto a limit not exceeding Rs. 560 Crore (Rupees Five Hundred Sixty Crores only) notwithstanding that the sum or sums to be borrowed together with the moneys already borrowed by the Company and remaining outstanding at any time (apart from the temporary loans obtained from the Company's Banker(s) in the ordinary course of business), will exceed the Paid Up Capital and its Free Reserve."

"RESOLVED FURTHER THAT the Board of Directors or its committee thereof be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution".

8. To authorise the Board of Directors for creating charge on the assets of the Company and to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed under Section 293(1)(a) of the erstwhile Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to create such charges, mortgages and hypothecation in such form and manner and with such ranking and at such time and on such terms as the Board may determine on all or any of the movable and / or immovable properties of the Company, both present and future, in favour of the lender(s), agent and the trustees for securing the borrowings / financial assistance obtained / to be obtained from banks, public financial institutions, body(ies) corporate or any other party or otherwise to charge the assets of the Company, for monies availed / to be availed by way of loans, (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and / or non-convertible debentures, issued / to be issued by the Company, from time to time, up to value not exceeding limit approved by shareholders under Section 180(1)(c) of the Companies Act, 2013 from time to time, on such terms and conditions as may be permitted under the Companies Act 2013"

"RESOLVED FURTHER THAT Board of Directors or its Committee be and is hereby authorised to do such acts, deeds and things as may be deemed expedient to give effect to the above resolution."

9. To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2016 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, 2016 be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. To appoint Smt. 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 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, Smt. Vanita Kumar, (DIN: 07260123) who was appointed as Additional Director effective 12.08.2015 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 Smt. Vanita Kumar, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER 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 the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Smt. Vanita Kumar (DIN: 07260123), who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a period of two consecutive years with effect from 12.08.2015"

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

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

Date : 31.08.2015



Sachin Jayaswal
Company Secretary

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.

A brief resume of Directors, who is retiring by rotation and is eligible for reappointment, is given below:

Item No. 2

In terms of Section 152 of the Companies Act, 2013, Sri A.B. Thosar (DIN: 02583055), Director retire by rotation at the meeting and being eligible, offers himself for reappointment. The Board of Directors of the Company commends his reappointment. He is holding 10 shares in the Company.

Sri A. B. Thosar aged about 58 years is BE (Civil). He joined M/s Hindustan Petroleum Corporation Limited on 5th May 1980 and has profound knowledge and experience in field such as Pipeline Projects, Pipeline Operations, Refinery Projects, Operations and Distribution, LPG etc. Sri A. B. Thosar is Executive Director in M/s Hindustan Petroleum Corporation Limited and is presently holding the position of ED - HSE (marketing).

STATEMENT SETTING OUT MATERIAL FACTS RELATING TO SPECIAL BUSINESS IN PURSUANCE OF SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 3:

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 and accordingly the C&AG has appointed the Statutory Auditor for the financial year 2015-16.

The Board of Directors have recommended authorizing the Board of Directors of the Company for fixation of remuneration of Auditors for auditing the Annual Accounts of the Company for the year 2015-16 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. 4:

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 Venkatesh M Rao as an Additional Director of the Company with effect from 18.05.2015.

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

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

Sri Venkatesh M Rao 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 Venkatesh M Rao, aged about 50 years is Director Refinery of MRPL (Mangalore Refinery & Petrochemicals Ltd), a Schedule A, ONGC subsidiary. Prior to this Shri Venkatesh M Rao was Group General Manager in-charge of Refinery at MRPL, Mangalore.

A Chemical Engineer from Manipal Institute of Technology (MIT) Karnataka, Shri Venkatesh started his career spanning 27 years, as a trainee at the downstream behemoth of India, Indian Oil Corporation Ltd in 1988. He honed his expertise in Technical services while at Indian Oil Mathura Refinery and later at Guwahati Refinery, spearheading various process improvements and energy conservation measures. In 1994 Shri Venkatesh joined MRPL as a Deputy Manager in the Technical Services Stream and played a key role in the construction to commissioning of the Phase-I of MRPL and later in Phase II of the Refinery complex.

A mild mannered technocrat, Shri Venkatesh brings to the table perseverance and grit along with his competencies.

Relevant documents in respect of the said items are open for inspection by the members at the Registered office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

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

The Board of Directors considers that in view of the background and experience of Shri Venkatesh M Rao, 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. 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 S.P. Gupta as an Additional Director of the Company with effect from 20.07.2015.

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

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

Sri S.P. Gupta 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 S.P. Gupta, aged about 56 years is a Chartered Accountant and was an all India rank holder. He commenced his career in Petroleum Industry with HPCL in Nov 82. He initially worked in Oil Co-ordination Committee (OCC), Delhi during Nov 82 to Apr 92 and was handling Pool Accounts and Pricing issues of the Oil Industry under APM.

In HPCL he has worked in major areas of financial management at HPCL Corporate office Including Corporate Finance, Corporate Pricing, Banking, Treasury & Insurance, Budgetary Control and Internal Audit.

During Feb 10 to Jan 14, he was heading finance function of Petroleum Planning and Analysis Cell (PPAC) New Delhi, a wing of MOP&NG as Director - Finance. Since July, 2014, he is overseeing the functioning of HPCL Biofuels Ltd. (HBL) engaged in the production of Sugar, Ethanol and Power.

Relevant documents in respect of the said items are open for inspection by the members at the Registered office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

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

The Board of Directors considers that in view of the background and experience of Shri S.P. Gupta, 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 tenure of Sri Anil Khurana as MD, PMHBL came to an end on 18.04.2015. M/s Hindustan Petroleum Corporation Ltd. (HPCL), in terms of the Articles of Association of the Company, extended the deputation tenure of Sri Anil Khurana as Managing Director of the Company for a period of one more year pursuant to which Sri Anil Khurana was re-appointed by the Board of Directors as MD, PMHBL effective 19.04.2015 for a period of one year 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 reappointment of and remuneration payable to Sri Anil Khurana as Managing Director, in terms of applicable provisions of the Companies Act, 2013.

Sri Anil Khurana aged about 58 years is GM in M/s HPCL. He is B. Sc. (Mechanical Engineering) & Diploma in Production Management. He has put in an experience of around 34 years in M/s Hindustan Petroleum Corporation Limited (HPCL) in various capacities viz DGM - O&D, North Zone, DGM - LPG, North Zone, Chief Regional Manager - Chandigarh RO etc. Sri Anil Khurana, prior to his appointment as Managing

Director of the Company wef 19.04.2012, was GM - Retail, North Zone in HPCL.

The remuneration of Sri Anil Khurana has been approved by Nomination and Remuneration committee constituted by the Board of Directors.

- *Broad particulars of the terms of re-appointment of and remuneration payable to Sri Anil Khurana is as under:*

a) Remuneration:

The remuneration payable to Sri Anil Khurana, 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	19
Perquisites and allowances	20

The major components of remuneration of Sri Anil Khurana, 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. 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 Anil Khurana 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.

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 here in 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, hund is, 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 belonging 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) 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 Anil Khurana 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 re-appointment.

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

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

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

Item No. 7:

The members of the Company at the Extraordinary General Meeting held on 07th December 1998 had authorised Board of Directors to exercise borrowing powers upto a limit not exceeding in aggregate Rs. 560 Crores (Rupees Five hundred and Sixty Crores only). Section 180(1)(c) of the Companies Act, 2013 which has replaced Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors shall not borrow in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(c) of the Companies Act, 2013, to enable to the Board of Directors to borrow money upto a limit not exceeding in aggregate Rs. 560 Crores (Rupees Five hundred and Sixty Crores only). The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel of the Company or their relatives is, in anyway, concerned or interested in the above resolution.

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

Item No. 8:

The members of the Company at the Extraordinary General Meeting held on 07th December 1998 had authorised the Board of Directors to create charge on all or any of the movable or immovable properties of the Company pursuant to Section 293(1)(a) of the Companies Act 1956.

Section 180(1)(a) of the Companies Act, 2013 which has replaced Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall create charge on all or any of the movable or immovable properties of the Company, except with the consent of the Company accorded by way of a special resolution.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of security upto limit specified in the resolution passed under section 180(1)(c) of the Companies Act, 2013.

None of the Directors or any key managerial personnel of the Company or their relatives is, in anyway, concerned or interested in the above resolution.

The Board, therefore, recommends 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, 2016.

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.

Item no. 10

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 Smt. Vanita Kumar as Additional Director effective 12.08.2015. She was also appointed as Independent Director for a term of two years with effect from 12.08.2015 subject to approval of the Shareholders.

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

The Company has received a notice in writing from Smt. Vanita Kumar along with the deposit of requisite amount under Section 160 of the Act proposing her candidature for the office of Director of the Company.

Smt Vanita Kumar 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.

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

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

Smt. Vanita Kumar, aged about 57 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. :

Relevant documents in respect of the said items are open for inspection by the members at the Registered office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

None of the Directors/ Key Managerial Personnel or their relatives except Smt. Vanita Kumar is 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, Queens Road,
Darus Salam Building (1st Floor)
Bangalore - 560052

Date : 31.08.2015

Directors' Report

TO THE MEMBERS

Your Directors take pleasure in presenting to you the 17th Annual Report on the working of your Company, together with the Audited Accounts of the company for the year ended 31st March 2015.

It is a matter of great pleasure that the Company completed twelfth year of successful business operations during 2014-15 and achieved highest thrupt of 3.141 MMT. Your company recorded about 10.55% growth in gross revenue earnings amounting to Rs. 145.25Cr. compared to Rs. 131.39 Cr. during 2013-14.

FINANCIAL HIGHLIGHTS:

₹ Crore.

Description	Year 2014-15	Year 2013-14	Year 2012-13
Thruput (MMT)	3.141	3.073	2.816
Income From Operations	107.08	103.97	83.46
Interest On Fd & Other Income	38.17	27.42	19.71
Total Income	145.25	131.39	103.17
Operating And The Other Expenses	26.87	23.07	18.66
Operating Profit	118.38	108.32	84.51
Recompense To Lenders	51.30	0.00	0.00
Operating Profit After Interest	67.08	108.32	84.51
Depreciation	15.52	50.58	48.80
Profit/(loss) Before Exceptional & Extraordinary Items	51.56	57.74	35.71
Prior Period Adjustment (Expenses - Arrear Depreciation)	—	3.73	—
Profit/(loss) Before Tax	51.56	54.01	35.71
Deferred Tax (net)	(17.47)	(15.62)	(8.36)
Profit / (loss) After Tax	34.09	38.39	27.35
Accumulated Losses	30.81	64.90	103.29

DIVIDEND

During the current year, your Directors do not recommend any Dividend.

RESERVES:

The Company has not transferred any funds to Reserves.

DEPOSITS:

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

OPERATIONAL & OTHER HIGHLIGHTS

Your company achieved a 2.2% growth in thruput of 3.141 MMT during the year 2014-15 compared to 3.073 MMT achieved during 2013-14. This is also the highest thruput achieved in a year since commissioning of the pipeline.

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

Year	Hassan Delivery (MT)	Devangonhi Delivery (MT)	Total (MT)
2014-15	2605170	535619	3140789
2013-14	2477303	595580	3072883

Your Company, during the year 2014-15 has achieved:

- ◆ Energy consumption of 100.52BTU/MT - KM (Standard for pipeline operations is 50 BTU to 135 BTU)
- ◆ Power cost per MT - KM of 19.41paise which is reasonable.
- ◆ Operating cost of 41.02paise / MT-KM which is reasonable.
- ◆ Contribution per employee of approx Rs. 4.84Cr.
- ◆ Capacity utilization of pipeline at 146% with respect to applicable capacity of 2.143 MMTPA as compared to capacity utilization of 143% during 2013-14.

ACHIEVEMENTS DURING 2014-15:

- The Pipeline achieved a throughput of 3.141 MMT which the highest since inception, the previous highest being 3.073 MMT in 2013-14.
- The operational revenue earned is Rs. 107.08Cr. as against Rs. 103.97 Cr. in 2013-14.
- The total Revenue including interest & other income is Rs. 145.25 Cr. as against Rs. 131.39 Cr. in 2013-14.
- Detailed feasibility study for laying Mangalore - Kannur pipeline is underway.
- Offsite Mock drill conducted successfully at Ch. 26.00, 82.50, 171.650 & 293.634 Km of all four jurisdictions of PMHBL pipeline in presence of District Authorities, Dy. Director of factories, Police Officials and mutual aid members.
- Periodic Audit of IMS system of PMHBL carried out by M/s DNV. M/s DNV recommended for continuation of QMS 9001 - 2008, EMS 14001 - 2004 & OHSAS 18001- 2007.
- External Safety Audit carried out by HPCL & MRPL officials during June - 2014.
- Electrical safety Audit carried out by M/s. Chola MS Risk Services in Oct - 2014.
- Risk and consequence analysis of stations & pipeline carried out by M/s Badami's Safety Management consultancy during the year.

- Internal corrosion monitoring system installation & commissioning carried out at PMHBL stations, system working satisfactorily.
- High mast lighting towers installed at PMHBL Mangalore, Neriya, Hassan & Devangunthi stations. System working satisfactorily.
- Cleaning pigging, magnetic pigging, Gauge pigging and Electronic Geometry pigging of MLR - Neriya, Hassan - IP section carried out.

PNGRB vide its order dated 03.03.2015 has fixed Pipeline transportation tariff with effect from 20.12.2014 for a further transition period of two years which is about 15% more than the previous tariff. The tariff has been further revised with effect from 01.04.2015 by PNGRB vide its order dated 19.05.2015 which is about 2% less than tariff fixed vide order dated 03.03.2015.

DEBT RESTRUCTURING ACTIVITIES:

The Zero Coupon Bonds issued to the lenders after the debt restructuring of the company in the year 2006 has been redeemed in full. Discussions are on with the lenders for exit of the Company from CDR after payment of recompense amount to lenders.

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.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors State that:

- (i) In the preparation of the Annual Accounts for the financial year ended 31st March 2015, 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 2015 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.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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.

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:

Average net profit of the Company for last three financial years:	Rs. 46.68 Cr.
Prescribed CSR Expenditure: Two percent of Rs. 46.68 Cr.	Rs. 93.36 lac.
CSR Expenditure:	Rs. 14.46 lac.
Shortfall in CSR expenditure	Rs. 78.90 lac.

Reasons for shortfall in expenditure: 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 ultimate beneficiaries. As a part of this exercise, we are in talks with the local community to ascertain their needs. Upon completion of this exercise, we will be taking up various activities.

However, as has been done in the past, the Company has spent Rs. 14.46 lacs on various CSR activities such as providing drinking water, Desk & Benches etc. to Govt. Schools along the pipeline route during FY 2014-15.

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

RISK MANAGEMENT

During the year, your Directors have entrusted the Internal Auditors, inter alia, with the

responsibility to carry out risk assessment, assess risk management practices and to focus on strengthening the Risk management practices. In its effort to provide an Enterprise Risk Management framework, a Risk management Policy is under preparation.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial controls in place with reference to financial statements and are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

1. Sri Kumar Hariharan, Chairman, PMHBL (wef 19.08.2014)
2. Sri A.B. Thosar, Director PMHBL
3. Sri S.K. Gupta, Director PMHBL (wef 25.08.2014)
4. Shri Venkatesh Madhava Rao, Director, PMHBL (wef 18.05.2015)
5. Sri S.P. Gupta, Director, PMHBL (wef 20.07.2015)
6. Smt. Vanita Kumar, Woman Independent Director (wef 12.08.2015)
7. Shri Anil Khurana, Managing Director, PMHBL

As per Section 152 of the Companies Act, 2013, Sri AB Thosar is the Director who will retire by rotation at the next AGM and is eligible for reappointment.

Changes in Directorship

Sri Kumar Hariharan has been nominated by ONGC on PMHBL Board in place of Sri K.S. Jamestin who resigned from PMHBL Board in view of his superannuation from ONGC. He has been appointed as Director/ Chairman with effect from 19.08.2014.

Sri S.K. Gupta has been nominated by ONGC on PMHBL Board in place of Sri P.P. Upadhyya who resigned from PMHBL Board in view of his superannuation from MRPL. He has been appointed as Director with effect from 25.08.2014.

Sri Venkatesh Madhava Rao, has been nominated by ONGC on PMHBL Board in place of Sri S. Ramachandran who has submitted resignation from the Directorship of the Company wef 14.05.2015. Sri Venkatesh Madhava Rao has been appointed as Director with effect from 18.05.2015.

Sri S.P. Gupta has been nominated by HPCL on PMHBL Board in place of Sri J. Ramaswamy who has submitted resignation from the Directorship of the Company wef 14.07.2015. Sri S.P. Gupta has been appointed as Director with effect from 20.07.2015.

Smt. Vanita Kumar has been inducted as Woman Independent Director on the Board wef 12.08.2015.

The Board places on record deep appreciation for valuable contribution made by Sri S. Ramachandran, Sri P.P. Upadhyya, Sri K.S. Jamestin and Sri J Ramaswamy during their respective tenure as Director of the Company.

Performance evaluation of Board:

The Company has framed a Policy for performance evaluation of Independent Directors, Board,

committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors. The evaluation would be done as per the policy.

Independent Directors

Smt. Vanita Kumar has been inducted as Woman Independent Director on the Board w.e.f 12.08.2015. The Company has received declaration from the Independent Director of the Company confirming that she meets the criteria of independence as prescribed under the Companies Act, 2013.

The Company is in the process of identifying one more suitable candidate for appointment as Independent Director on the Board of the Company.

Key Managerial Personnel:

In line with Section 203 of the Companies Act, 2013, Sri Anil Khurana, Managing Director, Sri Chandan Kumar Das, CFO and Sri Sachin Jayaswal, Company Secretary were termed as Key Managerial Personnel.

BOARD MEETING DETAILS

Seven meetings of the Board of Directors were held during the financial year 2014-15 on 30.03.2015, 03.02.2015, 06.11.2014, 26.09.2014, 25.08.2014, 14.07.2014 & 16.05.2014. The details of the Directors' attendance are as follows:

Sl. No.	Name of Director	No. of Board meetings held during respective tenure during 2014-15	No. of Board meetings attended during 2014-15
1.	Sri K.S. Jamestin (Till 01.08.2014)	2	2
2	Sri S. Ramachandran	7	6
3	Sri A.B. Thosar	7	7
4	Sri P.P. Upadhyaya (Till 31.07.2014)	2	1
5	Sri J. Ramaswamy	7	5
6	Sri H. Kumar (From 19.08.2014)	5	5
7	Sri S.K. Gupta (From 25.08.2014)	5	3
8	Sri Anil Khurana	7	7

COMPANY POLICY ON DIRECTORS APPOINTMENT ETC. (As per Section 134 (3) (e))

As per Annexure IIA and IIB

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT 2013.

There were no complaints received under the Act during 2014-15.

ANNUAL GENERAL MEETING DETAILS

Year	Date
2014	26 th Sep. 2014
2013	24 th Sep. 2013
2012	21 st Sep. 2012

DISCLOSURES:
AUDIT COMMITTEE

The Audit Committee of the company presently comprises of three directors namely Sri S.P. Gupta, Sri S.K. Gupta & Sri A.B. Thosar. The Audit Committee, at the meeting held on 07.05.2015 reviewed the Accounts for the year 2014-15, before the Accounts were adopted by the Board.

Seven meetings of the Audit Committee were held during 2014-15 on 30.03.2015, 03.02.2015, 06.11.2014, 26.09.2014, 25.08.2014, 14.07.2014 & 16.05.2014.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The CSR Committee of the company presently comprises of three directors namely Sri A.B. Thosar, Sri Venkatesh M Rao & Sri Anil Khurana.

One meeting of the CSR Committee was held during 2014-15 on 14.11.2014.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to Section 178 (1) of the Companies Act 2013 and Rule 6 of the Companies (Meeting of Board and its Power) Rules, 2014, Nomination and Remuneration Committee was constituted with effect from 16.05.2014. The Committee presently comprises of three non-executive Directors, Sri A.B. Thosar, Sri Venkatesh Madhava Rao and Sri S.K. Gupta.

First meeting of the Nomination and Remuneration Committee was held on 30.03.2015.

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
A. ENERGY CONSERVATION:

Achievement of energy Consumption benchmark of pipeline operation. Energy consumption achieved is 100.52 BTU (against standard benchmark for pipeline operations of 50 BTU to 135 BTU) for the year 2014-15. Power cost per MT - KM achieved is 19.41 paise, which is reasonable.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Training & Development:

The Company executives attended the following external training program /conferences/ workshop:

- India Oil & Gas summit on safety and environment.
- Training on Pipeline Manager - Leak Detection system
- Pipeline corrosion and its control
- Control Valves and actuators maintenance
- Training on Companies Act, 2013
- Union Budget 2015
- Corporate Social Responsibility policy implementation

Health, safety and Environment Management measures:

- Emergency preparedness and Disaster Risk Reduction in Petroleum & Petroleum products Industry
- Statutory requirement in Industries and Industrial safety Aspects
- Training on onsite mock drills
- Training on Fire & safety
- Training on First Aid
- Fire & safety and first aid
- Occupational Health & safety at Work place

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

During the year, the Foreign Exchange inflow & outflow was as follows:

Particulars	Amount
Foreign exchange inflow	NIL
Foreign exchange outflow	NIL

AUDITORS

Statutory Auditors

The Comptroller and Auditor General of India (CAG) have appointed M/s Acharya & Company, Chartered Accountants, Bangalore as Statutory Auditors of your Company for the year 2014-15 and they audited the Accounts for the year 2014-15. At the 16th AGM of the Company, the Board was authorised to fix the remuneration of the Statutory Auditor for the Financial Year 2014-15. The Board have fixed a remuneration of Rs. 1,50,000/- plus out of pocket expenses plus service tax at applicable rate for the Statutory Auditor for the Financial Year 2014-15.

NIL Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 has been received.

Cost Auditors

M/s GNV & Associates, has been appointed as Cost Auditor for the financial year 2014-15 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 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 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:

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

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 organization.

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- PIL, HPCL & ONGC 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: 27.08.2015

Sd/-
(KUMAR HARIHARAN)
CHAIRMAN

Annexure I

Details of amount spent on CSR activity during FY 2014 -15

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount 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 exp. upto to the reporting period	Amount spent: Direct or through implementing agency
1	Water purifier, tankage etc. to Govt. Schools	CI. (i) making available safe drinking water	Karnataka - Hassan district	Rs. 20 Lacs	Direct Exp. - Rs. 6.28 lacs	Rs. 6.28 lacs	Direct
2	Desk, Bench, Almirah etc to Govt. Schools	CI. (ii) promoting education	Karnataka - DK, Hassan, Bangalore Rural district		Direct Exp. - Rs. 5.14 lacs	Rs. 5.14 lacs	Direct
3	Toilet to Govt. School	CI. (i) sanitation	Karnataka - DK district		Direct Exp. - Rs. 2.08 lacs	Rs. 2.08 lacs	Direct
4	Facilities to Gram Panchayats	CI. (x) rural development projects	Karnataka - DK district		Direct Exp. - Rs. 0.96 lacs	Rs. 0.96 lacs	Direct

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/-
Anil Khurana
Managing Director

Sd/-
Venkatesh M Rao
Chairman, CSR Committee

Annexure IIA

Policy for Selection of Directors and determining their independence:

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

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

Annexure 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.

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.

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: 31.03.2015

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 on March 31, 2015 (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 during the audit period 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. Petroleum Act, 1934 and rules made thereunder.

- ii. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989.
- iii. Petroleum and minerals pipelines (Acquisition of right of user inland) Act, 1962 with rules.
- iv. Petroleum and Natural Gas Regulatory Board Act, 2006 with rules.
- v. The Hazardous Waste Management & Handling) Rules, 1989.
- vi. Forest (Conservation) Act, 1980.

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 a Woman Director as required under the second proviso to Section 149(1) of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014

The composition of the Board is not in accordance with Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 (Regarding Independent Director).

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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 w.e.f. October 28, 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) The Secretarial Standards issued by the Institute of Company Secretaries of India as they had not been notified by the Central Government upto March 31, 2015.
- (b) 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.
- (c) 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 furnished elsewhere in this report. 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, 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.

Place: Bangalore

Date: 03-08-2015

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 have appointed a Woman Independent Director on the Board of the Company and the appointment of another Independent Directors is expected to be made soon.”

Annexure V

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015

[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:

i) CIN: -	U85110KA1998PLC024020
ii) Registration Date:	31-07-1998
iii) Name of the Company:	Petronet MHB Limited
iv) Category / Sub-Category of the Company:	Public Company/ Limited by Shares
v) Address of the Registered office and contact details:	332, Darus Salam building, 1 st Floor, Queens Road, Bangalore 560052 Tel: 080-22262317 Fax: 080-22262243
vi) Whether listed company Yes / No:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	Integrated Enterprises (India) Limited Bangalore Contact - (080) 23460815-818 Fax - (080) 23460819

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	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 b) Central Govt c) State Govt (s) d) Bodies Corp. e) Banks / FI f) Any Other....	315552000	43470040	359022040	65.43	315552000	43470040	359022040	65.43	NIL
Sub-total (A) (1):	315552000	43470040	359022040	65.43	315552000	43470040	359022040	65.43	NIL
(2) Foreign a) NRIs - Individuals b) Other - Individuals c) Bodies Corp. d) Banks / FI e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	315552000	43470040	359022040	65.43	315552000	43470040	359022040	65.43	NIL
B. Public Shareholding 1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s)	189685184	NIL	189685184	34.57	189685184	NIL	189685184	34.57	NIL

e) Venture Capital Funds f) Insurance Companies g) FII's h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1):	189685184	NIL	189685184	34.57	189685184	NIL	189685184	34.57	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify)	NIL	40	40	negligible	NIL	40	40	negligible	NIL
Sub-total (B)(2):	NIL	40	40	negligible	NIL	40	40	negligible	NIL
Total Public Shareholding (B)=(B)(1) + (B)(2)	189685184	40	189685224	34.57	189685184	40	189685224	34.57	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	505237184	43470080	548707264	100	505237184	43470080	548707264	100	NIL

(ii) Shareholding of Promoters

SI No	Shareholder's Name	Shareholding at the beginning of the year			No. of Shares held at the end of the year			% change 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	7.89	NIL	43340040	7.89	NIL	NIL
2	Hindustan Petroleum Corporation Ltd.	157841000	28.77	NIL	157841000	28.77	NIL	NIL
3	Oil and Natural Gas Corporation Ltd.	157841000	28.77	NIL	157841000	28.77	NIL	NIL
Total		359022040	65.43	NIL	359022040	65.43	NIL	NIL

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

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

(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		Date	Increase/ decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Vijaya bank	26884977	4.9		NIL		26884977	4.9
2	Punjab National bank	26870077	4.9		NIL		26870077	4.9
3	State Bank of Travancore	23271303	4.24		NIL		23271303	4.24
4	Allahabad Bank	17887247	3.26		NIL		17887247	3.26
5	Bank of Maharashtra	17873769	3.25		NIL		17873769	3.25
6	Canara Bank	17873652	3.25		NIL		17873652	3.25
7	State Bank of Hyderabad	17852064	3.25		NIL		17852064	3.25
8	Union Bank of India	17145728	3.12		NIL		17145728	3.12
9	Central Bank of India	15047174	2.74		NIL		15047174	2.74
10	State Bank of Mysore	8939273	1.63		NIL		8939273	1.63
Total			34.54					34.54

(V) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding at the beginning of the year	Date	Increase/ decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares				% of total shares of the company	No. of shares
1	Sri A.B. Thosar	10	negligible			10	negligible
2	Sri Anil Khurana	10	negligible			10	negligible
3							
4							
5							
6							
7							
8							
Total		20				20	

V. INDEBTEDNESS

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

	Secured Loans excluding deposits (ZCB)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	94875200	-----	-----	94875200
ii) Interest due but not paid	-----			-----
iii) Interest accrued but not	-----			-----
Total (i+ii+iii)	94875200	-----	-----	94875200
Change in Indebtedness during the			-----	

financial year - Addition - Reduction	94875200	-----	-----	94875200
Net Change	94875200	-----	-----	94875200
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	-----	-----	NIL
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
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	3779021 222822	3779021 222822
2	Stock Option	-----	-----
3	Sweat Equity	-----	-----
4	Commission - as % of profit - others, specify...	-----	-----
5	Others, please specify	-----	-----
	Total (A)	4001843	4001843
	Ceiling as per the Act	23447548	23447548

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	4001843	4001843
	Overall Ceiling as per the Act	23447548	23447548

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	-----	1118312	1149671	2267983
2	Stock Option	-----	-----	-----	-----
3	Sweat Equity	-----	-----	-----	-----
4	Commission - as % of profit - others, specify...	-----	-----	-----	-----
5	Others, please specify	-----	-----	-----	-----
	Total (A)	-----	1118312	1149671	2267983
	Ceiling as per the Act	-----	-----	-----	-----

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

DATE: 27.08.2015

Sd/-
(KUMAR HARIHARAN)
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

To The Members PETRONET MHB LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PETRONET MHB LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material mis statements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial

reporting and the operating effectiveness of such controls. 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 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 financial statements.

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. We are enclosing in Annexure-II, our report in terms Section 143(5) of the Act, as we considered appropriate and according to the information and explanations given to us, on the directions issued by the 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) 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 the financial statements—refer note No. 29 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For ACHARYA & Co.
Chartered Accountants,
[Firm Regn. No. 000027S]

BENGALURU
11.05.2015

SHANKAR K
Partner
M. No. 225657

ANNEXURE-I TO THE INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PETRONET MHB LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2015

(Referred to in paragraph 1 under heading of "Report on other legal and Regulatory Requirements" of our Report of even date)

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
- ii. In respect of its inventories:
 - a. According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management.
 - b. In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3 (iii) (a) and Clause 3 (iii) (b) of the Companies (Auditors' Report) Order, 2015 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets, purchase of inventory and for the sale of goods. We have not observed any major weaknesses in such internal controls.
- v. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules made thereunder. Therefore the provisions of Clause 3(v) of the Companies (Auditors' Report) Order, 2015 are not applicable to the Company.
- vi. The provisions of Section 148(1) of the Companies Act, 2013 regarding the maintenance of cost records are applicable to the Company as per Cost Accounting Records (Petroleum Industry) Rules, 2011. According to the information and explanations given to us, the Company has maintained all the relevant records in accordance with the said Rules.

vii. In respect of Statutory dues:

- a. According to the information and explanations given to us, the Company has been regular in depositing undisputed Statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Service Tax, Cess and any other material Statutory dues with the appropriate authorities during the year.
- b. According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, and Cess which have not been deposited as on 31st March, 2015 on account of any dispute.
- c. The Company is not required to transfer any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

viii. The Company has accumulated losses as at the Balance Sheet date and the accumulated losses is less than 50% of the net worth of the Company. The Company has not incurred any cash losses during the financial year covered by our audit and in the previous financial year.

ix. The Company does not have any borrowings as at the Balance Sheet date and not defaulted in repayments under CDR Scheme during the year.

x. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the Banks or Financial Institutions during the year.

xi. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not availed any Term Loan during the year.

xii. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For ACHARYA & Co.
Chartered Accountants,
[Firm Regn. No. 000027S]

BENGALURU
11.05.2015

SHANKAR K
Partner
M. No. 225657

ANNEXURE - II TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PETRONET MHB LIMITED FOR THE YEAR ENDED 31ST MARCH, 2015

(Referred to in paragraph 2 under heading of "Report on other Legal and Regulatory Requirements" of our Report of even date)

Sl No.	Directions	Observations/ Findings	Impact on Financial Statements
1	If the Company has been selected for disinvestment, a complete status report in terms of the valuation of assets(including intangible assets and land) and liabilities(including committed and general reserves) may be examined including the mode and present stage of disinvestment process	According to the information and explanations given to us, the Company has not been selected for disinvestment by the Government of India during the year	Nil
2	Please report whether there are any cases of waiver/ write off of debts/ loans/interest etc. if yes, the reasons there for and the amount involved	According to the information and explanations given to us, there are no such cases during the year	Nil
3	Whether proper records are maintained for inventories lying with the third parties and assets received as gift for the Govt. or other authorities.	The Company is not having any inventories lying with third parties. Further, the Company has not received any assets as gifts from the Govt. or Other authorities during the year	Nil
4	A Report on the age wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (Foreign and Local) may be given.	There are 148 pending legal/ arbitration cases as on 31.03.2015. The age wise analysis obtained from the Management is as under: More than 10 years : 3 5 to 10 years : 129 Less than 5 year : 16 These cases are pending since a long time due to intricacies of litigation. The company is having an effective control for monitoring the expenditures incurred in this regards.	Nil

For ACHARYA & Co.
Chartered Accountants,
[Firm Regn. No. 000027S]

BENGALURU
11.05.2015

SHANKAR K
Partner
M. No. 225657

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, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of Petronet MHB Limited, Bangalore for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 11.05.2015.

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, Bangalore for the year ended 31 March 2015. 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

(G. SUDHARMINI)
Principal Director of Commercial Audit
& Ex Officio Member Audit Board

Place: Chennai

Date: 10.07.2015

BALANCE SHEET AS AT 31ST MARCH , 2015

Figures in Indian Rupee (₹)

Particulars	Note No	Figures As At 31st March, 2015	Figures As At 31st March, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	5,487,072,640	5,487,072,640
(b) Reserves and Surplus	2	(308,091,682)	(648,997,021)
		5,178,980,958	4,838,075,619
(2) Share Application Money Pending Allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	-	12,645,000
(b) Other Long Term Liabilities	4	77,666,912	81,466,722
(c) Long Term Provisions	5	4,339,948	3,670,876
		82,006,860	97,782,598
(4) Current Liabilities			
(a) Trade Payables	6	34,331,638	37,627,357
(b) Other Current Liabilities	7	25,467,159	103,423,313
(c) Short-Term Provisions	8	515,980,833	3,512,139
		575,779,630	144,562,809
Total		5,836,767,448	5,080,421,026
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	959,833,618	1,064,693,176
(ii) Intangible Assets	10	45,832,749	94,002,903
(iii) Capital work-in-progress	11	855,602	4,749,866
(b) Deferred Tax Assets (net)	12	250,249,525	424,940,078
(c) Long Term Loans and Advances	13	21,770,348	21,770,348
(d) Other Non-Current Assets	14	388,330,801	202,021,734
		1,666,872,643	1,812,178,105
(2) Current Assets			
(a) Inventories	15	96,950,904	105,814,566
(b) Trade Receivables	16	127,857,312	107,837,512
(c) Cash and Bank Balances	17	3,749,585,958	2,880,241,816
(d) Short-Term Loans and Advances	18	190,364,604	171,776,964
(e) Other Current Assets	19	5,136,027	2,572,063
		4,169,894,805	3,268,242,921
Total		5,836,767,448	5,080,421,026

See accompanying Notes forming part of the Financial Statements 1 to 40

As per our report of Even Date

For ACHARYA & CO.

Chartered Accountants

(Firm Regn. No.000027S)

For and on behalf of the Board

Sachin Jayaswal
Company Secretary

Shankar. K
Partner M.No. 225657

S. Ramachandran
Director

Anil Khurana
Managing Director

Chandan Kumar Das
Chief Financial Officer

Place : Bangalore
Date : 11.05.2015

Place : Bangalore
Date : 07.05.2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Figures in Indian Rupee (₹)

Particulars	Note No	Figures for the year ended 31st March, 2015	Figures for the year ended 31st March, 2014
I Revenue from Operations	20	1,070,796,424	1,039,661,465
II Other Income	21	381,713,314	274,287,367
III Total Revenue (I +II)		1,452,509,738	1,313,948,832
IV Expenses:			
Employee Benefits Expenses	22	36,031,463	32,406,521
Finance Cost	23	514,413,866	838,242
Depreciation and Amortization Expenses	24	155,249,785	505,779,761
Other Expenses	25	231,218,732	197,499,179
V Total Expenses		936,913,846	736,523,703
VI Profit before exceptional and extraordinary items and tax (III - V)		515,595,892	577,425,129
VII Exceptional Items -Prior Period Expenses - Depreciation on R O W	24	-	37,303,833
VIII Profit before Tax (VI + VII)		515,595,892	540,121,296
IX Tax Expense:		174,690,553	156,211,926
(1) Current Tax(MAT)		215,895,200	113,387,825
(2) MAT Credit Entitlement		(215,895,200)	(113,387,825)
(3) Deferred Tax(Net)		174,690,553	156,211,926
X Profit from continuing operations (VIII-IX)		340,905,339	383,909,370
XI Profit from discontinuing operations		-	-
XII Tax Expense of discontinuing operations		-	-
XIII Profit from Discontinuing operations (XI - XII)		-	-
XIV Profit for the year (X+XIII)		340,905,339	383,909,370
XV Earning per equity share:			
(1) Basic		0.62	0.70
(2) Diluted		0.62	0.70

See accompanying Notes forming part of the Financial Statements 1 to 40
As per our report of Even Date

For ACHARYA & CO.
Chartered Accountants
(Firm Regn. No.000027S)

For and on behalf of the Board

Sachin Jayaswal
Company Secretary

Shankar. K
Partner M.No. 225657

S. Ramachandran
Director

Anil Khurana
Managing Director

Chandan Kumar Das
Chief Financial Officer

Place : Bangalore
Date : 11.05.2015

Place : Bangalore
Date : 07.05.2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Figures in Indian Rupee (₹)

PARTICULARS	For the year ended 31st March 2015	For the year ended 31st March 2014
Cash Flow from Operating Activities :		
Net Profit before Tax & Extraordinary items	515,595,892	577,425,129
Adjustments for:		
Depreciation/Amortisation	155,249,785	505,779,761
Interest Income	(319,085,413)	(252,807,599)
Profit on Sale of Fixed Assets	(46,644,932)	-
Operating Profit before Change in Working Capital	305,115,332	830,397,291
Increase/(Decrease) in Working Capital		
Inventory	8,863,662	4,258,385
Trade Receivables	(20,019,800)	3,785,792
Loans & Advances	(2,010,460,373)	(676,248,721)
Change in Liabilities	(2,821,483)	21,082,600
Provisions	513,137,766	2,718,183
Cash Flow before Taxation & Extra Ordinary Items	(1,206,184,897)	185,993,530
Prior Period Adjustment	-	-
Net Cash from Operating Activities (A)	(1,206,184,897)	185,993,529
Cash Flow From Investing Activities		
Purchase of Fixed Assets	(37,355,194)	(30,625,571)
Sale of Fixed Assets	85,674,318	892,757
Interest Income	319,085,413	252,807,599
Net Cash from investing activities (B)	367,404,537	223,074,785
Cash Flow from Financing Activities		
Zero Coupon Bond(Loans) Repaid	(94,875,200)	(221,600,000)
Net Cash used in financing activities (C)	(94,875,200)	(221,600,000)
Net Increase/(Decrease) in Cash & Cash Equivalents (A) + (B) + (C)	(933,655,560)	187,468,314
Cash & Cash Equivalents at Beginning of the year		
Cash/Cheques on Hand / Balances with Scheduled Banks on Current & Term Deposit Account	1,135,344,735	947,876,421
Cash & Cash Equivalent at end of the year	201,689,175	1,135,344,735

Note: Figures for previous year have been regrouped/reclassified wherever necessary.

As per our report of even date

For ACHARYA & CO.
Chartered Accountants
(Firm Regn. No.000027S)

For and on behalf of the Board

Sachin Jayaswal
Company Secretary

Shankar. K
Partner M.No. 225657

S. Ramachandran
Director

Anil Khurana
Managing Director

Chandan Kumar Das
Chief Financial Officer

Place : Bangalore
Date : 11.05.2015

Place : Bangalore
Date : 07.05.2015

Notes forming part of Financial Statement as at 31st March, 2015

Amount (₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note No. 1		
Share Capital		
Authorised :		
60,00,00,000 Equity Shares of Rs 10 /- each	600,00,00,000	600,00,00,000
Issued, Subscribed and Fully Paid-up Capital	5,487,072,640	5,487,072,640
54,87,07,264 Equity Shares of Rs 10/- each fully paid up		
Total	5,487,072,640	5,487,072,640
Reconciliation of the Numbers of Equity Shares outstanding at the beginning and at the end of the report period		
Issued, Subscribed and Paid-up Capital :		
54,87,07,264 numbers of Equity Shares of Rs 10/- each fully paid up at the beginning of the year	5,487,072,640	5,487,072,640
Movement during the year	-	-
54,87,07,264 numbers of Equity Shares of Rs 10/- each fully paid up at the end of the year	5,487,072,640	5,487,072,640
Details of Shares in the company held by each Shareholders holding more than 5% of Equity Shares		
Name of the Shareholders	No. of Shares	No. of Shares
Hindustan Petroleum Corporation Ltd (28.77%)	157,841,000	157,841,000
Oil & Natural Gas Corporation Ltd (28.77%)	157,841,000	157,841,000
Petronet India Ltd (7.90%)	43,340,040	43,340,040
Note No. 2		
Reserves & Surplus		
Surplus/(Deficit) in Statement of Profit and Loss:		
Opening Balance	(648,997,021)	(1,032,906,391)
Add: Profit/(Loss) for the year	340,905,339	383,909,370
Closing Balance	(308,091,682)	(648,997,021)
Note No. 3		
Non- Current Liabilities		
Long Term Borrowings: (Secured)		
Zero Coupon Bond(ZCB) issued to Bankers -repayable on Quarterly basis (Under Corporate Debt Restructuring Scheme)	-	12,645,000
Terms : Secured by first mortgage on Immovable Properties, present & future, first charge on movable properties, present & future and charge on all receivables of the company from the project on pari passu basis.	-	12,645,000

Particulars	Amount (₹)	
	As at 31st March, 2015	As at 31st March, 2014
Note No. 4		
Non- Current Liabilities		
Other Long Term Liabilities		
Trade Payables:		
Total Outstanding dues to Micro & Small Enterprises	-	-
Total Outstanding dues to other than Micro & Small Enterprises	75,330,694	78,016,364
Others:		
Earnest Money Deposit	596,042	65,000
Retention Money Received	1,674,667	3,089,692
Security Deposit Received	65,509	295,666
	77,666,912	81,466,722
Note No. 5		
Non- Current Liabilities		
Long Term Provisions		
Provision for Employee Benefits:		
Gratuity	2,100,868	1,682,429
Leave Salary(Earned Leave & Sick Leave)	2,239,080	1,988,447
	4,339,948	3,670,876
Note No. 6		
Current Liabilities		
Trade Payables		
Total Outstanding dues to Micro & Small Enterprises	-	-
Total Outstanding dues to other than Micro & Small Enterprises	34,331,638	37,627,357
	34,331,638	37,627,357
Note No. 7		
Current Liabilities		
Other Current Liabilities		
Current Maturity of Long Term Debts:		
Zero Coupon Bond (Secured & issued Under CDR Scheme) (Due for payment on Quarterly basis within 12 months)	-	82,230,200
Other Payables:		
Earnest Money Deposit	2,538,709	1,051,542
Retention Money Received	5,580,964	3,189,386
Security Deposit Received	611,340	97,816
Statutory Payment	15,086,655	15,763,621
Interest on Income Tax	1,497,303	838,242
Dues to Employees & Others	152,188	252,506
	25,467,159	103,423,313
Note No. 8		
Current Liabilities		
Short Term Provisions:		
Provision for Recompense	512,916,563	-
Provision for Employee Benefits:		
Performance Incentives	2,594,086	3,141,814
Gratuity	383,652	-
Leave Salary (Earned Leave & Sick Leave)	86,532	370,325
	515,980,833	3,512,139

Note No. 9 :

Non- Current Assets:

Fixed Assets - Tangible Assets:

(Amount `)

SL. No.	Name of Assets	Gross Block As at 01/04/14	Additions	Deletions	Gross Block As at 31/03/15	Depreciation as on 01/04/14	Depreciation for the year 2014-15	WDV as on 31.03.2015	WDV as on 31.03.2014
1	Land-Freehold	3,564,474	-	-	3,564,474	-	-	3,564,474	3,564,474
2	Road and Culverts	20,855,571	-	-	20,855,571	3,626,070	16,186,723	1,042,779	17,229,501
3	Buildings	206,467,294	12,417,184	-	218,884,478	71,053,658	6,441,164	141,389,658	135,413,638
4	Pipeline	4,253,797,065	-	-	4,253,797,065	3,690,203,288	21,323,251	542,270,526	563,593,777
5	Plant & Machinery	896,479,308	13,651,800	-	910,131,108	772,301,897	24,888,536	112,940,676	124,177,411
6	Electrical Installations*	438,383,271	13,062,082	-	451,445,353	368,217,397	52,734,827	30,493,130	70,165,875
7	SCADA Systems	98,347,400	-	-	98,347,400	92,253,680	(3,923,418)	10,017,138	6,093,720
8	Telecom Systems	242,805,720	88,638	-	242,894,358	110,642,000	24,482,844	107,769,514	132,163,720
9	Online Sulphur Analyzer System	8,757,141	-	-	8,757,141	1,674,135	830,644	6,252,362	7,083,006
10	Office Equipments	1,670,330	540,528	-	2,210,858	961,286	458,439	791,132	709,044
11	Computers	5,087,331	369,900	-	5,457,231	3,835,720	721,187	900,324	1,251,611
12	Furniture & Fixtures	7,331,239	873,902	-	8,205,141	4,083,837	1,719,397	2,401,907	3,247,402
	Total	6,183,546,144	41,004,034	-	6,224,550,178	5,118,852,968	145,863,593	959,833,618	1,064,693,176
	Previous Year	6,158,566,598	25,875,705	896,159	6,183,546,144	4,616,989,609	501,866,762	164,693,176	1,541,576,989

Note No. 10 :

Non- Current Assets :

Fixed assets - Intangible Assets:

(Amount `)

SL. No.	Name of Assets	Gross Block As at 01/04/14	Additions	Deletions	Gross Block As at 31/03/15	Depreciation as on 01/04/14	Depreciation for the year 2014-15	WDV as on 31.03.2015	WDV as on 31.03.2014
1	Right of Way **	135,065,602	-	39,029,386	96,036,216	41,162,850	9,358,560	45,514,806	93,902,752
2	Software	368,015	245,425	-	613,440	267,864	27,633	317,943	100,151
	Total	135,433,617	245,425	39,029,386	96,649,656	41,430,714	9,386,193	45,832,749	94,002,903
	Previous Year	135,433,617	-	-	135,433,617	213,882	41,216,832	94,002,903	135,219,735

* Gross Block of HT Electrical Lines included in Electrical Installation & amortized @ 20% for 5 Years which is started on Aug.2003 and fully amortized within Aug. 2008.

** Cost of Right of Way for laying Pipeline capitalised as Intangible Assets. Based on the re-assessment of useful life during the year from 35 years to 30 years , the additional Depreciation of Rs. 68,75,482/- considered in the current year depreciation.

Note :

- 1) Apart from the above assets, the company has taken land from HPCL for its stations at Mangalore. Hassan and Devangonithi on a long term lease basis for a period of 30 years on a annual rental basis. The annual lease rent of Rs.89,10,390/- is recognised as expenditure in the Statement of Profit & Loss for the current year.
- 2) There are six pieces of Land acquired through KIADB for Sectionalised Valve Stations for which absolute sale deed are yet to be registered in the name of the company and the amount paid is shown as advance against land under Note No.13.

Amount (₹)

Note No. 11

Non- Current Assets :

Fixed assets - Capital work-in-progress :

Item	As at 01/04/2014	Additions	Capitalised during the year	As at 31/03/2015
PFR for Extension of Pipeline to Kannur	855,602		-	855,602
Tabular Battery Bank	3,894,264		3,894,264	-
Total	4,749,866	-	3,894,264	855,602
Previous Year	-	4,749,866	-	4,749,866

Note No. 12

Non- Current Assets :

Deferred Tax Assets (Net)

Deferred Tax has been considered as per the requirement of Accounting Standard 22 issued by the Institute of Chartered Accountants of India. The company has accounted for Deferred Tax Asset (net) to the extent of Rs. 25,02,49,525/- as at 31.03.2015 and Rs. 42,49,40,078/as at 31.03.2014. In view of the approved financial restructuring scheme and further business plans and projections, Deferred Tax Assets on account of unabsorbed depreciation is recognized and carried forward, since the management is virtually certain of realizing the same in due course. Major Components of Deferred Tax Assets/ (Liabilities) arising on account of timing differences are:

Deferred Tax Assets on account of Timing Difference				
Particulars	Depreciation	Disallowance u/s. 43B	B/F Unabsorbed Depreciation Loss	Total
Opening Balance: DTA/(DTL)	(89,516,141)	2,119,825	512,336,394	424,940,078
Add: DTA / (DTL) for the year	23,034,339	11,43,090	(198,867,982)	(174,690,553)
Add: Earlier Year Adjustment	-	-	-	-
Closing Balance: DTA/(DTL)	(66,481,802)	3,262,915	313,468,412	250,249,525

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note No. 13		
Non- Current Assets:		
Long Term Loans & Advances (unsecured - considered Good)		
Capital Advances:		
Advance against Land	971,403	971,403
Security Deposits:		
Rental & Other Security Deposits	20,798,945	20,798,945
	21,770,348	21,770,348

Amount (₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note No. 14		
Non- Current Assets:		
Other Non-Current assets:		
Long Term Trade Receivables: <i>(Unsecured-considered Good)</i>	30,037,387	30,250,424
Others: <i>(Unsecured - considered Good)</i>		
Advance Income Tax (Net of Income Tax Provision)	17,410,624	38,805,269
MAT Credit Entitlement	340,724,328	124,829,128
Prepaid Expenses	158,462	37,182
Insurance Claim Receivable	6,655,149	8,099,731
Less : Provision for Insurance claims	(6,655,149)	-
	388,330,801	202,021,734
Note No. 15		
Current Assets:		
Inventories		
Stores & Spares at Site:		
Project Surplus	42,068,804	52,840,390
Other Stores & Spares	54,882,100	52,974,176
	96,950,904	105,814,566
Note No.16		
Current Assets:		
Trade Receivables(Unsecured)		
Trade Receivables Outstanding for more than 6 months (considered doubtful)	2,195,413	2,195,413
Less : Provision for Doubtful Debt	2,195,413	2,195,413
Net Trade Receivable Outstanding for more than 6 months	-	-
Other Trade Receivables (considered good)	127,857,312	107,837,512
	127,857,312	107,837,512
Note No. 17		
Current Assets:		
Cash and Bank Balances:		
Cash & Cash Equivalents		
Cash in Hand	20,464	48,880
Balance with Banks in Current Account	15,976,051	2,393,087
Short Term Deposit with Banks (Maturing within 3 months)	185,692,660	1,132,902,768
Total	201,689,175	1,135,344,735
Other Bank Balances		
Short Term Deposit with Banks	3,483,996,783	1,680,671,951
Deposit with Bank secured against Performance Bank Guarantee - maturing within 12 months	63,900,000	64,225,130
	3,749,585,958	2,880,241,816

Amount (₹)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Note No. 18		
Current Assets:		
Short term Loans & Advances (Unsecured - considered good)		
Interest Receivable on Deposits	190,346,632	171,480,506
Other Advances	2,490	261,709
Advance to Employees for PCDs	15,482	34,749
	190,364,604	171,776,964
Note No. 19		
Current Assets:		
Other Current Assets		
Prepaid Insurance	1,144,905	1,010,474
Prepaid Rates & Taxes	300,000	75,000
CENVAT Credit	3,626,342	1,476,370
Prepaid Expenses	64,780	10,219
	5,136,027	2,572,063

Notes forming part of Financial Statement for the year ended 31st March 2015

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Note No. 20		
Revenue from Operations:		
Sale of Services :		
Freight Charges for Transportation of Petroleum Products	1,070,796,424	1,039,661,465
	1,070,796,424	1,039,661,465
Note No. 21		
Other Income:		
Interest Income:		
Interest Income on Term Deposit	319,085,413	252,807,599
Interest on Income Tax Refund	-	1,572,842
Interest on Security Deposit	1,105,609	628,149
Other Non-operating Income:		
Insurance Claim Received	-	2,206,487
Sundry Creditors balance Written Back	3,244,846	2,773
Sale of Pipes	10,771,586	6,552,810
Other Miscellaneous Incomes	860,928	10,516,707
Profit on Sale of Fixed Assets	46,644,932	-
	381,713,314	274,287,367
Note No. 22		
Employee Benefits Expense:		
Salaries & Allowances *	33,790,548	30,555,174
Contribution to Provident and Other Funds	1,236,726	1,091,040
Staff Welfare	202,098	221,096
Gratuity	802,091	539,211
* includes Rs.82,67,858/- (Prev. Yr. Rs.80,81,217/-) being salaries and allowances paid to HPCL Staff members on deputation.		
	36,031,463	32,406,521

Amount (´)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Note No. 23		
Finance Cost:		
Interest Expense:		
Interest on Income Tax	1,497,303	838,242
Provision for Recompense	512,916,563	-
	514,413,866	838,242
Note No. 24		
Depreciation & Amortization Expense:		
Depreciation on Tangible Assets	145,863,594	501,866,762
Amortization of Intangible Assets	9,386,193	41,216,832
	155,249,787	543,083,594
Less: Disclosed under Exceptional Item (Deprn on ROW)	-	37,303,833
	155,249,787	505,779,761
Note No. 25		
Other Expenses:		
Power & Fuel	123,196,784	112,240,060
Repair & Maintenance on Plant and Machinery	14,122,477	10,208,883
Repair & Maintenance on Buildings	77,053	2,045,830
Repair & Maintenance on ROW	155,973	1,203,625
Repair & Maintenance - Electricals & Others	17,560,616	11,371,782
Stores & Spares :		
- Consumed	5,630,950	5,496,883
- Sold	10,771,586	6,552,810
Insurance Premium	4,991,368	4,191,343
Painting of Station Pipings & equipments	930,393	1,320,420
Watch and Wards	13,074,716	14,290,194
Lease Rent	10,549,261	10,034,138
Compensation to CA(LAO) Staff	798,252	662,526
Electricity Charges	209,726	145,069
Postage and Courier	138,107	155,469
Printing, Xerox and Stationery	759,832	616,658
Professional and Consultancy Charges	1,940,415	2,292,874
Monitoring Institution Fees	300,000	300,000
Rates and Taxes	1,254,023	1,537,303
Payment to Statutory Auditors:		
- Audit Fees	150,000	130,000
- Taxation Matter	70,000	70,000
- Other Services	40,000	40,000
Telephone & Fax Charges	739,512	666,856
Training, Recruitment, Seminar and Mock Drill Expenses	605,975	325,374
Travelling and Conveyance	2,666,579	2,700,584
Vehicle Hire Charges	5,458,083	4,702,972
Repairs & Maintenance- Office	10,689	12,043
Miscellaneous Office Expenses	3,549,222	2,801,045
Community Development Activities Expenses	1,456,590	771,393
TRA Bank Charges	575,277	605,275
Advertisement for Public Tender	2,780,124	-
Loss on Sale of Fixed Assets	-	7,770
Provision for Insurance Claims	6,655,149	-
	231,218,732	197,499,179

Note No. 26

Significant Accounting Policies:

Significant accounting policies forming part of Accounts:

I. Accounting Concepts:

The Company follows the mercantile method of accounting and recognises income and expenditure on accrual basis. Accounts are prepared on historical cost basis as a going concern and materially comply with generally accepted accounting principles in India and Accounting Standards specified under sec 133, of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have also been prepared in accordance with the presentational requirements provided under Schedule III of the Companies Act, 2013, as amended from time to time.

II. Revenue Recognition

Transportation income is recognised on delivery of petroleum products to oil marketing companies. Insurance claims are accounted on acceptance in principle of claims by the respective Insurance Companies. Interest income is accounted to the extent the same is accrued and due as at the end of the financial year.

III. Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes, incidental expenses relating to the acquisition, the cost of installation / erection and interest etc. up to the date the assets are put to use as applicable.

IV. Intangible Assets

Cost of Right of Way for laying Pipelines is capitalised as Intangible Assets. Based on the Opinion of Expert advisory Committee of ICAI, the Right of Way is amortised over the useful life of 30 years.

V. Impairment of Assets

Assessment of Impairment of Fixed Assets is carried out as at each Balance Sheet date. Impairment loss is recognised when the carrying amount of any cash generating Unit (CGU) exceeds its recoverable amount.

VI. Depreciation

Depreciation on fixed assets is provided after retaining the residual value of 5% of the original cost of the asset, so as to write off the carrying cost of the asset over its balance of useful life as provided in the part B & C of Schedule II of the Companies Act, 2013 as amended from time to time. Depreciation is charged on addition/deletion on pro-rata basis depending on date put to use. Items of value less than Rs. 5,000/- are depreciated at 100% in the year of acquisition.

VII. Inventory Valuation

Stores & Spares and Project Surplus are valued at the lower of cost or net realizable Value.

VIII. Foreign Currency Transactions

Foreign Currency transactions during the year are recorded at the rates of exchange prevailing on the dates of transactions. All exchange differences are dealt with in the Profit & Loss Account. Monetary Items are reported at the closing rate. Non- Monetary Items which are carried at historical cost are reported using the exchange rate at the date of the transaction.

IX. Retirement Benefits

The company has various schemes of retirement benefits such as provident fund, gratuity and leave encashment. Defined Contribution Plan: Contributions are made for Provident Fund on monthly basis at the rate prescribed by the Employees Provident Fund Act and charged to Statement of Profit & Loss Account on accrual basis.

Defined Benefit Plan: Provisions are made for gratuity and earned/sick leave encashment based on the independent actuarial valuation, conducted annually using projected unit credit method, as adjusted for

unrecognised past services cost if any and reduced by the fair value of plan assets, is recognised in the accounts. Actuarial losses/gains are recognised in Statement of Profit & Loss Account for the period in which they occur.

X. Income Tax

Current Tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and tax laws. Deferred Tax is recognised, subjected to consideration of prudence in respect of Deferred Tax Assets, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are periodically reviewed to reassess realisation thereof (AS-22).

Minimum Alternative Tax (MAT) under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

XI. Cash Flow Statement

The Cash Flow Statement has been prepared using Indirect Method as prescribed under AS - 3 issued under Company's (Accounting Standard) Rules, 2006, whereby net profit before tax is adjusted for effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

XII. Leases Commitments [AS - 19]

Lease Payments under an Operating Lease is recognized as expenses in the statement of profit and loss on a straight line basis over the lease term.

Notes attached to and forming part of Financial Statement

Amount (₹)

Note No. 27

Disclosure as per the Accounting Standard -15 (revised)

Defined Benefit Plans - As per Actuarial Valuation using Projected Unit Credit Method

Sl. No.	Particulars	Leave Encashment		Gratuity	
		Year 2014-15	Year 2013-14	Year 2014-15	Year 2013-14
1	Change in Defined Benefit Obligations (DBO) during the year ending March 31, 2015				
	Defined Benefit Obligation at beginning of the year	1515029	925739	1682429	1143218
	Interest Cost	121572	67489	151419	92601
	Current Service Cost	78539	436454	469860	338500
	Past Service Cost- Vested/ Non- Vested Benefits	-	-	-	-
	Benefit Paid	(335688)	(188770)	-	(80724)
	Actuarial (Gain)/ Loss on Obligation	88258	340347	180812	188834
	Defined Benefit Obligation at the end of the year	1467709	1515029	2484520	1682429
2	Change in Fair Value of Assets during the year ending March 31, 2015				
	Fair Value of Plan Assets at the beginning of the year	-	-	-	-
	Expected Return on Plan assets	-	-	-	-
	Actuarial (Gain)/ Loss	-	-	-	-
	Contribution by Employer	-	-	-	-
	Benefit Paid	-	-	-	-
	Fair Value of Plan Assets at the end of the year	-	-	-	-
3	Net Assets/(Liability) recognised in Balance Sheet as at March 31, 2015				
	Defined Benefit Obligation at the end of the year	1467709	1515029	2484520	1682429
	Fair Value of Plan Assets at the end of the year	-	-	-	-
	Amount Recognised in the Balance Sheet	1467709	1515029	2484520	1682429
4	Components of Employer Expenses				
	Current Cost of Service	78539	436454	469860	338500
	Interest Cost	121572	67489	151419	92601
	Past Service Cost(Vested / Non- Vested Benefits)	-	-	-	-
	Expected Return on Plan assets	-	-	-	-
	Actuarial (Gain)/ Loss	88258	274117	180812	108110
	Total Expenses Recognised in St. Of Profit & Loss	288369	778060	802091	539211
5	Actuarial Assumptions used in Valuations				
	Discount Rate	7.80%	9.00%	7.80%	9.00%
	Expected Return on Plan Assets	NA	NA	NA	NA
	Salary Escalation	5.00%	5.00%	5.00%	5.00%
	Withdrawal Rate: Age				
	Upto 30	5%	5%	5%	5%
	31-40	3%	3%	3%	3%
	Above 40	2%	2%	2%	2%
	Mortality Rate	100% of IAL	100% of IAL-2	100% of IAL	100% of IAL -2

Note No. 28

Changes in Accounting policies during the year.

The Company has adopted the following changes in accounting policies during the year.

Depreciation: Earlier Policy of providing depreciation on fixed assets on SLM basis at the rates prescribed in schedule XIV of the Companies Act, 1956, is changed to amortisation for the balance of useful life determined on technical valuation of individual assets as prescribed in Sch. II of Companies Act, 2013.

Recognition of Income from insurance claims: Earlier policy of recognising the revenue from insurance claims at 85% of the claims preferred is changed to recognising incomes only in such cases of claims which are accepted in principle by the concerned insurance companies.

The financial implications of the above changes in accounting policies have been given effect to in the notes 9 & 10 in respect of depreciation policies and note no. 25 in respect of insurance claims.

Note No. 29

Contingent Liabilities:

Claims against the company not acknowledged as debts - with respect to:

Amount (₹)

	Current Year	Previous Year
Main Pipeline (Punj Lloyd Ltd -Court Case)	35,41,98,318	32,75,44,714
Main Pipeline (Punj Lloyd Ltd-Arbitration Case)	25,66,21,624	25,66,21,624
Others	3,10,85,881	2,63,26,087
Total	64,19,05,823	61,04,92,425

The amounts of contingent liability are not ascertainable at present for the following cases:

- a) 128 Writ Petition cases filed by PMHBL at Hon'ble High Court of Karnataka, Bangalore against the order of Hon'ble District judges of Bangalore Rural (127 cases) and Chickmagalur (01 case), wherein Hon'ble District judges ordered for additional compensation to land owners.

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) & Chickmagalur (01 case) District.

03 cases filed by Land owners at Mangalore District Court for enhancement of Compensation.

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.

- b) Petronet India Ltd (PIL) has initiated Arbitration proceedings for recovery of their operationalization fees of Rs. 1.13 Crs. The company has contested the liability on this account.
- c) Performance Bank Guarantee of Rs. 6.39 Crore 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.
- d) PMHBL applied during the year 2005 for regularisation of additional forest land utilised for the pipeline during the project period. Ministry of Environment & Forests, Govt. of India during the year, conveyed in principle sanction for the same subject to compliance with certain terms and conditions within a period of six months. As the exact financial liability is not ascertainable at the Balance Sheet date, no provision is made in this regard.

Note No. 30

Corporate Debt Restructuring (CDR)

The company has issued Zero Coupon Bond amounting to Rs. 164,44,05,283/- 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 as at the date of Balance date. In accordance with the CDR agreement and the extant RBI guidelines the lending banks have demanded payment of Rs. 51.29 Crs as recompense payable which is yet to be finalised by the consortium of lending bankers. As the liability for recompense has already triggered, as a financial prudence a provision to the extent of 51.29 Crs is made in the accounts (AS-29).

Note No. 31

Impairment of Assets

In accordance with AS-28 on Impairments of Assets, the Management during the year carried out an exercise of identifying the assets that may have been impaired. On the basis of this review carried out by the Management, there is no impairment Loss on Fixed assets during the year.

Note No. 32

Value of Imports calculated on CIF basis (on accrual basis)

Fixed Assets - Current Year - Nil & Previous Year Rs. Nil.

Capital Work in Progress - Current Year Nil & Previous Year Nil.

Note No. 33

Segment Reporting as per AS- 17.

The Company has only a single reportable segment i.e. Transportation of Petroleum Products of Oil Marketing Companies (OMCs'), hence Segment Reporting as per AS -17 is not applicable.

Note No. 34

PNGRB Order

In terms of Notification No. G.S.R. 987(E) dated 20.12.2010 issued by Petroleum & Natural Gas Regulatory Board(PNGRB), the Pipeline Transportation Tariff is determined at the level of 75% of the rail tariff on train load basis for equivalent rail distance along the pipeline route. Consequent to the PNGRB Order No. TO/04/2015 dated 03.03.2015 revised pipeline tariff for PMHBL, the freight income is considered on the basis of tariff as notified effective from 20.12.2014.

Note No. 35

Related Party Transactions:

Amount (`)

SL. No.	Particulars	2014-15	2013-14
1	Services:		
	Freight charges (Billed) - HPCL	41,78,45,837	36,04,31,881
	Freight Charges(Billed) - MRPL	1,99,54,227	5,12,40,392
2	Sales:		
	Sale of Project Surplus Pipes to HPCL	20,70,677	65,52,810
	Sale of Empty Barrels to HPCL	22,500	-
	Sharing of ROU for HPCL LPG Project	8,56,74,318	-
3	Land Lease Rent(Paid) - HPCL	1,00,11,714	96,68,643
4	Power Charges (Paid) - MRPL	2,88,98,896	2,86,75,805
5	Reimbursement of Expenses:		

6	HPCL - Salary Paid	83,20,554	72,76,601
	ONGC-Reimbursement of Expenses Received	-	46,573
	Closing Balances(Net):		
	HPCL (Debit)	7,23,35,609	5,88,11,784
	MRPL (Debit)	7,72,580	28,33,083
	PIL (Credit)	1,13,02,872	1,13,02,872

Name of Related Parties:

Promoters - Hindustan Petroleum Corporation Limited (HPCL), Oil and Natural Gas Corporation Limited (ONGC) and Petronet India Limited (PIL).

Associates of Promoter: Mangalore Refinery & Petrochemicals Limited (MRPL).

Key Management Personnel: Sri. Anil Khurana, Chandan Kumar Das and Sachin Jayaswal.

Remuneration to Managing Director:

Amount (₹)

Particulars	2014-15	2013-14
Salary and Allowances	30,23,600	23,51,133
Contribution to Provident & Other Funds	5,41,815	5,21,365
Perquisites	4,36,428	4,90,994
Total	40,01,843	33,63,492

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.

Note No. 36.

Confirmation of balances for Trade Receivables, Trade Payables are yet to be received for the year.

Note No. 37

Lease Commitments

A. The company has taken property on operating lease and has recognised rent as under:

Amount (₹)

Particulars	Current Yr.	Previous Yr. < 1 Year	Future Minimum Lease Payments		
			>1 Yr.	<5 Yr.	>5 Yr.
-Office Building	11,29,500	10,37,812	11,90,000	Nil	Nil
-Transit Camp	4,53,896	4,32,250	4,90,000	Nil	Nil

B. Renewal options:

The lease shall be renewable at the option of the lessor.

C. Restrictions:

The lessee is entitled to use the premises as an office and such other commercial use only. The lessee shall not use the premises for any unlawful purpose. The lessee shall not be entitled or permitted to sublet or assign.

Note No. 38

Amount (₹)

Capital Commitment & Other Commitments

- a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for:
- Capital Commitments - Nil
 - Other Commitments - Nil
- b) Uncalled liability on shares and other investments which are partly paid:
- Capital Commitments - Nil
 - Other Commitments - Nil

Note No. 39

The Earnings per share (EPS) is Re. 0.62, Previous Year Re. 0.70

Particulars	Current Yr.	Previous Yr.
Profit/(Loss) for the Year (PAT)	34,09,05,339	38,39,09,370
Weighted Average No. of Shares	54,87,07,264	54,87,07,264
Earning Per Shares(EPS)	0.62	0.70

Note No. 40

Figures for previous year have been regrouped/reclassified wherever necessary. All the figures and notes to accounts have been re-arranged as Schedule III of Companies Act, 2013.

Signature on Note No. 1 to 40

As per our report attached

For ACHARYA & CO.
Chartered Accountants
(Firm Regn. No.000027S)

For and on behalf of the Board

Sachin Jayaswal
Company Secretary

Shankar. K
Partner M.No. 225657

S. Ramachandran
Director

Anil Khurana
Managing Director

Chandan Kumar Das
Chief Financial Officer

Place : Bangalore
Date : 11.05.2015

Place : Bangalore
Date : 07.05.2015

ATTENDANCE SLIP

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

I / We hereby record my / our presence at the 17th Annual General Meeting of the Company, held on Thursday, 24th day of September 2015 at 12.30 PM at Hotel Le Meridien, No. 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 theshare 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 17th Annual General Meeting of the Company, to be held on Thursday, 24th day of September 2015 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:

RESOLUTIONS

Ordinary Business

- 1 To receive, consider and adopt the audited financial statement of the company for the financial year ended March 31, 2015 together with reports of the Directors and the Auditors thereon.
- 2 To appoint a Director in place of Sri A. B. Thosar (DIN: 02583055) who retires by rotation and being eligible, offers himself for reappointment.
- 3 To fix and/or to determine the payment of remuneration of the Auditors of the Company appointed by the Comptroller and Auditor General of India for auditing the accounts of the Company for the financial year 2015-16

Special Business

- 4 To appoint Sri Venkatesh M Rao (DIN: 07025342) as Director of the Company
- 5 To appoint Sri S. P. Gupta (DIN: 07236361) as Director of the Company
- 6 To re-appoint Sri Anil Khurana (DIN: 05270420) as Managing Director of the Company
- 7 To authorise the Board of Directors for borrowing money
- 8 To authorise the Board of Directors for creating charge on the assets of the Company
- 9 To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2016
- 10 To appoint Smt. Vanita Kumar (DIN: 07260123) as Independent Director of the Company

Signed this day of 2015.

Signature of Shareholder

Signature of proxy holder (s)

Affix Revenue Stamp of ` 1

Note: 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.

