

ANNUAL REPORT  
2012-13



[www.petronetlng.com](http://www.petronetlng.com)

**PETRONET LNG LIMITED**
**Board of Directors**

Shri Vivek Rae	Chairman
Dr. A. K. Balyan	Managing Director & CEO
Shri R. K. Garg	Director (Finance)
Shri Rajender Singh	Director (Technical)
Shri B. C. Tripathi	Director
Shri R. K. Singh	Director
Shri Sudhir Vasudeva	Director
Shri A. M. K. Sinha	Director
Mr. Dominique PELLOUX-PRAYER	Director
Shri Tapan Ray	Director
Shri B. C. Bora	Director
Shri Ashok Sinha	Director
Shri R. Ram Mohan	Director

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**Company Secretary**

Shri K. C. Sharma

**Statutory Auditors**

M/s T. R. Chadha & Co.

**Cost Auditor**

M/s Sanjay Gupta & Associates

**Registrar & Share Transfer Agent:**

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

**Bankers and Financial Institutions:**

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

**Registered Office:**

World Trade Centre, 1st Floor, Babar Road,  
Barakhamba Lane, New Delhi 110 001  
Tel. : 011-23411411, 011-23472525  
Fax : 011-23472550  
Website: www.petronetlng.com

**Dahej LNG Terminal:**

GIDC Industrial Estate, Plot No.7/A, Dahej,  
Taluka : Vagra, Distt. Bharuch, Gujarat - 392130  
Tel. : 02641- 257004 to 257007  
Fax : 02641- 253179/300310/253182

**Kochi LNG Project Site:**

Survey No. 347,  
Puthuvypu (Puthuypeen SEZ)  
P.O. 682508, Kochi, Kerala  
Tel. : 0484-2502259  
Fax : 0484-2502264

**PETRONET LNG LIMITED  
NEW DELHI**

Registered Office: World Trade Centre, First Floor, Babar Road,  
Barakhamba Lane, New Delhi -110 001

**NOTICE OF 15TH ANNUAL GENERAL MEETING – 2013**

**N**OTICE is hereby given that the 15th (Fifteenth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 4th day of July, 2013 at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi-110 010 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013, Statement of Profit & Loss for the year ended 31st March, 2013, together with Report of Directors and Statutory Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2013.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s T. R. Chadha & Co., Chartered Accountants (Regn. No.006711N), New Delhi, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the Fifteenth Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 10 Lacs plus out of pocket expenses and applicable service tax.”

**SPECIAL BUSINESS**

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

5. **“RESOLVED THAT** pursuant to Article 111 of Articles of Association of the Company and the provisions of Section 198, 269, 309 and the provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject

to approval of the Central Government, if required and such alterations / modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members be and is hereby accorded to the appointment of Shri Rajender Singh as Director (Technical) for a period of five years w.e.f. 14th November, 2012 on the terms and conditions as stated in Explanatory Statement, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.”

6. **“RESOLVED THAT** Shri Vivek Rae who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board  
For Petronet LNG Limited



**Place :** New Delhi  
**Date :** 29th May, 2013

(K. C. Sharma)  
Company Secretary

**NOTES:**

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Item No. 4, 5 and 6 set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL.**
3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.

**PETRONET LNG LIMITED**

4. In terms of Article 108 of Article of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri R. K. Singh, Shri A. M. K. Sinha, Shri Ashok Sinha and Shri B. C. Bora are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. However, in terms of their initial appointment, Shri Ashok Sinha and Shri B. C. Bora are eligible for re-appointment upto 29th June, 2014. In terms of provisions of Clause 49 of Listing Agreement, the brief resume of Shri R. K. Singh, Shri A. M. K. Sinha, Shri Ashok Sinha and Shri B. C. Bora forms part of notice.
5. All documents referred to the accompanying Notice and the Explanatory Statement(s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
6. Members / Proxies should bring the Attendance Slip duly filled for attending the Meeting.
7. Members are requested to bring their copies of the Annual Report to the Meeting.
8. Members holding Shares in physical mode are requested to notify the change in their Address / Bank Account / update e-mail ID to M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
9. Members holding shares in De-mat mode are requested to notify the change in their Address / Bank Account / update e-mail ID to their respective Depository Participant(s) (DPs).
10. Members must quote their Folio No. / De-mat Account No. in all correspondence with the Company / R&T Agent.
11. No gift will be distributed at the Annual General Meeting.
12. The Register of Members and Share Transfer Books of the Company will remain closed from 24th June, 2013 to 4th July, 2013 (both days inclusive). The dividend on equity shares, as recommended by the Board of Directors, subject to the approval of Members in the Annual General Meeting, will be paid on and after 16th July, 2013 to the Members or their Mandates whose name appear on the Company's Register of Members on 23rd June, 2013 in respect of physical Shares and in respect of Dematerialized Shares, the dividend will be payable to the beneficial owner of the shares whose name appear in the statement of beneficial ownership furnished by NSDL and CDSL at close of business hours on 21st June, 2013.
13. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with Bank(s), the Members holding equity shares in Physical Mode are requested to provide their Bank Account details to M/s Karvy Computershare Pvt. Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
14. Members holding shares in dematerialized form are requested to provide / update their Bank Account details to their respective Depository Participants (DP) with whom they maintain their demat account.
15. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
16. Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
17. Annual Listing Fee for the year 2013-14 has been paid to all Stock Exchanges wherein Shares of the Company are listed.
18. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf in the Meeting.
19. Pursuant to the provisions of Section 205C (2) (b) of the Companies Act, 1956, the Company had transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government during the year 2011, the unpaid or unclaimed application moneys received for allotment of shares at the time of IPO of the Company and due for refund for the last seven years completed on 22nd March, 2011.

**ATTENTION MEMBERS -  
“GREEN INITIATIVE IN CORPORATE GOVERNANCE”**

Government of India, Ministry of Corporate Affairs (“**Ministry**”) has initiated a “Green Initiative in Corporate Governance” by allowing paperless compliances by Companies through electronic mode. In terms of the Circular No.17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 issued by the Ministry, Companies can now send notices /documents (including but not limited to notice calling Annual General Meeting, Audited Financial Statements, Directors’ Report, Auditors’ Report, etc.) through electronic mode to its Members, whose e-mail addresses are registered with the Company or with the concerned Depository Participant which shall be deemed to be in compliance of the provisions of the Section 53 of the Companies Act, 1956, read with applicable provisions of Information Technology Act, 2000. You would agree, it is a welcome move for the society at large as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This step will also help in speedy communication of the documents and also evade loss in postal transit. We are sure that you would appreciate the “Green Initiative” taken by the Ministry and hereby solicit your patronage and support in helping the Company to implement the e-governance initiatives of the Ministry. Considering the below mentioned advantages of registration for e-communication, this is also a golden opportunity for every Member of **Petronet LNG Limited (the Company)** to contribute towards Corporate Social Responsibility initiative provided you all register your e-mail id with the concerned Depository Participant to receive above-mentioned notices / documents through electronic mode and you are not required to re-register unless there is a change in your e-mail address.

**ADVANTAGES OF REGISTERING FOR E-COMMUNICATION**

- ❖ Contribute towards Corporate Social Responsibility
- ❖ Save costs on paper and on postage
- ❖ Receive communication promptly
- ❖ Reduce paper consumption and save trees
- ❖ Eliminate wastage of paper
- ❖ Avoid loss of document in postal transit

We find that either your e-mail id is not registered with the Depository Participant or you are holding shares in Physical form. We intend to send, through electronic mode, notices/ documents etc. of the Company, henceforth, All you have to do is to register your e-mail id with the concerned Depository Participant or update the same with the Company’s Registrar and Transfer Agent i.e. **Karvy Computershare Private Limited (Transfer Agent), Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081**. Those Members, who have not registered their e-mail ID as stated above, may download the copy of Annual Report from Company’s **website i.e. [www. petronetlng.com](http://www.petronetlng.com)**.

**PETRONET LNG LIMITED**
**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**
**ITEM NO: 4**

M/s T. R. Chadha & Co., Chartered Accountants (Regn. No. 006711N), were appointed as the Statutory Auditors of the Company in the Fourteenth Annual General Meeting held on 4th July, 2012 in terms of Section 224A of the Companies Act, 1956, the Auditors shall hold office till the conclusion of the ensuing Annual General Meeting.

Further, in terms of the provisions of Section 224A of the Companies Act, 1956, the appointment / re-appointment of Auditors will be made in the Annual General Meeting by passing a Special Resolution, if 25% or more of the paid up share capital of the Company is being held by Public Financial Institution(s) or a Government Company or Companies or the Central or the State Government. As more than 25% of the paid up share capital of the Company is being held by the Government Companies, therefore, Directors of your Company recommend the appointment of M/s T. R. Chadha & Co., Chartered Accountants, by passing a Special Resolution, as the Statutory Auditors of the Company who will hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 10 Lacs plus out of pocket expenses and applicable service tax.

No Director of the Company is in any way concerned or interested in the proposed resolution.

**ITEM NO: 5**

Shri Rajender Singh was appointed as Director (Technical) by the Board on 14th November, 2012 for a period of five years on the following terms and conditions-

**Salary**

Basic pay has been fixed at Rs. 1, 26,000/- p.m. with an annual increment of 5% on basic pay.

**Perquisites**

- a. **Housing:** Rent free furnished accommodation along with the benefits of gas, fuel, water, electricity (Rs. 2000/- per month), telephone internet and fax as also upkeep and maintenance of Company's furnished accommodation.

or

House Rent Allowance (HRA) limited to the 60% of Basic salary or if he offers a house in his own name/

spouse, the same may be taken on lease limited to 60% of the basic salary.

- b. **Medical Reimbursement:** Reimbursement of medical expenses for self and family including dependent parents at actual.
- c. **Leave Travel Allowance:** Leave Travel Allowance will be paid by the Company for self and family once in a year subject to a ceiling of one and half month's basic salary.
- d. **Club Fees:** Reimbursement of club fees, subject to maximum of two clubs.
- e. **Personal Accident Insurance Policy:** The Company subject to a maximum premium of Rs. 4000/- p.a., will provide Personal Accident Insurance Cover as applicable.
- f. **Furniture at Residence:** upto Rs. 3 lacs subject to recovery of Rs. 100/- p.m and payment of 10% on maintenance allowance on self certification basis with option to repurchase at book value after 7 years or on retirement whichever is earlier.

**Other Benefits**

- a. Contribution to Provident Fund, Superannuation Fund/Annuity Fund in accordance with the rules of the Company.
- b. Gratuity at a rate not exceeding one half month's basic salary for each completed year of service.
- c. Car with services of a driver to be maintained by the Company for official use. The permissible limit for personal use would be 1000 KMs per month with an annual ceiling of 12000 KM against a monthly deduction of Rs. 600/- p.m.
- d. Telephone / Fax / Internet facility at actual.
- e. Leave / Leave Salary as per the rules of the Company.
- f. The performance incentive would be decided by the Remuneration Committee to be constituted by the Board on a year to year basis based on the performance of the Company.
- g. Commission on profit, if any, decided by the Board on yearly basis, subject to and within the ceiling as may be approved by the Shareholders.
- h. Any and all allowances, perquisites and benefits under the appropriate schemes and rules applicable generally to the officers of the Company provided however that the total remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.
- i. The appointment will be subject to termination by three-month notice in writing on either side.

**PETRONET LNG LIMITED**

Tenure of appointment is for a period of 5 years from the date of taking over the charge of Director (Technical).

The appointment and other services terms will be subject to the relevant provision of the Companies Act, 1956 and as amended from time to time.

No Sitting Fees will be paid for attending the meetings of the Board or any Committee thereof.

As per the requirement of the Companies Act, 1956, the appointment of Director (Technical) is required to be approved by the Shareholders in the General Meeting. Your Directors recommend the resolution for approval of the Shareholders including the terms & conditions as set out above.

Shri Rajender Singh is interested in the resolution to the extent of his appointment as Director (Technical). No other Director of the Company is in any way concerned or interested in the proposed resolution.

**ITEM NO: 6**

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956, Shri Vivek Rae was appointed as Additional Director w.e.f. 21st February,

2013 on the Board of the Company. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Shareholder proposing the name of Shri Vivek Rae as Director of the Company. A brief resume of Shri Vivek Rae as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders.

Shri Vivek Rae is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

By Order of the Board  
For Petronet LNG Limited



(K. C. Sharma)  
Company Secretary

**Place :** New Delhi  
**Date :** 29th May, 2013

**PETRONET LNG LIMITED**
**BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT**
**Shri R. K. Singh**

Shri R. K. Singh is a nominee Director of BPCL on the Board of Petronet LNG Ltd. Shri Singh is the Chairman & Managing Director of BPCL. Having completed his B. Tech. in Mechanical Engineering with Honours from Banaras Hindu University (BHU) in 1974, Shri Singh had a brief stint in Hindustan Lever and Hindalco before embarking on his career in Bharat Petroleum Corporation Ltd. (BPCL) in 1978. Since then, Shri Singh has held various important assignments, both in the Refinery and Marketing divisions of the company.

Shri R. K. Singh holds 400 shares in the Company.

Shri R. K. Singh holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Bharat Petroleum Corporation Ltd.	Chairman
Numaligarh Refineries Ltd.	Chairman
Bharat Oman Refineries Ltd.	Chairman
Matrix Bharat Pte Ltd.	Chairman
Bharat Renewal Energy Ltd.	Chairman
Bharat Petro-resources Ltd.	Director

Shri R. K. Singh is the Chairman of Audit Committee of Bharat Petro-resources Ltd.

**Shri A. M. K. Sinha**

Shri A. M. K. Sinha is a nominee Director of IOCL on the Board of Petronet LNG Ltd. He is a Mechanical Engineer, has over 35 years of diverse experience with the Indian Oil Corporation Limited, the largest commercial organization in India. Shri Sinha possesses rich experience of efficiently managing critical portfolios across the whole marketing value chain of the downstream oil sector. During Shri Sinha's leadership Indian Oil continued to retain position of pride as India's No.1 Petroleum Retailer.

Under his leadership, Indian Oil has won many accolades over the years in retailing viz "Gold Winner" in Petrol Stations Service, "Most Admired Retailer" of the year in Rural Retailing etc.

Prior to taking over as Director (P&BD), Shri Sinha worked as Executive Director (Corporate Planning &

Economic Studies) at Corporate office of Indian Oil and was responsible for building futuristic scenarios, analysis of external & internal environment, SWOT framework for strengthening planning process and for venturing into new business domain.

Shri A. M. K. Sinha holds 600 shares in the Company.

Shri A. M. K. Sinha holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Green Gas Ltd.	Chairman
Indian Oil Corporation Ltd.	Director

Shri A. M. K. Sinha is not a Member/Chairman of Committees of Board of Directors of any other Company.

**Shri Ashok Sinha**

Shri Ashok Sinha is an Independent Director on the Board of Petronet LNG Ltd. He has spent a charismatic 33 years at Bharat Petroleum Corporation Limited, (BPCL), one of India's largest organizations and listed as a Fortune 500 company, operating in a complex and nationally strategic sector.

Shri Ashok Sinha has served on the Board of BPCL for 15 years – first as Director (Finance) for 10 years from 1995 and then as its Chairman and Managing Director for 5 years. In recognition of his three decade long tryst with innovation, Shri Ashok Sinha was one of the four CEOs from India, who were invited to the world's CEOs roundtable event at Frankfurt in February 2007 on the topic of "Growth through Business Model Innovations".

Shri Ashok Sinha has a degree in Electrical Engineering from the Indian Institute of Technology (IIT), Kanpur and Masters in Business Administration from the Indian Institute of Management (IIM), Bangalore, with specialization in Finance.

Shri Ashok Sinha holds Nil shares in the Company.

Shri Ashok Sinha holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
CMC Ltd.	Director
Axis Asset Management Co. Ltd.	Director

Shri Ashok Sinha is Member of the Audit Committee of CMC Ltd. and Axis Asset Management Co. Ltd.

**Shri B. C. Bora**

Shri B. C. Bora is an Independent Director on the Board of Petronet LNG Ltd. He is having more than 45 years of

experience in Oil & Gas sector, both within and outside India. He superannuated from ONGC as Chairman & Managing Director in 2001. Shri Bora started his career with Oil India Limited, as a Production Engineer in 1962 and rose to become the Chairman and Managing Director of the Company in 1992, a position he held until 1995, when he moved to ONGC as its Chairman and Managing Director and superannuated from that position in 2001. He was actively involved with a number of important Committees and task forces of the Government of India, related to the Hydrocarbon and Energy industries, to help the Government, to decide on various policy issues on Oil & Gas Sector, as well as Public Sector in general.

He was also associated with a number of Technical, Social and Sports organizations in the Country as an important office bearer. He has remained associated with Petroleum Sector by being part time Consultant and Advisor to a number of Companies engaged in the Energy Sector.

Shri B. C. Bora holds Nil shares in the Company.

Shri B. C. Bora holds Directorship / Chairmanship in following other Company-

Name of the Company	Position Held
Assam Hydrocarbon & Energy Co. Ltd.	Director

Shri B. C. Bora is not a Member/Chairman of Committees of Board of Directors of any other Company.

### Shri Rajender Singh

Shri Rajender Singh has taken over the charge of Director (Technical) of Petronet LNG Limited on 14th November, 2012. He has completed his B.Sc. (Engineering) - Civil from NIT (formerly REC), Kurukshetra in 1981. He has rich experience in handling various oil & gas projects from conceptualization to commissioning in ONGC at Ankleshwar, Gandhar, Assam and Hazira. He has been associated with Petronet LNG Ltd. since 2001 as a part of Project Management Team of ONGC for construction of LNG Terminal Dahej phase-I. Shri Singh joined Petronet LNG Limited in 2006 as VP (Plant Head) - Dahej. Later he took the responsibilities of Sr. VP (Dahej & Kochi).

Shri Rajender Singh holds Nil shares in the Company.

Shri Rajender Singh does not hold Directorship / Chairmanship in any other Company.

### Shri Vivek Rae

Shri Vivek Rae took over as Secretary, Ministry of Petroleum & Natural Gas in the month of February, 2013. He was appointed as Director and Chairman of Petronet LNG Ltd. on 21st February, 2013.

Shri Vivek Rae entered the Indian Administrative Service in 1978. As a civil servant, Shri Rae has acquired wide ranging experience cutting across social and economic sectors, including health, education, planning and finance. Shri Rae served briefly at the Prime Minister's Office during 1989-90 and thereafter worked as Assistant Resident Representative with the United National Development Programme, New Delhi from 1991-1995, with responsibility for Industry, Trade and Technology programmes. Shri Rae worked as Finance Secretary and Planning Secretary in the state of Goa during 1996-1999, Planning Secretary in the National Capital Territory of Delhi during 1999-2001 and Joint Secretary (Plan Finance) in the Ministry of Finance, Government of India during 2002-2006. As Chief Secretary of Andaman & Nicobar Islands (2008-2010), the highest ranking civil servant. Shri Rae was charged with responsibilities for overall coordination, policy formulation and implementation of programmes across the entire spectrum of development activities.

Shri Rae also served as Director General (Acquisition) in the Ministry of Defence of the Government of India, during 2010-12.

Shri Rae has a Bachelor of Arts (Hons.) Degree in Economics from St. Stephen's College, University of Delhi and Masters Degree in Economics and Politics from New College, University of Oxford.

Shri Vivek Rae holds Nil shares in the Company.

Shri Vivek Rae holds Directorship/Chairmanship in the following other Company:

Name of the Company	Position Held
Indian Strategic Petroleum Reserves Ltd.	Chairman

Shri Vivek Rae is not a Member/Chairman of Committees of Board of Directors of any Company.

## PETRONET LNG LIMITED

### DIRECTORS' REPORT

#### Dear Shareholders,

On behalf of the Board of Directors, it is my privilege and honour to present the Fifteenth Annual Report and the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2013.

Being the first and leading LNG importing Company in India, your Company has created a niche for itself in the gas business. The Company's main thrust is on catalyzing the growth of the Indian gas sector. It has firmly established itself as an international player having relationships with major LNG exporters in the world. The Dahej Terminal has received LNG cargoes from all across the world and serves as an important energy provider to the Nation by supplementing the dwindling domestic gas production.

#### Physical Performance

During the year under review, the operations of Dahej Terminal surpassed its name plate capacity of 10 MMTPA. During the financial year 2012-13, Dahej Terminal



*Employees working at Dahej LNG Terminal*

handled 164 LNG cargoes and supplied 525 TBTUs of regasified LNG. 2,400 LNG road tankers were loaded and dispatched during the year under review.

#### Financial Performance

While making sincere efforts to further leverage the potential of imported LNG in the Indian market and striving to be a key energy provider, your Company continues to set new benchmarks for growth in its financial performance. During the period 2012-13, your Company achieved its highest ever turnover of Rs. 31,467 Crores as against Rs. 22,696 Crores in 2011-12. Net profit during the year was also the highest ever at Rs. 1,149 Crores as against Rs. 1,058 Crores in the previous year. Your Company continues to achieve high-capacity utilization

at the Dahej Terminal. A summary of the comparative financial performance in the fiscal 2012-13 and 2011-12 is presented below:

(Rs. in Crores)

Particulars	2012-13	2011-12
Revenue from operations	31,467	22,696
Other Income	182	85
<b>Total Revenue</b>	<b>31,649</b>	<b>22,781</b>
Cost of material consumed	29,305	20,587
<b>Gross Margin</b>	<b>2,344</b>	<b>2,194</b>
Salary & other operating expenses	319	280
Finance charges	118	177
Depreciation	187	184
<b>Profit before Tax</b>	<b>1,720</b>	<b>1,553</b>
Tax expenses, including deferred tax	571	495
Profit after Tax	1,149	1,058
Earnings (Rs.) per Share	15.33	14.10

#### Dividend

Keeping in view the good performance and sound financial position of the Company, the Directors are pleased to recommend a dividend of 25% on the paid-up share capital of the Company for the year ending 31<sup>st</sup> March, 2013.

#### Financing of Projects

The strength of its balance sheet has allowed your Company to successfully raise debt in the past years – both in foreign currency as well as Indian Rupees – from a number of banks and financial institutions. A consortium led by State Bank of India has provided Rupee Term loans and non-fund-based facilities. For its various projects, foreign currency debt has been raised from International Finance Corporation, Asian Development Bank and Proparco (France). The average cost of borrowing compares well with some of the best companies in the country. The lenders are eager to support the Company in its future expansion projects.

Credit rating agencies have assessed the long-term credit rating of the Company as AA+ with a positive outlook which depicts the Company's strong fundamentals and inherent business strength.

#### LNG Sourcing

Your Company has executed long-term LNG supply contracts with Qatar and Australia. With the aim to quench India's growing gas demand and to alleviate the gas shortage in the country, the Company is negotiating with a number of other international suppliers for bringing more volumes of LNG into the country. This will help to broad-base the LNG supply sources.

## Second LNG Jetty at Dahej

The construction of second jetty at Dahej is progressing well. The overall progress is nearly 70%. The Marine facilities are being built by M/s Afcons Infrastructure Ltd. The approach trestle (2.4 km) and unloading platform are almost complete. This will provide working fronts for erection of equipment and construction of piping. The Breasting/Mooring Dolphins shall be constructed after the monsoon season. The Topsides facilities work is under construction and is being built by M/s Toyo Engineering India Ltd. All major equipment has been ordered and supply of the same is in progress as per requirement. Piping works is in progress in the first 1,500 meters of the approach trestle. M/s Engineers India Limited (EIL) is the Project Management Consultant (PMC) for the project. The jetty is likely to be commissioned by the first quarter of 2014.



Construction of Second Jetty at Dahej LNG Terminal

With the completion of the above project, your Company will be in a position to mitigate the risks associated with receipt of very high number of ships at the existing jetty. The Company will also be able to cater to higher number of cargoes as well as larger size (Q-flex & Q-max) of LNG ships. This will enhance the flexibility of cargo receipt.

## Expansion of Dahej Terminal

The activities related to expansion of Dahej LNG Terminal from 10 MMTPA to 15 MMTPA are progressing well. The Company, through global press notification, has completed pre-qualification of prospective bidders for selection of contractors for the lump sum EPC contracts. The bid document has been issued to pre-qualified bidders and the contracts are likely to be finalized by the third quarter of this year. The expansion project involves construction of two additional storage tanks, additional Re-gas facilities of 5 MMTPA capacity and four LNG Truck loading bays, at an estimated project cost of USD 590 million.



Visit of Smt. Lakshmi Panabaka, Hon'ble Minister of State, Ministry of Petroleum & Natural Gas, at Dahej LNG Terminal

For Dahej expansion, the activities regarding acquisition of land on south side of the existing plant are at an advanced stage. Stage-1 clearance for diversion of 22.62 hectares of forest land has been received. The stipulated conditions for Stage-1 clearance are being complied with. The activities relating to acquisition of data for preparation of Environmental Impact Assessment (EIA) report are complete. The draft EIA report has been submitted to the Gujarat Pollution Control Board for further clearances. The project is expected to be completed in 2016.

## Shipping Arrangements

Your Company has efficiently managed the transportation of 7.50 MMTPA of LNG from RasGas, Qatar, to Dahej. Three LNG ships, namely 'Disha', 'Raahi' and 'Aseem', are operating on a long-term charter basis. The Shipping Corporation of India (SCI) is equity partner in the ship-owning companies. Disha and Raahi have been manned, managed, maintained and operated by SCI since December, 2008, and the management of Aseem has also been transferred to SCI in March, 2013.



LNG Tanker - DISHA

## PETRONET LNG LIMITED

On 25<sup>th</sup> February, 2013, your Company received the 1000<sup>th</sup> LNG cargo at the Dahej Terminal. This was indeed an unprecedented feat. These 1,000 ships were received



*1000th LNG Cargo at Dahej LNG Terminal*

during a period of 9 years and 26 days, which indicates that the overall shipping operations have been smooth. The jetty utilization has been optimum and without any downtime.



*Celebration of arrival of 1000th LNG Cargo*

Your Company is in the process of finalizing the ship charter on long-term basis for the fourth LNG ship for transporting LNG from Australia. Tenders have been invited and are likely to be finalized by the third quarter of 2013-14.

### LNG Terminal at Kochi

The Kochi LNG Terminal is nearing completion. The construction of tanks by EPC contractor, M/s IHI, is complete and the tanks are Nitrogen purged. Similarly, the re-gas facilities have been completed by the EPC contractor, M/s CTCL. Utilities are already commissioned and process facilities are Nitrogen purged. The marine facilities (LNG Jetty) have also been



*LNG Tanks at Kochi LNG Terminal*

completed. Minor check list points of dredging are being attended to.

Your Company is synchronizing the preparedness of facilities at the consumer end. The plant is presently connected to two major consumers, namely FACT and Kochi Refinery through Phase I pipeline. After the



*Visit of Chief Minister, Kerala at Kochi Terminal*

completion of Phase II twin pipe lines of GAIL from Kochi to Mangalore and Kochi to Bengaluru, other consumers will be connected. The Kochi Terminal is likely to be commissioned by July/August 2013, initially with FACT & Kochi Refinery consumers.



*Visit of Hon'ble Members of Standing Committee On Petroleum and Natural Gas at Kochi LNG Terminal*

### East Coast Terminal at Gangavaram

Your Company assessed the market demand of natural gas of various regions and prepared a Detailed Feasibility Report (DFR) for building an LNG Terminal at Gangavaram Port in the State of Andhra Pradesh. In view of the increasing gap between demand and supply of domestic gas, particularly in eastern, central and southern parts of the country, your Company has decided to build a –LNG Terminal of 5 MMTPA capacity at Gangavaram. Your Company has signed a binding term sheet with Gangavaram Port Ltd. for setting up a LNG Terminal.



*Term sheet signing with Gangavaram Port Ltd.*

The option of early commencement of supplies through a Floating Storage and Re-gassification Unit (FSRU) is being analyzed.

The Detailed Feasibility Report (DFR) of the proposed Gangavaram Plant has been completed by M/s Tractabel. Front End Engineering and Design (FEED) have been completed by M/s Engineers India Limited (EIL). The Public hearing for environmental clearance was conducted in January, 2013. The Final EIA report has been submitted to MOEF, New Delhi, for grant of environmental clearance. The process for qualification of prospective EPC bidders for construction shall commence shortly. The target date for completion of the terminal is end-2016.

### Direct Marketing of LNG

The concept of supply of LNG through road transportation using receiving stations/hubs is prevalent in several countries. However, it is new in India. The concept is ideally suited for consumers who are not connected with gas pipelines and have small requirement. The hubs can be used to supply PNG for domestic consumption, CNG for vehicles and RLNG for industrial use. Steps are underway to market LNG directly to consumers across the country through overland transportation.



*Supply of LNG through Cryogenic Vehicles*

Direct marketing shall be under the brand name “**Taratara**”.

### Future Plans

With the objective to achieve the strategic goal of developing storage and re-gassification capacity of 30 MMTPA by 2020, your Company is keeping provision for further enhancement of Dahej Terminal from 15 to 20 MMTPA. In addition, your Company is discussing with the concerned authorities of Andaman & Nicobar Islands regarding feasibility of supply of LNG through small barges and creating LNG hubs in the Island. In view of increasing concerns about release of greenhouse gases, the time is not far off for the conversion of shipping industry from conventional fuel to LNG. Your Company has kept provision for reloading of small ships from Kochi Terminal for future requirement of coastal trade of LNG and bunkering.

### Deposits

During the year, your Company did not accept any deposits from the public under Section 58A of the Companies Act, 1956.

### Employee Particulars

Pursuant to provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules 1975, the names and other particulars of employees are set out in the annexure to the Directors' Report.

### Corporate Governance

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with Auditors' Certificate regarding Compliance of the SEBI Code of Corporate Governance is annexed herewith.

## PETRONET LNG LIMITED

### Business Responsibility Report

SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed entities, based on market capitalisation at BSE and NSE, to include Business Responsibility Report as part of the Annual Report describing the initiatives taken by the companies from Environmental, Social and Governance perspective.

Accordingly, the Business Responsibility Report is attached and forms part of the Annual Report.

### Management Discussion and Analysis

The Annual Report contains a separate section on Management Discussion and Analysis which is a part of the Directors' Report.

### Conservation of Energy & Technology Absorption

All possible measures have been undertaken successfully by your Company to achieve the desired objective of energy conservation and technology upgradation. In order to ensure optimum conservation of energy and absorption of technology, your Company's engineers have been interacting with industry peers, technology providers and EPC Contractors. They have also been nominated to important national and international seminars. A team has closely worked with Project Consultant and EPC Contractors in all phases of designing and construction of Dahej and Kochi LNG Terminals.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

That your Company had followed the applicable accounting standards along with proper explanations relating to material departures in the preparation of the annual accounts;

- a) That your Company had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss account of the Company for that period;
- b) That your Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

- c) That the accounts of your Company have been prepared on a going-concern basis.

### Industrial Relations

Your Company continued to enjoy cordial and smooth relations amongst all its employees. No mandays were lost due to strikes, lock out, etc.



*Inauguration of 16th Foundation Day of Petronet LNG Limited*



*Celebrating 16th Foundation Day of Petronet LNG Ltd.*

### Change in the Board of Directors

During the year under review, following are the changes among the Directors.

Directors Superannuated	
Name	Date of Superannuation
Shri C. S. Mani, Director (Technical)	19 <sup>th</sup> October, 2012
Shri G. C. Chaturvedi, Chairman	31 <sup>st</sup> January, 2013

## PETRONET LNG LIMITED

The Board placed on record its appreciation for the contributions made by Shri C. S. Mani and Shri G. C. Chaturvedi.

Directors Appointed	
Name	Date of Appointment
Shri R. Ram Mohan, Lender's Nominee	19 <sup>th</sup> October, 2012
Shri Rajender Singh, Director (Technical)	14 <sup>th</sup> November, 2012
Shri Vivek Rae, Chairman	21 <sup>st</sup> February, 2013

### Foreign Exchange Earning and Outgo

Your Company has incurred expenditure in foreign exchange to the extent of Rs. 27,924 Crores during the year under review. Foreign exchange earnings during the year were Rs. 1.26 Crores.

### Cost Auditor

The Board of Directors has re-appointed M/s Sanjay Gupta & Associates as the Cost Auditor of the Company for the Financial Year 2012-13.

### Auditors

M/s T. R. Chadha & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting (AGM)

of your Company and being eligible, offer themselves for re-appointment. The re-appointment, if made, for the financial year 2013-14, will have to be approved by Special Resolution as required under Section 224A of Companies Act, 1956.

### Acknowledgements

The Board of Directors sincerely thanks and wishes to place on record its appreciation of the Ministry of Petroleum and Natural Gas, Government of India, State Governments of Gujarat and Kerala, Promoters of the Company, GDF Suez, RasGas, Exxon Mobil and other LNG suppliers, gas off-takers and consumers of re-gasified LNG, Auditors, Lenders and the Employees of the Company for their whole-hearted co-operation and unstinted support. The Directors want to express their deep-felt thanks and best wishes to all the shareholders for the continued support and trust they have reposed in the Management. The Directors look forward to a bright future and further growth with confidence.

**For & on behalf of the Board of Directors**



**(Vivek Rae)  
Chairman**

**Place :** New Delhi  
**Date :** 29th May, 2013



Third Strategy Meet of Petronet LNG Ltd. held at Goa

**PETRONET LNG LIMITED****Annexure to Directors' Report****PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

Name of the Employee	Remuneration Received in Rs.	Nature of employment whether Permanent or Contractual	Other terms & Conditions	Nature of Duties of the employee	Qualification & Experience of the employee	Date of commencement of employment	Age of the employee (years)	No. of Equity Shares held in the Company	The last Employment held by such employee before joining the Company
Dr. A. K. Balyan	79,94,529	Contractual	Five years w.e.f. 16 <sup>th</sup> July, 2010.	MD & CEO	Ph. D. (Germany), M. Tech., IIT, Delhi Exp. – 41 years.	16 <sup>th</sup> July, 2010	61	400	ONGC Ltd.
Shri C. S. Mani	63,63,989	Contractual	Up to the age of 65 years i.e. up to 19 <sup>th</sup> October, 2012.	Director (Technical)	B. Tech. (Chemical), IIT, Chennai, and Master in Engineering (Chemical) Exp. – 40 years.	1 <sup>st</sup> August, 2006	65	Nil	Gujarat Alkalies & Chemicals Ltd.
Shri R. K. Garg	67,56,968	Contractual	Five years w.e.f. 20 <sup>th</sup> July, 2011.	Director (Finance)	Chartered Accountant and Company Secretary Exp. – over 34 years.	27 <sup>th</sup> September, 2001	57	5300	Steel Authority of India Ltd.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Global LNG Market**

Natural gas is not a new phenomenon. Natural gas that is brought out from the Earth's womb is millions of years old. In the early civilizations, natural gas emanating from earth's fissures was considered the wrath of angry gods. Soon, all that changed. Natural gas was first commercially used in late 18<sup>th</sup> century; manufactured natural gas became reality in early 19<sup>th</sup> century. In the initial years, the methods of obtaining gas were primitive and its use not a widespread. However, of late, natural gas is playing an increasingly important role in the global energy mix. Currently, gas consumption is 24% of the total primary energy consumption globally. The US shale gas revolution has given a significant boost to the industry. The discovery of shale gas has drastically reduced gas prices in North America. That price dip has encouraged other countries to study and develop shale gas technology and reserves. Environmental concerns are also a major driver in increasing gas consumption.

LNG is a small part of the entire gas industry. However, over time, it has been witnessing continuous growth. As more buyers and sellers enter the market, LNG is cornering a greater share of the global gas trade. In spite of growing interest in LNG across the world, in 2012, LNG trade declined marginally due to supply-side problems. The demand for LNG, however, remained strong, especially in light of the nuclear shutdown in Japan and the resulting increased demand for LNG by buyers to bridge the power-generation deficit. During 2012, the total global LNG trade was 236 MMTA.

During the past year, however, not everything went smoothly for LNG. Supply disruptions took place in a few LNG plants. Yemen's LNG gas supply was interrupted due to intermittent terrorist attacks on its gas pipeline which feeds the Yemen LNG plant. Nigeria LNG also faced gas supply issues impact on their ability to deliver LNG, while other LNG plants, like Tangguh, Snøhvit, QatarGas 4 and Atlantic LNG, faced maintenance issues which affected LNG supplies. Due to these supply issues, there was a marginal decline in LNG trade. Even then, imports to the Asia Pacific Basin were 170 MMTA (157 MMTA in 2011), while imports to the Atlantic Basin fell by 18% to 70 MMTA. Japan was primarily responsible for most of the increase in demand.

New LNG capacity also achieved financial closure in 2012. When the plants get commissioned later this decade, these additional projects will provide 23.1 MMTA of capacity. Pluto project in Western Australia was the sole LNG project commissioned in 2012. It started LNG supplies in May 2012. Apart from Qatar which is the largest LNG producer in the world, Australia is also

emerging as a major supplier and is positioned to overtake Qatar if most of the planned projects in the pipeline are realized. However, the Australian LNG industry faces significant challenges in terms of cost escalation and delays in project implementation. Cost revisions were announced at QCLNG, GLNG and Gorgon, with increases of 25%, 15% and 43%, respectively, over estimates at financial closure. Due to this, the rate at which project sanctions were taking place in Australia has slowed. As far as the issue of LNG exports from the United States is concerned, in 2012, Sabine Pass became the first export project to be sanctioned in the US. It is expected that several other projects will develop, adding to the LNG export capacity of the US.

Of late, the focus has shifted to new regions which show a promising potential to become LNG exporters. Countries in the East of Africa, like Mozambique and Tanzania, have discovered significant off-shore gas reserves. Gas reserves in Mozambique are now at around 100 tcf with around 20 tcf in Tanzania. Out of these two countries, Mozambique is making rapid progress in LNG project development with Eni and Anadarko signing an HOA for the joint development of a liquefaction plant to develop their respective resources.

As mentioned above, LNG demand in Asia increased to 170 million tonnes in 2012, 13 million tonnes higher than 2011. This was largely driven by Japan, which received record imports of 87 million tonnes. LNG imported by Japan was used to bridge the power deficit caused by the nuclear shutdown due to safety concerns after the March 2011 earthquake. Till date, in Japan, only two nuclear reactors have been restarted and there is a lot of uncertainty about the restart of the remaining nuclear plants. This will give rise to high LNG demand from Japan for some time.

Other LNG importers like China enjoyed high growth in LNG imports with a 21% increase in 2012 over 2011 to 14.5 million tonnes. The demand in India and Taiwan also recorded robust growth of 6% over the previous year. The only market experiencing a drop in imports was South Korea due to a mild 2011-12 winter and high inventories carried over from the previous year. In Europe, UK imported 10.38 MMT of LNG in 2012, which was down by 43% over 2011.

Indonesia became the region's newest importer when the Nusantara Regas Satu regas terminal in West Java was commissioned. Elsewhere in Southeast Asia, Malaysia's first regas terminal at Melaka was mechanically completed in 2012, but will not start importing cargoes until May 2013. As gas reserves decline in LNG-supplying nations and their economies develop, there is more demand for gas from the domestic economy. This has led to the development of importing terminals. In the case of

## PETRONET LNG LIMITED

Indonesia, the country is buying LNG from its own LNG projects and supplying to gas-deficit markets in other parts of the country.

Liquefaction projects coming up in the US have prompted buyers in Asia to work on gas hub pricing based on Henry Hub in their LNG SPAs with other sellers. LNG SPAs that have emerged in the past year have included varying degrees of hub indexation, like the BG-CNOOC deal for 5 million tonnes per year. At the same time, LNG importers in Asia are demanding more flexibility to be incorporated in their contracts and are signing contracts for LNG procurement with various LNG export projects from the US.

In 2013, Angola and Algeria are scheduled to commission LNG plants. For 2013, the focus will be on production levels at existing LNG plants and the progress made in achieving FIDs for new projects in North America, East Africa and the Arctic.

Pricing will continue to be a major issue with buyers demanding that LNG SPAs be indexed to North American gas prices. Industry analysts feel that higher fixed-price constants and more hybrid deals using both gas hub and oil-indexed pricing are likely to emerge.

Strong LNG demand from Asia will see more Middle East and Atlantic Basin LNG diverted away from European and North American markets in 2013. With limited new LNG capacity being commissioned in 2013, LNG imports to Europe and North America may fall again and this gap will be filled by piped gas. While Asian demand is expected to remain high, essential CCGT maintenance and nuclear re-starts in Japan could significantly impact the market. It remains to be seen whether the opening of a new regas and storage facility in Singapore in April 2013 will enable significantly more flexibility in trading LNG in Asia.

In 2013, a lot of attention will be paid to the next wave of LNG investment in North America, East Africa and possibly the Arctic, but in the short-term, managing current demand in a supply-constrained environment will be a key issue for the coming year.

### LNG Scenario in India

Following the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6% and 9.3%, respectively, in 2009-10 and 2010-11. However, with inflation rising due to the stimulus, the Reserve Bank of India started raising interest rates in March 2010. High rates as well as policy constraints adversely impacted investment, and in the subsequent two years, 2011-12 and 2012-13, the growth rate fell to 6.2% and 5.0%, respectively.

In spite of the current and short-term growth scenario, the long-term picture of the Indian economy looks robust. According to the International Energy Agency's World Energy Outlook, India is expected to achieve an average real GDP growth of 6.4% from 2008 to 2035, which will be higher than China's. This high GDP growth rate will lead to India having the highest growth in the primary energy demand. The CAGR for Natural Gas demand will be 5.4%, compared to 3.6% for Oil. This signals that the share of natural gas in the overall energy basket will increase significantly in the years to come.

### Gas Supply & Demand

The domestic gas production in 2012-13 is estimated to have been about 110 MMSCMD and LNG imports account for 45%, at around 50 MMSCMD. The production of natural gas in the country is from nominated fields operated by the National Oil Companies (NOCs), Panna Mukta Tapti and NELP Blocks like KG D6 and other smaller gas fields. The 12<sup>th</sup> Five Year Plan (2012-17) has projected that from the current production in 2012-13, gas production will rise to 232 MMSCMD in 2016-17. However, compared to the growth in gas demand from 293 MMSCMD to 473 MMSCMD over the same period, there will be a huge shortfall in supply. According to the 12<sup>th</sup> Plan, if this gap between demand and supply is not met by domestic gas, then imported LNG will be required to bridge this gap. By 2016-17, imported LNG is expected to account for 55% of the total gas supply in the country.

### Gas Consumption

Currently, out of the total gas supplied, the Power sector consumes 44% of the total, while the Fertilizer sector consumes 25%. The remaining 31% is consumed by City Gas Distribution (CGD), Refineries, Petro-chemicals etc. The Power and Fertilizer sectors are the dominant gas consumers currently and will remain the largest gas users in the future.

The Power sector is the single largest consumer of gas in the country and will remain so in the future. However, the Power sector is very sensitive to gas prices. Around 6,450 MW of power projects are expected to be commissioned between 2012-13 and 2016-17, which will require 24 MMSCMD of additional gas to fuel these new gas-based power projects. The Government of India has also planned to build additional 25,000 MW of gas-based capacity from 2012-13 to 2021-22 which will require 90 MMSCMD of additional gas supply. However, this investment plan will be dependent on cost-competitive gas supply.

In India, there are various urea-manufacturing fertilizer plants which use various liquid fuels and natural gas as feed-stock. The switching of fertilizer plants using liquid fuels to natural gas as well as revamping existing fertilizer plants and adding new projects will increase gas demand

by 12 MMSCMD and 10 MMSCMD, respectively. By 2015, gas demand from the Fertilizer sector is expected to reach 72 MMSCMD.

Unlike the Power and Fertilizer sectors, other sectors like CGD, Refineries, Petro-Chemicals etc. are less sensitive to gas prices. CGD is a relatively new sector and current supplies come from both domestic gas and imported LNG. As CGD coverage is extended and new cities are covered, it is estimated that the demand for gas by CGD sector will rise to 46 MMSCMD by 2016-17. From 2012-13 to 2021-22, Petroleum and Natural Gas Regulatory Board (PNGRB) has planned to rollout CGD projects in 121 cities and 150 Geographical Areas. Refinery and Petro-chemical sectors are also poised for rapid growth and can afford higher prices for gas. It is predicted that by 2016-17, the demand for gas by these sectors will reach 72 MMSCMD.

According to the 12<sup>th</sup> Five Year Plan, by 2016-17, the overall demand for Natural Gas is expected to grow to 473 MMSCMD. By 2021-22, the demand will be a whopping 600 MMSCMD. The Power and Fertilizer sectors will account for 70% of the total gas demand in the country. The price of the end products of power and fertilizer are regulated by government and only when price reforms are initiated will these sectors' affordability for imported LNG grow.

Categorized by sector-wise consumption, Refineries are the largest consumers of LNG consuming approximately 36% of the total imported LNG volumes, followed by 18% consumption by Fertilizer sector, 15% by CGD and 11% by the Power sector. The remaining is consumed by Petrochemicals, Sponge Iron etc.

The 12<sup>th</sup> Plan has envisaged an important role for LNG in the country's gas sector. As new terminals, like Petronet LNG's Kochi and the RGPPL Terminal, Dabhol are added and existing terminals are expanded, the re-gasification capacity is expected to rise from 19.8 MMTA in 2012-13 to 50 MMTA by 2019-20.

As far as the supplies of LNG are concerned, for 2012-13, it is estimated that 63 MMSCMD of LNG will be imported by India and this will rise to 150 MMSCMD by 2016-17. By 2021-22, LNG imports to India are projected to be 258 MMSCMD. Currently, with the technical difficulties being faced by the KG Basin D6 gas field and its declining output which has now reached about 15 MMSCMD, dependence, at least in the short to medium term, on LNG will remain high.

### **Gas Pricing**

The Government of India had constituted a committee to review the structure of the current PSC mechanism in the Petroleum industry as well as to review the gas

pricing mechanism for domestically produced gas. The committee has recommended a methodology for gas price determination. Currently, India does not have a developed gas market through which gas prices can be determined independently. For this purpose, the committee has proposed to combine two methods of search for competitive gas prices at the global level. First, the netback price of Indian LNG imports at the wellhead of the exporting countries would be estimated and the average of such netback import prices at the wellhead would represent the average global price for Indian imports. Second, the average of prices prevailing at trading point of transaction of gas trading hubs of major global markets like the Henry Hub of the US, and the National Balancing Point of the UK, as well as the netback price of LNG imports at the sources of supply for Japan will be taken. Finally, the average of the prices arrived at from the above two methods should be worked out to arrive at an overall average of global prices. Using this method of gas price calculation for India, gas price is likely to range between \$ 6.7-8 per mmbtu in the short term. This will reduce the price gap between LNG and domestic gas and make LNG more competitive in the market. This proposed natural gas pricing formula is expected to apply to all sectors uniformly while allocation of natural gas will continue to be as per the prevailing Gas Utilization Policy of the Government. The Government of India is yet to take a final decision on these proposals.

### **Opportunities**

Petronet LNG Limited (PLL) being the first Company to import LNG, the Company has been instrumental in shaping the growth of LNG consumption in the Country. The Company has set up industry benchmarks in operational efficiency in operations of LNG terminal. The Company's main thrust is on catalyzing the growth of Indian Gas sector through enhancing the gas supply to satisfy the needs of existing consumers as well as to develop new consumers.

PLL has emerged as a key player in India's supply-constrained Natural Gas market. PLL is the operator and owner of India's first and largest LNG terminal at Dahej, in the state of Gujarat. It is now exploring multiple options to further leverage the potential of imported LNG in the Indian gas market.

The gas market in India is rapidly evolving with strong economic growth fueling energy demand across sectors. Entry of several private and foreign players are some of the factors shaping the sectoral landscape. Further, the supply deficit situation is resulting in higher price benchmarks for supply of gas to the domestic market. The Company, in addition to long-term import, is importing Spot/Short-Term LNG cargoes that are being sourced from different suppliers worldwide.

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To meet the demand-supply gap of Natural Gas in the country, the Company had doubled the capacity of its first LNG re-gasification plant at Dahej from 5 MMTPA to 10 MMTPA which is being further expanded to 15 MMTPA. The Company is nearing completion of another 5 MMTPA Greenfield LNG import and re-gasification plant in Kochi in the state of Kerala. This will enable the Company to expand its reach and supply of Natural Gas in the South Indian market. In addition, the Company has decided to construct another LNG Terminal on the East Coast of India at Gangavaram, near Vishakhapatnam in the State of Andhra Pradesh.

### Threat from Competition

All the major players in the Indian hydrocarbon business have plans for entering the natural gas business. Gas discoveries in K G Basin and Mahanadi Basin may increase availability of Gas in the country which may put pressure on the price of Gas. The expected competition in the future scenario will not only be from Indian players, but also from several multinational companies that will extend their presence in the Indian Market. As a result, the competition is expected across the gas value chain. Your Company is fully prepared to face the competition from Indian as well as overseas players in the Market.

In India, gas competes primarily with Coal (in Power sector) and with liquid fuels (in Industrial and Fertilizer sectors). As a result, gas demand is fairly price-sensitive for the Power sector with low elasticity for the Fertilizer sector due to the existing Fertilizer policy. The City Gas Distribution segment where the competition is mainly with high-priced petroleum fuels (HSD, Petrol, LPG, etc.) faces challenges in terms of infrastructure and conversion costs.

In a high economic growth scenario, to sustain 7-8% economic growth over the next 20 years, gas-based power is expected to remain a focus area and high levels of capacity additions and PLFs are expected even at high gas prices.

### Segment wise or Product wise Performance

Presently, the Company primarily deals only in one segment, i.e. Import and Re-gasification of Liquefied Natural Gas (LNG). During the year 2012-13, 525 TBTUs of re-gasified LNG was delivered to the off-takers and customers.

### Risk and Concerns

The Company considers good Corporate Governance as a pre-requisite for meeting the needs and aspirations of its shareholders and other stake shareholders in the Company. As part of the Company's efforts to strengthen Corporate Governance, the Board of Directors has formulated a Risk Management Policy, which puts in

place a risk management structure with clear definition of roles and responsibilities, as well as a risk portfolio involving a continuous process of risk identification, risk assessment, control assessment and risk monitoring, review and communication. The Company aims to:

- Identify, assess and manage existing as well as new risks in a planned and coordinated manner
- Increase the effectiveness of PLL's internal and external reporting structure.
- Develop and foster a 'risk' culture within the organization that encourages all staff to identify risk and associated opportunities and respond to them with appropriate actions.

### Risk of Competition

LNG competes with Naphtha, Coal, Fuel oil and similar Hydrocarbons. These alternate fuels are currently widely used by end-user industries like Fertilizers and Power. In addition to the above-mentioned fuels, LNG also competes with the domestic Natural Gas. LNG offers several advantages over the above-mentioned fuels. LNG sourced by your Company under long-term contract is currently priced competitively against these alternate fuels. However, a reduction in prices of the alternate fuels and increase in long-term prices of LNG could lead to increased pricing pressure on LNG and may have an adverse impact on the future growth of the Company.

Currently, the Company does not produce or market any products other than R-LNG. The sole activity is import and re-gasification of LNG. Your Company has sourced LNG under long-term contract from RasGas of Qatar and sells re-gasified LNG mainly to three intermediate off-takers, namely GAIL (India) Ltd., Bharat Petroleum Corporation Ltd., and Indian Oil Corporation Ltd., with whom your Company has long-term gas sale and purchase agreement. Even though this assures market for the entire product, there are risks involved in limited customers. In addition to the existing contract with RasGas, your Company has also executed another long-term contract with the Australian entity of Exxon Mobil for supply of around 1.44 MMTPA of LNG from its Gorgon project to meet the requirement of the new LNG Terminal coming up in Kochi. To meet the gas requirements of various refiners and industrial consumers, your Company has also tied up with various suppliers for import of around 1.50 MMTPA of LNG on short-term basis.

### Internal Control Systems and their Adequacy

The Company has developed adequate internal control systems commensurate to its size and business. The Company has appointed M/s KPMG, an outside agency,

as its Internal Auditors, who conduct internal audit for various activities. The reports of Internal Auditors are submitted to the Management and the Board's Audit Committee, which review the adequacy of internal control system.

#### **Financial Performance**

The turnover during the financial year ended 31<sup>st</sup> March, 2013, was Rs. 31,649 Crores including other income as against Rs. 22,781 Crores in 2011-12. The net profit during the financial year ended 31<sup>st</sup> March, 2013, was Rs. 1,149 as against Rs. 1,058 Crores in 2011-12.

#### **Human Resources**

During the year, the Company maintained harmonious and cordial industrial relations. No mandays were lost due to strike, lock-out etc. As on 31<sup>st</sup> March, 2013, there were 397 employees including three Whole-Time Directors.

#### **Disclosure by Senior Management Personnel, i.e. One Level below the Board including all HODs:**

None of the Senior Management personnel has Financial and Commercial transactions with the Company, where they have personal interest that would have a potential conflict with the interest of the Company at large.

**PETRONET LNG LIMITED**

## REPORT ON CORPORATE GOVERNANCE FORMING PART OF DIRECTORS' REPORT

**A Brief Statement on Company's Philosophy on Code of Corporate Governance**

The Philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders' value while being a responsible corporate citizen. The Company firmly believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision-making power vested in the executive management is used with care and responsibility to meet shareholders' and stakeholders' aspirations. The Company is committed to attain the highest standards of Corporate Governance.

**Board of Directors**

The total strength of the Board as on 31<sup>st</sup> March, 2013, was thirteen Directors as detailed herein below:

<b>S No</b>	<b>Name</b>	<b>Designation</b>	<b>Category (Whole-time / Non-executive / Independent)</b>
1	Shri Vivek Rae	Chairman, Secretary, Govt. of India, (MOP&NG)	Independent
2	Dr. A. K. Balyan	Managing Director & CEO	Whole-time
3	Shri R. K. Garg	Director (Finance)	Whole-time
4	Shri Rajender Singh	Director (Technical)	Whole-time
5	Shri B. C. Tripathi	Director, Nominee of GAIL	Non-executive
6	Shri R. K. Singh	Director, Nominee of BPCL	Non-executive
7	Shri Sudhir Vasudeva	Director, Nominee of ONGC	Non-executive
8	Shri A. M. K. Sinha	Director, Nominee of IOCL	Non-executive
9	Mr. Dominique PELLOUX-PRAYER	Director, Nominee of GDF International	Non-executive
10	Shri Tapan Ray	Director, Nominee of GMB/GOG	Independent
11	Shri B. C. Bora	Director	Independent
12	Shri Ashok Sinha	Director	Independent
13	Shri R. Ram Mohan	Director, Lender's Nominee	Independent

**Board Meetings**

During the year 2012-13, four Board Meetings were held on 24<sup>th</sup> April, 31<sup>st</sup> July, 19<sup>th</sup> October, 2012, and 13<sup>th</sup> January, 2013. The attendance of each Director in the Board Meetings and the last Annual General Meeting is detailed herein below:

Name of Directors	Designation	Number of Board Meetings held during the year 2012-13	Number of Board Meetings attended during the year 2012-13	Attendance at last Annual General Meeting held on 4 <sup>th</sup> July, 2012
Executive Directors				
Dr. A. K. Balyan	Managing Director & CEO	4	4	Yes
Shri R. K. Garg	Director (Finance)	4	4	Yes
Shri C. S. Mani (upto 19 <sup>th</sup> October, 2012) Shri Rajender Singh ( w.e.f. 14 <sup>th</sup> November, 2012)	Director (Technical)	4	3	Yes
			1	NA
Non-executive Directors				
Shri B. C. Tripathi	Nominee Director of GAIL	4	2	No
Shri R. K. Singh	Nominee Director of BPCL	4	2	No
Shri Sudhir Vasudeva	Nominee Director of ONGC	4	3	No
Shri A. M. K. Sinha	Nominee Director of IOCL	4	3	No
Mr. Dominique PELLOUX-PRAYER *(Two Board meetings attended by Mr. Eric Ebelin as an Alternate Director)	Nominee Director of GDF International	4	4	No
Non-executive Independent Directors				
Shri G. C. Chaturvedi (upto 31 <sup>st</sup> January, 2013) Shri Vivek Rae (w.e.f. 21 <sup>st</sup> February, 2013)	Chairman	4	3	Yes
			NIL	NA
Shri Tapan Ray	Independent Director	4	2	No
Shri B. C. Bora	Independent Director	4	4	Yes
Shri Ashok Sinha	Independent Director	4	4	Yes
Shri R. Ram Mohan (w.e.f. 19 <sup>th</sup> October, 2012)	Independent Director	4	1	NA

**PETRONET LNG LIMITED****Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies and Shareholding in the Company as on 31.03.2013**

Name	No. of other Companies in which Directorship / Chairmanship is held		No. of Membership / Chairmanship held in Committees of Board of other Companies		No. of Shares held in the Company
	Directorship	Chairmanship	Membership	Chairmanship	
Shri Vivek Rae	NIL	1	NIL	NIL	NIL
Dr. A. K. Balyan	2	NIL	NIL	NIL	400
Shri R. K. Garg	2	NIL	NIL	NIL	5300
Shri Rajender Singh	NIL	NIL	NIL	NIL	NIL
Shri B. C. Tripathi	NIL	4	1	NIL	NIL
Shri R. K. Singh	1	5	NIL	1	400
Shri Sudhir Vasudeva	NIL	7	NIL	NIL	800
Shri A. M. K. Sinha	1	1	NIL	NIL	600
Mr. Dominique PELLOUX-PRAYER	1	NIL	NIL	NIL	NIL
Shri Tapan Ray	11	1	3	2	NIL
Shri B. C. Bora	1	NIL	NIL	NIL	NIL
Shri Ashok Sinha	2	NIL	2	NIL	NIL
Shri R. Ram Mohan	NIL	NIL	NIL	NIL	NIL

**Note: -**

As per Clause 49, the above details are required to be disclosed only for the following three committees:

- 1 Audit Committee
- 2 Shareholders/Investors Grievance Committee
- 3 Remuneration Committee

**Remuneration paid to Whole-time Directors and to Non-executive Directors during the year ended 31<sup>st</sup> March, 2013**

The remuneration to Whole-time Directors is being paid as per terms of their appointment. The Company pays remuneration by way of salary, perquisites, allowances and commission to Whole-time Directors. The commission is calculated with reference to profits of the Company in a particular year and is determined by the Board and Shareholders, subject to overall ceiling as prescribed in the Companies Act, 1956.

The details of remuneration paid to the Whole-time Directors during the year are stated herein below:

(In Rupees)

S. No.	Name	Designation	Salaries & Allowances	Contribution to PF & Gratuity Fund	Other Benefits & Perks	Commission payable on Profit for the year 2012-13	Total
1	Dr. A. K. Balyan	Managing Director & CEO	50,82,552	2,89,548	6,22,429	20,00,000	79,94,529
2	Shri C. S. Mani	Director (Technical) (upto 19th October, 2012)	30,18,243	7,04,091	15,34,806	11,06,849	63,63,989
3	Shri R. K. Garg	Director (Finance)	38,51,363	2,01,701	7,03,904	20,00,000	67,56,968
4	Shri Rajender Singh	Director (Technical) (w.e.f. 14th November, 2012)	12,58,444	69,048	2,18,992	7,56,164	23,02,648

**PETRONET LNG LIMITED**

The details of the sitting fees paid to Non-executive Directors or their nominated Organization / Company during the year ended 31st March, 2013, is as detailed below:

S. No.	Name	Sitting Fees paid during 2012-13 (Rs.)
1	Mr. Dominique Pelloux – Prayer/ Mr. Eric Ebelin*	1,00,000
2	Government of India	80,000
3	Bharat Petroleum Corporation Ltd.	80,000
4	Oil & Natural Gas Corporation Ltd.	1,20,000
5	Indian Oil Corporation Ltd.	1,80,000
6	GAIL (India) Ltd.	60,000
7	Gujarat Maritime Board	40,000
8	Shri B. C. Bora	2,00,000
9	Shri Ashok Sinha	2,20,000
10	Shri R. Ram Mohan (w.e.f. 19th October, 2012)	20,000

\*Alternate Director to Mr. Dominique Pelloux-Prayer

In addition to the above, Commission on Profits is also payable to the following Independent Directors:

S. No.	Name	Commission payable on Profit for the year 2012-13 (Rs.)
1	Shri B. C. Bora	7,50,000
2	Shri Ashok Sinha	7,50,000

**Terms of appointment of Whole-time Directors**

The Company has the following Whole-time Directors as on 31st March, 2013:

1. Dr. A. K. Balyan, Managing Director & CEO
2. Shri R. K. Garg, Director (Finance)
3. Shri Rajender Singh, Director (Technical)

The initial tenure of Whole-time Director(s) is for a period of five years w.e.f. their respective date of appointment. However, the tenure of Whole-time Directors may further be extended by re-appointing them, subject to approval by Members in the Annual General Meeting.

The appointment of Whole-time Directors is subject to termination by a three-month notice in writing by either party.

**Audit Committee**

The Audit Committee comprises the following Directors as on 31st March, 2013:

1. Shri Ashok Sinha, Chairman
2. Shri B. C. Bora, Member
3. Shri A. M. K. Sinha, Member
4. Shri R. Ram Mohan, Member

All the Members of Audit Committee are Non-executive Directors and three out of four Members are Independent Directors, namely Shri Ashok Sinha, Shri B. C. Bora and Shri R. Ram Mohan. The quorum of the Audit Committee is two Members.

**PETRONET LNG LIMITED**

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company held on 4th July, 2012.

The Company Secretary is the Secretary of the Audit Committee.

**Detail of Meetings of Audit Committee held during the year**

<b>Member</b>	<b>No. of Meetings Held</b>	<b>No. of Meeting Attended</b>
Shri Ashok Sinha	4	4
Shri B. C. Bora	4	4
Shri A. M. K. Sinha	4	3
Shri R. Ram Mohan, Independent Director (Appointed as member w.e.f. 13th January, 2013)	4	Nil

**Terms of Reference of Audit Committee**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any Government Body or to the investors or the public; the company's system of internal controls regarding finance, accounting and legal compliances that the Management and the Board have established.

The terms of reference of Audit Committee include inter-alia the following:

- Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of statutory and internal auditors (wherever required), fixation of audit fee and also approval for payment for any other services.
- Reviewing with the Management the quarterly, half-yearly and the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by the Management.
  - The going-concern assumption.
  - Compliance with accounting standards.
  - Compliance with Stock Exchange(s) and Legal requirements concerning financial statements.
  - Any related party transactions, i.e. transactions of the Company of material nature, with Promoters or the Management, or relatives etc. that may have potential conflict with the interest of the Company at large.
- Reviewing with the Management, statutory and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors about any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where they are suspected of any fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors about the scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk-management policies.
- To look into the reasons for substantial defaults in the payment to the lenders, shareholders (in case of non payment of declared dividends) and other creditors.

### **Shareholders' / Investors' Grievance Committee**

As on 31st March, 2013, the Shareholders'/Investors' Grievance Committee comprises the following Directors:

- 1 Shri Ashok Sinha, Chairman
- 2 Shri A. M. K. Sinha, Member
- 3 Shri R. K. Garg, Member
- 4 Shri Rajender Singh\*, Member

The Company Secretary is the Compliance Officer of the Company.

One Meeting of the Shareholders'/Investors' Grievance Committee was held on 13th January, 2013 which was attended by all the members of the committee.

\* (Appointed as member w.e.f. 13th January, 2013)

### **Details of Complaints received and redressed during the year ended 31st March, 2013**

2 complaints were pending as on 1st April, 2012. 1,206 complaints were received and 1,203 complaints were resolved during the year. Only 5 complaints were pending as on 31st March, 2013.

### **Share Transfer Committee**

The Share Transfer Committee was constituted to deal with the cases like re-materialization of shares, transfer, transposition and splitting of shares in physical mode. The Share Transfer Committee comprises Whole-time Directors, namely,

- 1 Dr. A. K. Balyan, Managing Director & CEO
- 2 Shri R. K. Garg, Director (Finance)
- 3 Shri Rajender Singh, Director (Technical)

Dr. A. K. Balyan, Managing Director & CEO, is the Chairman of the Committee.

### **Remuneration Committee**

The Remuneration Committee was constituted by the Board to determine the Remuneration Package for Executive Directors. The following Directors are the Members of the Remuneration Committee as on 31st March, 2013:

1. Shri Ashok Sinha, Chairman
2. Shri B. C. Bora, Member
3. Shri Sudhir Vasudeva, Member

One meeting of the Remuneration Committee was held on 24th April, 2012.

### **Risk Assessment & Minimisation Procedure**

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. A Risk Management Committee consisting of Whole-time Directors periodically reviews the procedures to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system.

### **Legal Compliance Reporting**

As required under Clause 49 of the Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

## PETRONET LNG LIMITED

### Annual General Meetings (AGMs)

The details of last three Annual General Meetings are as mentioned below:

Year	2009-10	2010-11	2011-12
<b>Date &amp; Time</b>	24th June, 2010 at 10:00 AM.	30th June, 2011 at 10:00 AM.	4th July, 2012 at 10:00 AM
<b>Venue</b>	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010
<b>Details of Special Resolutions</b>	1) Appointment of Statutory Auditors 2) Amendment of Articles of Association	1) Appointment of Statutory Auditors 2) Approval for payment of Commission on profit to Directors	1) Appointment of Statutory Auditors 2) Approval for Employee Stock Option Scheme
<b>Resolutions passed through Postal Ballot</b>	Nil	Nil	Nil

### Extraordinary General Meeting(s) (EGMs)

During the year 2012-13, no Extraordinary General Meeting of the Members of the Company was held.

### Disclosure

During the year 2012-13, no material transactions with the Directors or the Management, their subsidiaries or relatives etc. have taken place, which have potential conflict with the interest of the Company.

### Compliance

There has been no non-compliance of the provisions/requirements of Stock Exchanges/SEBI. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to the Capital Market.

### Means of Communication

The Company's website ([www.petronetlng.com](http://www.petronetlng.com)) has updated details about the Company, its project status, Shareholding pattern on quarterly basis, etc. The financial results are being posted on the Company's website. The Company also has an exclusive e-mail ID ([investors@petronetlng.com](mailto:investors@petronetlng.com)) for investors to contact the Company in case of any information and grievances. The financial results were also published in National Daily Newspapers in terms of Listing Agreement.

### General Shareholders Information

#### Annual General Meeting (AGM)

<b>Day &amp; Date</b>	4th July, 2013
<b>Time</b>	10:00 AM
<b>Venue</b>	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010
<b>Date of Book Closure</b>	24th June, 2013, to 4th July, 2013 (Both days inclusive)

### Dividend Payment Date

The dividend, if approved by the Members of the Company, will be paid on or after 16th July, 2013.

### Financial Calendar

Petronet LNG Ltd. follows the financial year from April to March. The Un-audited Financial Results for the first three quarters and the Audited Financial Results for the year ended 31st March, 2013, were taken on record and approved by the Board in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April – June, 2012	31st July, 2012
July - September, 2012	19th October, 2012
October-December, 2012	13th January, 2013
Year Ended	
31st March, 2013	30th April, 2013

**Listing on Stock Exchange(s)**

Name of Stock Exchanges	Stock Code
The Stock Exchange, Mumbai (BSE)	532522
The National Stock Exchange of India Limited (NSE)	PETRONET

**Market Price Data: High and Low during each month in the last financial year**

Month	BSE (in Rs.)		NSE (in Rs.)	
	High	Low	High	Low
April, 2012	175.00	135.20	174.90	135.00
May, 2012	145.25	122.25	145.35	122.00
June, 2012	149.50	125.40	149.80	125.30
July, 2012	150.65	139.55	150.80	139.25
August, 2012	155.45	144.60	155.40	144.55
September, 2012	172.95	152.20	172.65	150.65
October, 2012	171.20	157.50	180.00	157.25
November, 2012	175.15	153.90	175.35	153.65
December, 2012	165.70	153.55	165.70	157.00
January, 2013	168.80	150.90	168.70	150.55
February, 2013	156.20	140.00	156.30	139.60
March, 2013	150.80	127.15	150.75	126.75

**Distribution Schedule as on 31st March, 2013**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in Rs.	% of Amount
Up to – 5000	3,26,964	89.51	5,06,24,071	50,62,40,710	6.75
5001 – 10,000	24,974	6.84	1,95,93,154	19,59,31,540	2.61
10,001 – 20,000	8,381	2.29	1,23,04,032	12,30,40,320	1.64
20,001 – 30,000	1,923	0.53	49,29,379	4,92,93,790	0.66
30,001 – 40,000	821	0.22	29,30,880	2,93,08,800	0.39
40,001 – 50,000	602	0.16	28,47,433	2,84,74,330	0.38
50,001 – 1,00,000	813	0.22	58,97,181	5,89,71,810	0.79
1,00,001 & Above	838	0.23	65,08,73,914	6,50,87,39,140	86.78
<b>TOTAL</b>	<b>3,65,316</b>	<b>100.00</b>	<b>75,00,00,044</b>	<b>7,50,00,00,440</b>	<b>100.00</b>

**PETRONET LNG LIMITED**
**Shareholding Pattern of the Company as on 31st March, 2013**

	Category	No. of Shares Held	% of Shareholding
<b>A</b>	Promoter's holding		
1	Promoters		
	• Indian Promoters	37,50,00,000	50.00
	• Foreign Promoters	Nil	Nil
	Sub- Total (A)	37,50,00,000	50.00
<b>B</b>	Non- Promoters holding		
1	Institutional Investors		
a	Mutual Funds and UTI	6,72,80,381	8.97
b	Banks, Financial Institutions	1,50,953	0.02
c	Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	1,40,000	0.02
d	FII's (Including ADB holding)	10,26,46,886	13.69
	Sub-Total (B1)	17,02,18,220	22.70
2	Others		
a	Private Corporate Bodies	1,78,19,673	2.38
b	Indian Public including HUF and Foreign Nationals	10,63,62,860	14.18
c	NRI's / OCB's (Including GDFI)	7,89,29,492	10.52
d	Any other (Clearing Members & Trusts)	16,69,799	0.22
	Sub-Total (B2)	20,47,81,824	27.30
	GRAND TOTAL (A+B1+B2)	75,00,00,044	100.00

**List of Shareholders Holding More than 1% of Equity Capital as on 31st March, 2013**

Name	No. of Shares Held	% of Shareholding
<b>Promoter's Holding</b>		
Bharat Petroleum Corporation Ltd.	9,37,50,000	12.50
GAIL (India) Ltd.	9,37,50,000	12.50
Indian Oil Corporation Ltd.	9,37,50,000	12.50
Oil & Natural Gas Corporation Ltd.	9,37,50,000	12.50
<b>Non-promoters Holding</b>		
GDF International	7,50,00,000	10.00
Asian Development Bank	3,90,00,000	5.20

**Detail of Unclaimed Shares as on 31.03.2013 issued pursuant to Initial Public Offer (IPO)**

S. No.	Particulars	Cases	No. of shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account (i.e. KCL ESCROW ACCOUNT PETRONET LNG IPO-OFFER) lying at the beginning of the year i.e. 1st April, 2012.	649	1,32,700
2	Number of shareholders who approached for transfer of shares from suspense account during the year.	2	300
3	Number of shareholders to whom shares were transferred from suspense account during the year.	1	200
4	Aggregate number of shareholders and outstanding shares in the suspense account at the end of year, i.e. 31st March, 2013.	648	1,32,500

**Code of Conduct for Board Members & Senior Management Personal**

The Board of Directors of the Company approved Code of Conduct for Board Members & Senior Management Personnel and the same was made effective from 1st April, 2006. A copy of the same has also been hosted on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the said Code for the year ended 31st March, 2013.

**CEO/CFO Certification**

A certificate from the Managing Director & CEO and Director (Finance) on the financial Statements of the Company in terms of Clause 49 of Listing Agreement was placed before the Board, who took the same on record.

**Related Party Transactions**

The details of all significant transactions with related parties are periodically placed before Audit Committee.

**Reconciliation of Share Capital Audit**

A qualified practicing Company Secretary carried out a Reconciliation of Share Capital Audit on quarterly basis to reconcile the total Share Capital with National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with total number of shares in physical forms and total number of dematerialized shares held with NSDL and CDSL.

**Status of Corporate Governance Voluntary Guidelines 2009**

The voluntary guidelines issued by Ministry of Corporate Affairs in December 2009, pertaining to Corporate Governance are complied with to the extent found feasible.

**Major Plant / Unit Location(s)**

<b>Dahej LNG Terminal</b> GIDC Industrial Estate, Plot No 7/A, Dahej, Taluka: Vagra, Distt. Bharuch, Gujarat - 392130 Tel : 02641-253182/257004-257007 Fax: 02641-253179/300310	<b>Kochi LNG Project Site</b> Survey No. 347, Puthuvypu (Puthuypeen SEZ), P.O. 682508, Kochi, Kerala Tel: 0484-2502259 Fax : 0484-2502264
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**Address for Correspondence**

<b>Registered &amp; Corporate Office</b> Petronet LNG Limited World Trade Centre, First Floor, Babar Road, Barakhamba Lane, New Delhi – 110 001 Tel: 011- 23472525, 23411411 Fax: 011- 23472550 Email: investors@petronetlng.com	<b>Registrar &amp; Share Transfer Agent</b> M/s Karvy Computershare Pvt. Limited Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081 Tele: 040-23312454,23320751/52 Fax: 040-23311968,23323049 Email: mailmanager@karvy.com
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**PETRONET LNG LIMITED**

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**Auditors' Certificate on Compliance with the conditions of  
Corporate Governance under clause 49 of the Listing Agreements**

**To the Shareholders of Petronet LNG Limited**

1. We have examined the compliance of conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31st, 2013 as stipulated in clause 49 of the Listing Agreements of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company or ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Sd/-**  
**Neena Goel**  
Partner  
M.N. 057986

**Place :** New Delhi  
**Date :** 29th May, 2013

## **BUSINESS RESPONSIBILITY REPORT**

### **Section 1: About our Company**

1. Corporate Identity Number (CIN) of the Company : L74899DL1998PLC093073
2. Name of the Company : Petronet LNG Ltd.(PLL)
3. Registered address : World Trade Centre, First Floor, Babar Road, Barakhamba Lane, New Delhi - 110 001
4. Website : <http://www.petronetlng.com>
5. E-mail id : [investors@petronetlng.com](mailto:investors@petronetlng.com)
6. Financial Year reported : April 2012 – March 2013
7. Sector that the Company is engaged in : Oil & Gas
8. Product provided by the Company : Regasified Liquefied Natural Gas (LNG)
9. Total number of locations where business activity is undertaken by the Company:
  - a. International Locations : Qatar (primarily) and various other countries of the world (for sourcing of LNG)
  - b. National Locations : Dahej in Gujarat, Kochi in Kerala and New Delhi.
10. Markets served by the Company : Pan-India

### **Section 2: Our financial details**

1. Paid up capital (INR) : 750 crores
2. Total turnover (INR) : 31,649 crores
3. Total profit after taxes (INR) : 1,149 crores
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 0.32%
5. Activities in which CSR expenditure has been incurred :
  - Community Development
  - Education
  - Disaster relief
  - Fostering Entrepreneurship
  - Healthcare
  - Water Management
  - Sports and Culture

### **Section 3: Other details**

- Subsidiary companies : The Company does not have any subsidiary Company.

### **Section 4: BR information**

1. Details of Director/Directors responsible for Business Responsibility
  - a. Details of the Director/Directors responsible for implementation of the BR policy/policies
    - i. DIN Number : 00793181
    - ii. Name : Dr. A. K. Balyan
    - iii. Designation : MD & CEO
  - b. Details of the BR head

S.No.	Particulars	Details
1.	DIN Number	00793181
2.	Name	Dr. A. K. Balyan
3.	Designation	MD & CEO
4.	Telephone number	011 – 23472503 / 04
5.	e-mail id	<a href="mailto:md.ceo@petronetlng.com">md.ceo@petronetlng.com</a>

## PETRONET LNG LIMITED

### Governance related to Business Responsibility

In our Company, compliance is the Board's responsibility and the members take it very seriously, thus ensuring regular evaluation of the Company's sustainability performance. We have a Risk Management Committee to identify and mitigate all types of risks pertaining to the business of the Company. The Committee meets regularly to discuss various risks and mitigating factors for the same. The Board reviews and approves the annual business plans. The decisions on all strategic matters related to capital expenditure, revenue, etc. are taken with the approval of the Board. It also discusses and deliberates on issues pertaining to risk management, safety performance, and monitors compliance to applicable statutes and norms.

Our detailed sustainability performance will be published in our first Sustainability Report – Partners of Clean Energy. This report will be available on our website from July, 2013, onwards.

### Nine Business Responsibility Principles

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

As part of our Company's endeavor to set high standards of conduct for its employees, a Code of Business Conduct and Ethics has been laid down for all Board Members and Senior Management personnel. The Code, which was approved by the Board in 2006, encompasses general moral imperatives, specific professional responsibilities, and additional duties / imperatives for the Board Members and Senior Management personnel. From 1st April, 2006, strict adherence to the Code has been mandatory for all. The Code reflects our thorough belief in maintaining the highest standards of business ethics, which takes into account our business performance and its impact on society. All members have affirmed compliance to the Code in the reporting period. Besides being available on our website, copies of the Code are circulated to all the individuals concerned.

#### Anti-corruption

Corruption is one of the world's greatest challenges. It is a major hindrance to sustainable development and corrodes the very fabric of the society. Petronet LNG Ltd. (PLL) strongly believes in maintaining integrity and work ethics to protect not just the reputation of the Company but also the interests of its shareholders.

We have identified that the major potential source of corruption could be contracts awarded for construction of various facilities in an LNG Terminal. In order to mitigate the risk, the EPC Sub-Committee of the Board, which is responsible for evaluating and recommending large EPC

contracts for Board approval, has an Independent Director as a Member. In addition to this, we also have safeguards in place in the tender documents which discourage bidders from indulging in any corrupt practice. In case of any such act of misconduct, it is within our rights to reject the bid or contract, as the case may be.

Further, to strengthen our commitment to anti-corruption practices and principles, we have been a member of Global Compact Network (GCN) since the last three years. We have committed to the principles and practices of the Global Compact that includes the ten principles pertaining to human rights, labour standards, environment and anti-corruption. PLL has submitted its first Communication on Progress (CoP) for 2011-12 that details our willingness to actively support the efforts made by GCN.

As part of our mission statement, we believe in maintaining highest standard of business ethics and values.

#### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

At present, PLL deals primarily in one business segment: the import, storage and re-gasification of Liquefied Natural Gas (LNG). The product composition is dominated by methane, with varying portions of ethane, propane and butane. Natural Gas is cooled to minus 160°C to liquefy, which facilitates transportation. LNG is transported in cryogenic tankers across seas to our terminal, where it is re-gasified and then distributed.

PLL has branded its product as “**TaraL3**” - the new-age eco-friendly fuel. It is proposed to be delivered to customers not connected with pipeline near our Terminals.

Three LNG ships - ‘Disha’, ‘Raahi’ and ‘Aseem’, bring LNG from RasGas, Qatar, to Dahej, transporting the contracted quantity of 7.5 MMTPA of LNG. Further, 1.44 MMTPA will be imported from Australia.

Product responsibility forms the very basis of the existence of our Company. Our product itself being clean energy, there are no sustainability challenges arising from the impact of our product. Having said that, there have been no instances of complacency and PLL is committed to diligence when it comes to taking responsibility for our product, including its provision, transportation and use. We are entirely compliant with all existing regulations and during the reporting period, have not paid any fine for non-compliance.

While we ensure that there is minimal environmental impact from transporting LNG across India, sourcing from local suppliers is not a valid option, given the nature of the product. Further, the product doesn't produce any waste. Hence, recycling is also not applicable.

### Principle 3: Businesses should promote the wellbeing of all employees

We believe a Company is as good as its people. Given our constant drive for success, our employees form the most important part of our DNA. As on 31st March 2013, our total employee strength stands at 397. The detailed break-up of our workforce will be available in our Sustainability Report.

We engage the services of contractors at our facilities. In FY 2012-13, 477 contractual workers (annual average) were operating in our Dahej facility. Additionally, for the construction project of our second jetty at Dahej, we engaged the services of a contractor who employed approximately 950 (annual average) personnel at the project site.

We look at collective bargaining as an employee's right and do not object to it in any way. However, the culture of an organized employee union or association does not exist in our Company.

#### Child and forced labour

To eliminate any instance of child labour, we ensure strict adherence to the minimum age provisions of National Labour Laws and Regulations. Being a part of the hydrocarbon industry, we have stringent rules for hiring. Forced labour too, holds similar stances on our part, culminating in a clearly defined exit policy and a zero-tolerance approach to this violation of human rights.

#### Enhancing potential

Attracting, motivating, and retaining talented employees today, given the competitive market, is a major challenge we must give adequate importance to.

Through our training programs, we would like to benchmark and enhance competencies which will address workforce issues on which the Company could capture value and make a tangible positive impact of a learning organization.

The number of hours spent on training for our employees in the reporting period (in man-hours) is as follows:

Employee category	FY 2012-13	
	Male	Female
Senior Management	136	NA
Mid Management	2483	82
Junior Management	5192	377
GETs / PGETs	592	131
Staff	4223	409

Further, PLL has a robust Quality, Health, Safety and Environment Policy which is circulated and emphasized

to all our employees to help inculcate a culture of safety on our premises.

### Principle 4: Businesses should respect the interests of, and be responsive, towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

We, at PLL, believe that stakeholder engagement plays a vital role in improving sustainability performance. It enables a better understanding of the reasonable expectations and interests of stakeholders, allowing the Company to better manage and respond to their concerns. Interacting with stakeholders and responding to stakeholders' expectations and feedback on the organization's performance confer many benefits on those that undertake genuine stakeholder engagement. Engagement is not only a trust-building exercise, but can also give us a first-mover advantage in opportunities with relation to the stakeholder groups consulted.

#### Stakeholder identification

Stakeholder identification is about defining the different groups of individuals or institutions that affect, or are affected by PLL's business operations in some capacity. We have identified our stakeholders on the basis of the parameters of responsibility, influence, proximity, dependency and representation.

The Government, our shareholders, employees, suppliers, contractors, customers and communities are key stakeholders, amongst others.

Though not disadvantaged or vulnerable, communities operating in and around our Dahej Terminal need some assistance for faster development and we, at PLL, have provided support to facilitate the same.

In this context, we would like to mention an initiative in Luwara village situated near our Dahej Terminal. We have contributed significantly to the overall development of the village, specifically focusing on primary healthcare. Our contribution in other schemes, like improving drinking water facilities, installing solar street lights, development of school infrastructure, etc., has also been significant.

### Principle 5: Businesses should respect and promote human rights

Our policies related to human rights are all-encompassing and thorough. We expect all our contractors and suppliers to also follow them. Some of the policies are as follows:

- It is the policy of the Company to provide employment opportunity, regardless of race, color, gender, religion, age, sexual orientation, national or ethnic origin, disability, marital status, veteran status, or any other occupationally irrelevant condition.

## PETRONET LNG LIMITED

- The above policy applies to recruitment, hiring and job assignment, promotion, demotion and transfer, layoff or termination, rates of pay and benefits, selection for training and the provision of any other human resources service.
- The continuing progress and vitality of the Company requires that we utilize all available human resources to the fullest. The continuing need for well-qualified personnel dictates that individuals with talent must be recognized and encouraged to progress.
- The Company treats its employees with fairness and is deeply interested in their growth and development. The Company expects its employees to adhere to the established standards of conduct and performance to enable all to work together to achieve the objectives of the Company.

There have been no complaints regarding breach of human rights in the reporting year.

### **Principle 6: Business should respect, protect, and make efforts to restore the environment**

Our Quality, Health, Safety, and Environment (QHSE) Policy is displayed at prominent locations within our Dahej Terminal. We expect our employees, contractors and suppliers to adhere to the principles outlined in the policy.

At PLL, not only do we import cleaner fuel and propel India towards low carbon growth, we also ensure energy efficiency, water conservation and other environment friendly activities in our operations. We take our role in contributing to a better environment seriously and assess all potential environmental risks of our operations.

### **Energy and emissions**

Our primary energy sources are Natural Gas and Diesel. In 2012-13, 2.48 million GJ of primary energy was consumed in our operations. Natural Gas is the main fuel constituting nearly 95% of the energy consumed. Captive power generation using Natural Gas contributes 92.39 % of the total carbon dioxide emissions from our operations.

As our processes are already environmentally clean, we do not have any Clean Development Mechanism (CDM) projects.

### **Water management**

Our operations do not necessitate consumption of large quantities of water. Yet, we have undertaken certain innovative measures to reduce water consumption in our operations.

### **Waste management**

We, at PLL, have robust waste management systems in place. All hazardous waste generated in our facility

is responsibly disposed through authorized waste recyclers.

### **Biodiversity management**

The Company has undertaken measures towards protecting the marine ecology in the area of its operations. All our emissions/waste, etc. are well within regulatory limits.

Details of our environmental performance will be available in our Sustainability Report.

### **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

For the past three years, we have been a part of the Global Compact Network. Our Company is also a member of the Standing Conference of Public Enterprises (SCOPE) and the International Group of Liquefied Natural Gas Importers (GIIGNL). Our Senior Management represents the Company in various industry forums. We understand our responsibility as an influential part of the economy and do not engage in influencing public policy with vested interests.

### **Principle 8: Businesses should support inclusive growth and equitable development**

As a responsible corporate citizen of the country, PLL has dedicated itself wholly to the betterment of India, through business, by providing clean energy, and through constant community engagement. Socio-economic development programmes are undertaken by our Company in order to meet the priority needs of the community we operate in, envisioning self-sustaining communities in the near future. We have designated CSR roles and responsibilities to ensure thorough implementation of our plans. Spearheading it at the Board level is our MD & CEO who is responsible for the overall CSR planning and implementation.

At the Corporate level, the Head HR, in consultation with Executive Committee (EC), is responsible for the formulation of plans and strategies, annual fund allocation, periodic monitoring and evaluation of activities to be taken up by terminals, documentation, brand enhancement and active CSR involvement at the Corporate office.

Similarly at the Dahej Terminal, CSR is undertaken by the Plant Head, who is responsible for identification of appropriate schemes, in consultation with concerned executives in the field, examination and consolidation of proposals, maintenance of data records, etc.

Further, we constantly motivate our employees to engage in the CSR schemes as a voluntary philanthropic contribution to the society we live in.

### Our community initiatives

At the Corporate level, emphasis is laid on providing support for disaster relief management, water management, education, healthcare, promotion of sports, art and culture, entrepreneurship, environment, etc. Similarly, at the LNG terminals priority is given to education, healthcare including drinking water, environment and entrepreneurship schemes.



Free Health check-up camp



Free Eye check-up camp

### Investments

Each development project at PLL has a CSR component as a part of the project cost now. Since FY 2012-13, we have been allocating a certain part of our profit for CSR activities. We work closely with the local Gram Panchayat and District administration. A couple of major schemes, such as sweet drinking water facilities for Bharuch and mangrove plantations for environmental development near Dahej, are under implementation in collaboration



Greening Initiative - Mangrove plantation in & around Dahej LNG Terminal

with the State Governments in which PLL has made substantial contribution.

### Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

We, at PLL, follow the highest standards of business ethics while dealing with our customers. Adherence to all laws pertaining to product labeling, branding and distribution is of utmost priority to us and we are fully compliant with each one of them. As of now, there are no instances of customer dissatisfaction.

**PETRONET LNG LIMITED**
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETRONET LNG LIMITED**
**1. Report on the Financial Statements**

We have audited the accompanying financial statements of Petronet LNG Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's Responsibility**

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

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

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

**4. Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**

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

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

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

**PETRONET LNG LIMITED**

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- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For T.R. Chadha & Co.**

Chartered Accountants

(Firm Registration No. 006711N)

**Sd/-**

**Neena Goel**

Partner

M.N. 057986

**Place:** New Delhi

**Date :** 30th April, 2013

**PETRONET LNG LIMITED**
**Annexure referred to in paragraph 5 of our report of even date**

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The management has physically verified most of the fixed assets at the year end, the frequency of which, in our opinion, is reasonable. No material discrepancies were noticed on such verification.
- (c) Since there is no substantial disposal of fixed assets during the year, the going concern status of the Company is not affected.
2. (a) The stock of raw materials and stores have been physically verified by the management at regular intervals. In our opinion, the frequency of such physical verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of the same.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b) to (d) of the Companies (Auditors Report) Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (f) to (g) of the Companies (Auditors Report) Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems of the Company.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no contracts or arrangements which need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (v) of the Order are not applicable to the Company.
6. The Company has not accepted any deposits from the public within the provisions of sections 58 A and 58AA or any other relevant provisions and the Rules framed thereunder. Accordingly, the provisions of Clause 4 (vi) of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to Rules made by the Central Government for the maintenance of cost records under clause (d) of sub- section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained.
9. (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, and other material statutory dues applicable to it. There were no arrears of undisputed statutory dues as at 31st March 2013, which were outstanding for a period of more than six months from the date they became payable. We are informed that there is no liability towards Employees State Insurance, Cess and Excise Duty for the year under audit.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of dues of service – tax as at March 31, 2013 which have not been deposited on account of a dispute is as follows:

**PETRONET LNG LIMITED**

S.No.	Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Service Tax Act	Service tax	65	2003-04 to 2007-08	Central Excise and Service Tax Appellate Tribunal, Delhi
2.	Service Tax Act	Service tax	377	2006-07 to 2010 - 11	Central Excise and Service Tax Appellate Tribunal, Delhi.

10. The Company does not have accumulated losses as at 31st March, 2013. Further, the company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions or banks. There were no debentures outstanding in the books of accounts at any time during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Since the Company is not a chit fund or a nidhi / mutual benefit fund/ society, provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from the bank or financial institutions.
16. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, term loans were utilized for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and on an overall examination of the records of the Company, the Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

**Sd/-**  
**Neena Goel**  
Partner  
M.N. 057986

**Place :** New Delhi  
**Date :** 30th April, 2013

**PETRONET LNG LIMITED****Balance Sheet as at 31st March, 2013**

(Rupees in lacs)

	Note No	As at 31.03.2013	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	75,000	75,000
Reserves and surplus	3	369,969	276,978
		<b>444,969</b>	<b>351,978</b>
<b>Non Current Liabilities</b>			
Long term borrowings	4	271,822	293,416
Deferred tax liabilities (net)	5	39,100	36,300
Long term provisions	6	337	456
		<b>311,259</b>	<b>330,172</b>
<b>Current Liabilities</b>			
Short term borrowings	7	—	9,981
Trade payables	28	229,735	126,855
Other current liabilities	8	99,662	79,720
Short term provisions	9	22,657	22,398
		<b>352,054</b>	<b>238,954</b>
<b>TOTAL</b>		<b>1,108,282</b>	<b>921,104</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible assets	10	235,198	252,143
- Intangible assets	10	590	3
- Capital work in progress	11	433,051	329,003
Non current investments	12	13,988	13,988
Long term loans and advances	13	11,730	15,352
		<b>694,557</b>	<b>610,489</b>
<b>Current Assets</b>			
Inventories	14	103,663	71,235
Trade receivables	15	168,980	128,589
Cash and cash equivalents	16	126,853	98,391
Short term loans and advances	17	13,967	11,537
Other current assets	18	262	863
		<b>413,725</b>	<b>310,615</b>
<b>TOTAL</b>		<b>1,108,282</b>	<b>921,104</b>

Significant Accounting Policies

1

Other Notes on Accounts

25 to 40

As per our report of even date

For T.R. Chadha & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 006711N

For and on behalf of Petronet LNG Limited

Sd/-  
Neena Goel  
Partner  
Membership No - 057986

Sd/-  
Dr. A. K. Balyan  
MD & CEO

Sd/-  
R. K. Garg  
Director - Finance

Place : New Delhi  
Dated : 30th April, 2013

Sd/-  
K. C. Sharma  
Company Secretary

**Statement of Profit and Loss for the year ended 31st March, 2013**

(Rupees in lacs)

	Note No	Year ended 31.03.2013	Year ended 31.03.2012
<b>INCOME</b>			
Revenue from operations	19	3,146,744	2,269,586
Other income	20	18,171	8,488
		<u>3,164,915</u>	<u>2,278,074</u>
<b>EXPENSES</b>			
Cost of materials consumed		2,930,495	2,058,674
Employee benefit expenses	21	3,701	2,976
Finance costs	22	11,841	17,739
Depreciation and amortisation expense	10	18,660	18,419
Other expenses	23	28,190	25,012
		<u>2,992,887</u>	<u>2,122,820</u>
<b>Profit for the Year before taxation</b>		<b>172,028</b>	<b>155,254</b>
<b>Less : Tax expense</b>			
- Current tax	35	54,300	48,000
- Deferred tax liability	5	2,800	1,500
<b>Profit for the year after taxation</b>		<u><b>114,928</b></u>	<u><b>105,754</b></u>
<b>Basic/Diluted Earnings per share in Rs. (face value of Rs. 10/- each)</b>	24	<b>15.32</b>	<b>14.10</b>

Significant Accounting Policies

1

Other Notes on Accounts

25 to 40

As per our report of even date

For T.R. Chadha & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 006711N

For and on behalf of Petronet LNG Limited

Sd/-  
Neena Goel  
Partner  
Membership No - 057986

Sd/-  
Dr. A. K. Balyan  
MD & CEO

Sd/-  
R. K. Garg  
Director - Finance

Place : New Delhi  
Dated : 30th April, 2013

Sd/-  
K. C. Sharma  
Company Secretary

**PETRONET LNG LIMITED****Cash Flow Statement for the year ended 31st March 2013**

(Rupees in lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit before tax</b>	172,028	155,254
Adjustment for :-		
Depreciation	18,660	18,419
Loss on the sale of fixed asset	10	14
Profit on sale of current Investment	—	(292)
Interest Expense	11,841	17,740
Interest Income	(4,142)	(2,994)
Dividend Income	(2,570)	(4,533)
<b>Operating Profit Before Working Capital Changes</b>	<b>195,827</b>	<b>183,608</b>
Movements in working capital :-		
Increase / (Decrease) in Long Term Provisions	(119)	59
Increase / (Decrease) in Short Term Provisions	115	59
Increase / (Decrease) in Trade Payables	102,880	70,138
Increase / (Decrease) in Other Current Liabilities	13,263	10,427
(Increase) / Decrease in Long Term Loans and Advances	(187)	(255)
(Increase) / Decrease in Inventories	(32,428)	(46,437)
(Increase) / Decrease in Trade Receivables	(40,392)	(43,872)
(Increase) / Decrease in Short Term Loans and Advances	(2,863)	(640)
(Increase) / Decrease in Other Current Assets	105	672
<b>Cash Generated From Operations</b>	<b>236,201</b>	<b>173,759</b>
Less : Income Tax Paid (net of refunds)	(53,865)	(48,386)
<b>Net Cash From Operating Activities</b>	<b>182,336</b>	<b>125,373</b>
<b>B. Cash Flow from Investment Activities</b>		
Net proceeds / (purchase) of Mutual Fund units	—	105,474
Net proceeds / (purchase) of Non current investment	—	(1,667)
Interest received	4,637	2,746
Dividend Received	2,570	5,280
Expense incurred on Project in Kochi (CWIP)	(81,749)	(109,800)
Net proceeds / (purchase) of Fixed Asset	(2,312)	7
<b>Net Cash Used In Investing Activities</b>	<b>(76,854)</b>	<b>2,040</b>
<b>C. Cash Flow from Financing Activities</b>		
Net proceeds/(Repayment) of Long Term Borrowings	(14,223)	14,104
Net proceeds/(Repayment) of Short Term Borrowings	(9,981)	(9,996)
Interest Expense Paid	(31,024)	(31,446)
Dividend paid	(21,792)	(17,433)
<b>Net Cash Used in Financing Activities</b>	<b>(77,020)</b>	<b>(44,771)</b>
<b>Net Increase/( Decrease ) in Cash and Cash Equivalents (A+B+C)</b>	<b>28,462</b>	<b>82,642</b>
Cash and Cash Equivalents at the beginning of the year	98,391	15,749
Cash and Cash Equivalents at the end of the year	126,853	98,391
	<b>28,462</b>	<b>82,642</b>

**Notes :** The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements.

**As per our report of even date**

**For T.R. Chadha & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 006711N**

**Sd/-**  
**Neena Goel**  
**Partner**  
**Membership No - 057986**

**Place : New Delhi**  
**Dated : 30th April, 2013**

**For and on behalf of Petronet LNG Limited**

**Sd/-**  
**Dr. A. K. Balyan**  
**MD & CEO**

**Sd/-**  
**K. C. Sharma**  
**Company Secretary**

**Sd/-**  
**R. K. Garg**  
**Director - Finance**

## **Significant Accounting Policies and Notes on Accounts for the year ended 31st March 2013**

### **Company Overview**

Petronet LNG Limited referred to as "PLL" or "the Company" was formed by Bharat Petroleum Corporation Limited (BPCL), GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOC) and Oil and Natural Gas Corporation Limited (ONGC) primarily to develop, design, construct, own and operate a Liquefied Natural Gas (LNG) import and regasification terminals in India. PLL was incorporated on April 2, 1998 under the Companies Act, 1956 and received certificate of commencement of business on June 1, 1998. The Company is involved in the business of import and regasification of LNG and supply to BPCL, GAIL, IOCL and others. Presently the Company owns and operates LNG Regasification Terminal with the name plate capacity of 10 MMTPA at Dahej, in the State of Gujarat. The Company is also setting up another Greenfield LNG Regasification Terminal with the name plate capacity of 5 MMTPA at Kochi, in the State of Kerala.

### **1. Significant Accounting Policies**

#### **1.01 Basis of preparation of financial statements**

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### **1.02 Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialise.

#### **1.03 Fixed Assets, Intangible Assets and Capital Work-in-progress**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use and share issue expenses related to funds raised for financing the project. Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets and interest on the funds deployed. Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

Estimated amount of contracts remaining to be executed exceeding rupees one lakh in each case are disclosed in the notes to accounts.

#### **1.04 Depreciation / Amortisation**

##### **Tangible Assets -**

- (a) Cost of leasehold land is amortized over the lease period.
- (b) Depreciation on fixed assets other than those costing upto Rs. 5,000 is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (c) Assets costing upto Rs. 5000/- are depreciated fully in the year of purchase / capitalization.

##### **Intangible Assets -**

- (d) Software / Licenses are amortised over 3 years on Straight Line Method.

#### **1.05 Investments**

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value of each investment individually. Overseas investments

**PETRONET LNG LIMITED**


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are recorded at the exchange rate prevailing on the date of investment. Long term investments are carried at cost after deducting provision, where the decline in value is considered as other than temporary in nature.

**1.06 Inventories**

Raw material, stores and spares are valued at lower of cost or net realizable value. Cost of stores and spares is determined on weighted average cost. Cost of raw material is determined on FIFO basis for respective categories of supplies.

**1.07 Sale / Revenue Recognition**

Revenue is primarily derived from Sale of RLNG and are net of sales tax. Revenue from sales is recognised at the point of dispatch when risk and reward of ownership stand transferred to the customers.

Services are net of service tax. Revenue from services is recognised when services are rendered and related costs are incurred.

Interest income is recognised on time proportion basis.

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

**1.08 Foreign Currency Transactions**

- (a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on year end date.
- (c) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost.
- (d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss.
- (e) In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract.

**1.09 Employee Benefits**

Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year. Actuarial gains or losses are recognized in the Statement of Profit and Loss.

Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

**1.10 Borrowing Costs**

Borrowing cost (net of any income on the temporary investments of those borrowings) attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost till the assets are ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

**1.11 Taxes on Income**

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

Deferred tax assets are recognized, only if there is reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**1.12 Provisions, Contingent Liabilities and Contingent Assets**

Provisions, involving substantial degree of estimation in measurement, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

**1.13 Impairment of Assets**

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to Statement of Profit and Loss, in the year in which an asset is identified as impaired.

## Notes to Financial Statements for the year ended 31st March, 2013

(Rupees in lacs)

As at 31.03.2013 As at 31.03.2012

### 2 Share Capital

#### Authorised

1,200,000,000 (previous year 1,200,000,000) equity shares of Rs. 10 each 120,000 120,000

#### Issued, subscribed and fully paid

750,000,044 (previous year 750,000,044) equity shares of Rs. 10 each 75,000 75,000

The Company has only one class of shares referred to as equity shares each having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share.

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

During the year ended March 31, 2013, the amount of dividend per share recognized as distribution to equity shareholders is Rs. 2.50/- (previous year Rs. 2.50/-). The total dividend appropriation for the year ended March 31, 2013 amounted to Rs.18,750 lacs (previous year Rs. 18,750 lacs) and corporate dividend tax of Rs. 3,187 lacs (previous year Rs. 3,042 lacs).

#### Reconciliation of the number of shares

	No. of Shares	No. of Shares
Outstanding at the beginning of the year	750,000,044	750,000,044
Outstanding at the end of the year	750,000,044	750,000,044

#### Details of shareholders holding more than 5% shares

##### Promoters' Holding

	% of Holding	No. of Shares	No. of Shares
Bharat Petroleum Corporation Ltd.	12.50%	93,750,000	93,750,000
GAIL (India) Ltd.	12.50%	93,750,000	93,750,000
Indian Oil Corporation Ltd.	12.50%	93,750,000	93,750,000
Oil & Natural Gas Corporation Ltd.	12.50%	93,750,000	93,750,000

##### Non-promoter Holding

GDF International	10.00%	75,000,000	75,000,000
Asian Development Bank	5.20%	39,000,000	39,000,000

### 3 Reserves and Surplus

#### A) Securities Premium Account

15,546 15,546

#### B) General Reserve

Balance as per last balance sheet	36,000	25,000
Add: Transfer from surplus balance in the statement of Profit & Loss	11,500	11,000
	<b>47,500</b>	<b>36,000</b>

#### C) Surplus in the statement of Profit & Loss

Balance as per last Financial Statement	225,432	152,470
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<b>Add : Profit for the year after taxation as per statement of Profit and Loss</b>	<b>114,928</b>	<b>105,754</b>
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340,360 258,224

#### Less : Appropriations

Transfer to General Reserve	11,500	11,000
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Dividend / Proposed Dividend	18,750	18,750
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Tax on Dividend	3,187	3,042
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306,923 225,432

#### Total (A+B+C)

369,969 276,978

**PETRONET LNG LIMITED**

(Rupees in lacs)

As at 31.03.2013 As at 31.03.2012

**4 Long-Term Borrowings**

Term loans - Secured		
- from banks	117,562	115,714
- from other parties	185,854	201,925
	<u>303,416</u>	<u>317,639</u>
Less : Current maturities of long-term debts shown in other current liabilities (Refer Note 8)	31,594	24,223
	<u><b>271,822</b></u>	<u><b>293,416</b></u>

**Note:**

- Secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis.
- Term of repayment and interest are as follows :

Loan from	Repayment Frequency	No of instalments left	Year of Maturity	Amount Outstanding	Amount Outstanding
Indian Banks	Quarterly	16	2017	47,560	55,712
Indian Banks	Quarterly	26	2020	70,002	60,002
IFC (Washington)	Half yearly	17	2022	23,000	23,000
IFC (Washington)	Half yearly	12	2019	65,114	69,270
Asian Development Bank	Half yearly	10	2018	43,875	51,975
Proparco, France	Half yearly	12	2019	50,365	53,580
Bajaj Allianz Life Insurance Company Ltd.	Quarterly	16	2017	3,500	4,100
				<u>303,416</u>	<u>317,639</u>
Less : Shown in current maturities of Long term debt				31,594	24,223
Balance shown as above				<u><b>271,822</b></u>	<u><b>293,416</b></u>

The external commercial borrowings from International Finance Corporation (Washington), Asian Development Bank & Proparco, France are borrowed at an average cost of 8.61% p.a (inclusive of hedge cost) and the loans from Indian lenders carry an average interest rate of 10.41% p.a as applicable on 31st March 2013.

- In respect of external commercial borrowings from International Finance Corporation Washington D.C., USA and Proparco, France, the Company has entered into derivative contracts to hedge the loan amount including interest. This has the effect of freezing the Rupee equivalent of this liability as reflected under the Borrowings. Thus there is no impact in the statement of Profit & Loss, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the Statement of Profit & Loss.

**5 Deferred Tax Liabilities (Net)****Deferred Tax Liability**

Difference between carrying amount of fixed assets in the financial statements and the income tax computation & foreign exchange difference on capital assets	39,225	36,460
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**Deferred Tax Asset**

Leave Encashment / Gratuity	125	160
	<u><b>39,100</b></u>	<u><b>36,300</b></u>

**6 Long-term Provisions**

Provision for employee benefits		
- Gratuity (See Note 32)	-	192
- Leave encashment (See Note 32)	337	264
	<u><b>337</b></u>	<u><b>456</b></u>

**PETRONET LNG LIMITED**

		(Rupees in lacs)	
		As at 31.03.2013	As at 31.03.2012
<b>7 Short-term Borrowings</b>			
(Unsecured - payable on demand)			
- from banks		—	9,981
		<u>—</u>	<u>9,981</u>
<b>8 Other Current Liabilities</b>			
Current maturities of long-term debt			
- from banks		8,151	8,151
- from other parties		23,443	16,072
Interest accrued but not due on borrowings		121	152
Unpaid dividend		534	426
<u>Other payables for :</u>			
- Statutory dues		41,918	28,997
- Security deposits / Retention money		1,595	1,567
- Capital goods		23,465	24,127
- Others		435	228
		<u>99,662</u>	<u>79,720</u>
<b>9 Short-term provisions</b>			
Provision for employee benefits			
- Gratuity (See Note 32)		3	13
- Leave encashment (See Note 32)		30	20
- Incentives		687	573
Proposed dividend		18,750	18,750
Tax on proposed dividend		3,187	3,042
		<u>22,657</u>	<u>22,398</u>

**PETRONET LNG LIMITED**

10 Fixed Assets

(Refer Note no. 1.03 and 1.04)

(Rupees in lacs)

DESCRIPTION	Gross Block			DEPRECIATION / AMORTISATION					NET BLOCK	
	As on 01.04.2012	Additions	Deduc- tions	As on 31.03.2013	Upto 31.03.2012	For the year	written back	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets:										
Leasehold Land	776	437	-	1,213	(330)	(26)	-	(356)	857	446
Buildings	13,974	139	-	14,113	(2,312)	(397)	-	(2,709)	11,404	11,662
Plant & Equipments	338,724	695	-	339,419	(99,489)	(17,960)	-	(117,449)	221,970	239,235
Office Equipments	1,109	152	(9)	1,252	(800)	(73)	4	(869)	383	309
Furniture & Fixtures	421	120	(14)	527	(141)	(33)	5	(169)	358	279
Speed Boat	68	-	-	68	(15)	(5)	-	(20)	48	54
Vehicles	227	51	(21)	257	(68)	(24)	13	(79)	178	158
	355,299	1,594	(44)	356,849	(103,155)	(18,518)	22	(121,651)	235,198	252,143
Intangible Assets:										
Licenses/Softwares	379	729	-	1,108	(376)	(142)	-	(518)	590	3
	379	729	-	1,108	(376)	(142)	-	(518)	590	3
TOTAL	355,678	2,323	(44)	357,957	(103,531)	(18,660)	22	(122,169)	235,788	252,146
Previous Year	355,374	342	(39)	355,677	(85,130)	(18,419)	18	(103,531)	252,146	270,244

**Note:**  
Plant & Equipment includes Jetty & Trestle (gross block of Rs. 45,437.82 lacs). As per agreement, the ownership of Jetty & Trestle would be transferred to the Gujarat Maritime Board in the year 2035.

**PETRONET LNG LIMITED**

	(Rupees in lacs)	
	As at 31.03.2013	As at 31.03.2012
<b>11 Capital Work in Progress</b>		
(At cost)		
Kochi Project:		
- Engineering / project construction	344,159	292,854
- Interest and finance Charges (see Note 29)	45,644	26,493
- Buildings	1,607	1,179
Additional Jetty at Dahej:		
- Engineering / project construction	40,461	7,664
Others	1,180	813
	<b>433,051</b>	<b>329,003</b>
<b>12 Non Current Investments</b>		
(At cost)		
<b>Trade investments - Unquoted</b>		
<b>Investments in Equity Instruments</b>		
9,00,00,000 Equity Shares (previous year 9,00,00,000) of Rs. 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd., - a Joint Venture *	9,000	9,000
300 Ordinary Shares (previous year 300) of US\$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta ** (Rs. 13,476)	0.13	0.13
<b>Other investments</b>		
<b>Investments in Government or Trust securities;</b>		
- Central Govt. Securities (Face value Rs. 5000 lacs)	4,988	4,988
	<b>13,988</b>	<b>13,988</b>
<p>* Under lock in for a period of 5 years from the date of commercial operation (i.e. 01.09.2010) of the investee company as per the Dahej LNG Port Terminal Concession Agreement dated 20th December 2005 with Gujarat Maritime Board.</p> <p>** Pledged with Sumitomo Mitsui Banking Corporation</p>		
<b>13 Long-term loans and advances</b>		
(Unsecured- Considered Good unless otherwise stated)		
Capital advances	9,209	13,019
Security deposits;		
- Government authorities	960	943
- Others	28	21
Other loans and advances -		
- Shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	1,494	1,323
- Employees	39	46
	<b>11,730</b>	<b>15,352</b>
<b>14 Inventories</b>		
(Refer Note 1.06 on valuation)		
Raw materials	59,679	54,955
Raw materials in transit	40,643	13,733
Stores and spares	3,307	2,463
Stores and spares in transit	34	84
	<b>103,663</b>	<b>71,235</b>

**PETRONET LNG LIMITED**

	<b>(Rupees in lacs)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>15 Trade Receivables</b>		
(Unsecured - Considered good)		
Outstanding for a period exceeding six months from the due date	-	-
Others	168,980	128,589
	<b>168,980</b>	<b>128,589</b>
<b>16 Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	310	247
- In term deposits	126,008	95,267
- In unpaid dividend accounts	534	426
Fixed Deposit with a Financial Institution	-	2,450
Cash on hand	1	1
	<b>126,853</b>	<b>98,391</b>
The deposits maintained by the Company with the banks and a financial institution comprise of time deposits, which can be withdrawn by the Company at any time without prior notice or penalty on the principal.		
<b>17 Short-term loans and advances</b>		
(Unsecured - Considered good)		
Advances recoverable in cash or kind	2,572	1,983
Advances to related party (See Note 33)	7	5
Prepaid Expenses	1,013	1,274
Tax payment (net of provisions Rs 1429,81 lacs, previous year Rs 886,80 lacs )	1,772	2,206
Taxes and Duties recoverable {See Note 26(e)}	8,603	6,069
	<b>13,967</b>	<b>11,537</b>
<b>18 Other current assets</b>		
(Unsecured - Considered good)		
Unamortised premium on forward contracts	-	107
Interest accrued		
- on Bank Deposits	148	144
- on Others	114	612
	<b>262</b>	<b>863</b>
		<b>(Rupees in lacs)</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>19 Revenue from Operations</b>		
(Refer Note 1.07 on revenue recognition)		
Sales	3,129,696	2,245,065
Regasification Services	17,048	24,521
	<b>3,146,744</b>	<b>2,269,586</b>
<b>20 Other Income</b>		
Interest Income		
- on bank deposits	3,509	2,269
- on investments	312	304
- on shareholders' loan to India LNG Transport Company (No. 3) Limited, Malta	126	79
- on fixed deposit with Financial Institutions	112	199
- on income tax refunds	-	186
- on others	82	143
Demurrage Charges	1,750	-
Dividend Income (on current investment - non trade)	2,570	4,533
Profit on sale of current Investments	-	292
Excess provision written back	58	200
Foreign exchange fluctuations (net)	9,517	
Miscellaneous income	135	283
	<b>18,171</b>	<b>8,488</b>

**PETRONET LNG LIMITED**

	(Rupees in lacs)	
	Year ended 31.03.2013	Year ended 31.03.2012
<b>21 Employee benefit expenses</b>		
(Refer Note 1.09 on employee benefits)		
Salaries and wages	3,199	2,616
Contribution to provident and other funds	400	299
Staff welfare expenses	102	61
	<b>3,701</b>	<b>2,976</b>
<b>22 Finance costs</b>		
Interest on long term loans	9,751	13,748
Interest on short term loans	260	556
LC charges and other borrowing cost	1,240	1,523
Amortisation of forward premium	590	1,912
	<b>11,841</b>	<b>17,739</b>
<b>23 Other Expenses</b>		
Consumption of stores and spare parts	1,867	642
Power & Fuel	15,157	11,242
Repairs & Maintenance		
- Machinery	532	384
- Building	229	234
- Others	392	107
Rent	592	582
Rates & taxes	1,143	1,048
Insurance	1,655	1,419
Travelling & Conveyance	1,030	828
Legal, Professional & Consultancy Charges	1,830	1,010
Directors' Sitting fees	11	14
Directors' Commission (other than whole time directors)	15	15
Charity & Donation	20	21
Loss on sale/write off of Fixed Assets (net)	10	14
Wealth Tax	2	1
Interest - Others (Statutory Payments)	15	25
Road development expenses	-	110
Foreign Exchange fluctuations (net)	-	3,796
Other Expenses	3,690	3,520
	<b>28,190</b>	<b>25,012</b>
<b>24 Earning Per Share</b>		
Net Profit / (Loss) after current and deferred tax	114,928	105,754
Weighted average number of equity shares of Rs10/- each( In Lacs)	7,500	7,500
EPS (Rs.) - Basic and Diluted	15.32	14.10

**PETRONET LNG LIMITED**
**Other Notes to Accounts**

- 25** Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 5,94,17 lacs (previous year 12,88,97 Lacs).

The Company has long term LNG purchase commitments against which back to back sale agreements have been made.

**26 Contingent Liability**

- a) Letter of credit/Bank guarantees of Rs. 30,24,10 Lacs (previous year 28,82,53 Lacs)
- b) The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities of the Company as "Storage(HTP-IIA)" instead of "Industrial Undertaking(HTP I)" and hence levied Electricity Duty @ 45% instead of 20% of the consumption charges and charging 70 paise per unit on the power generated by the Company for its own consumption. The Company has challenged the legality and validity of the notices by way of writ petitions, which is pending before the Gujarat High Court. Meanwhile Company continues to make payment of Electricity Duty @15%(Revised rate of HTP-I) on the basis of the stay order granted by the High Court. The High Court has clubbed similar matters pending before it and areis being tried together. The Court has so far concluded the arguments of all the Petitioners and is now listed for the arguments of GEB. No further hearing took place in 2012. The total contingent liability till March,2013 calculated on the differential payable (25%(Revised rates for "HTP-II A") as classified by GEB and what is actually paid by Company on "HTP-I" rate i.e. 15%) is Rs. 14,93 lacs (Previous year Rs.14,34 lacs ).
- c) The Company has filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958, the Company is required to pay stamp duty @ Re.1 per Rs.1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Hon'ble High Court of Gujarat vide its order dated February 24, 2010 has quashed the notice issued by the Stamp Authorities. Stamp authorities have filed Special Leave Petition (SLP) in Supreme Court against the same and the case is pending as on 31st March 2013. The contingent liability from the effective date of amendment i.e. April 1, 2006 till March,2013 on the CIF value is estimated to be Rs. 84,81 lacs. (Previous year till March, 2012 Rs. 57,01 lacs).
- d) The Company has received refund of Rs. 3,46 Lacs from the custom authorities by vide order dated 31st May 2010 of CESTAT. The custom authorities have filed an appeal against the order of CESTAT with the Hon'ble High Court of Gujarat which is pending as on 31st March 2013.
- e) Taxes and duties recoverable (Note 17) includes service tax of Rs. 40,05 lacs on vessel hire charges (including interest of Rs. 2,97 lacs) paid under protest for the period from 16th May 2008 to 30th September 2009 under section 65(105)(zzzzj) of the Finance Act, 1994 (as amended) – "Supply of Tangible Goods for Use". Based on the opinion of the tax consultants, the Company is of the view that the demand is not tenable and the Company has filed a refund claim for the same with the Service tax Department. The Commissioner of the Service Tax, vide Order dated 6th March 2012 has confirmed the demand. Against the Order of the Commissioner, Service Tax, The Company has filed an appeal before CESTAT, Delhi on June 6, 2012. Final hearing in the matter was held on January 3, 2013. No formal Order received till date. Further, in the event of non refund of claim, the Company has counter claim of the amount from the off takers with interest. Thus, no provision is considered necessary by the management.
- f) The Company has received a demand order dated 29th November 2011 for Rs. 65 lacs (including penalty of Rs. 33 lacs) towards service tax liability from the Commissioner (Adjudication) Service Tax, Delhi for the years 2003-04 to 2007-08. The Company has filed an appeal before the CESTAT on 7th March 2012 on the grounds that legal services were not taxable prior to 1st September 2009 and payment to International Finance Corporation, USA and others are not subject to service tax levy.
- g) The Company has received a demand order dated 6th March 2012 for Rs. 3,77 lacs towards service tax liability, on commercial / commitment / administration charges paid on ECB's availed, from the Director

**PETRONET LNG LIMITED**

General of Central Excise Intelligence, Delhi for the years 2006-07 to 2010-11. The Company has filed an appeal against the same before CESTAT, Delhi and order is awaited as on 31st March 2013.

The future cash flow of items (b), (c), (d), (f) and (g) are determinable only on receipt of the decision judgment from the respective authorities.

- 27** Custom Duty on import of Project material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.
- 28** The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006. Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said Act are not ascertainable.
- 29** In term of para 10 of Accounting standard 16 "Borrowing Cost" Rs. 9,27 Lacs (Previous year 17,98 Lacs) has been reduced from the interest and finance charges (Note 11 – Capital work in progress) being income on temporary investment of surplus funds out of borrowing related to capital expenditure.

**30 Segment Reporting (AS – 17)**

Since the Company primarily operates in one segment – Natural Gas Business, segment reporting as required under Accounting Standard - 17 is not applicable. There is no reportable geographical segment either.

**31 Disclosure in respect of Joint Venture (AS – 27)**

In terms of the provisions contained in the Dahej LNG Port Terminal Concession Agreement, the Company is to develop a Solid Cargo Port along with LNG Terminal. A joint venture company "Adani Petronet (Dahej) Port Pvt Ltd (APPPL) has been formed for development of Solid Cargo Port. The Company has acquired 26% Equity in APPPL. The disclosure as per AS-27 is as follows:

<b>Name</b>	:	Adani Petronet (Dahej) Port Pvt Ltd	
<b>Description of Interest</b>	:	Jointly Controlled Company	
<b>Description of Job</b>	:	To develop and operate Solid Cargo Port along with LNG Terminal at Dahej	
<b>Country of Incorporation</b>	:	India	
<b>Financial interest</b>		<b>2012-13 (Unaudited) (Rs. in Lacs)</b>	<b>2011-12 (Audited) (Rs. in Lacs)</b>
Proportion of Ownership Interest	:	26%	26%
Company's share of :			
Assets	:	28,570	27,225
Liabilities	:	18,773	19,184
Income	:	7,100	2,382
Expense	:	5,676	3,206

**32 Employee Benefits (AS-15 revised)**

Following information is based on report of Actuary:

**Defined Benefit Plans**

The principal assumptions used in actuarial valuation are as below:

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
- Discount rate	8.00%	8.50%
- Expected rate of future salary increase	5.50%	6.00%
- Mortality	IALM (1994 - 96)	IALM (1994 - 96)

**PETRONET LNG LIMITED**
**Changes in present value of obligation**

(Rs. In Lacs)

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation at the beginning of the Year	205	284	172	250
Interest cost	16	23	15	21
Current Service Cost	45	68	33	49
Benefits paid	(21)	(58)	(15)	(41)
Net actuarial (gain)/loss on obligation	25	50	0	5
<b>Present value of the defined benefit obligation at the end of the Year</b>	<b>270</b>	<b>367</b>	<b>205</b>	<b>284</b>

**Changes in Fair value of Plan Assets**

(Rs. In Lacs)

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Fair Value of Plan Assets at the beginning of the year	-	-	-	-
Expected return of plan assets	-	-	-	-
Contribution by Employer	267	-	-	-
Benefits paid	-	-	-	-
Actuarial Gain/(Losses)	-	-	-	-
<b>Fair Value of Plan Assets at the End of the year of the year</b>	<b>267</b>	<b>-</b>		

**Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation**

(Rs. In Lacs)

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of the defined benefit obligation at the end of the year	270	367	205	284
Fair Value of Plan Assets at the end of the year	267	-	-	-
<b>Amount recognized in Balance Sheet</b>	<b>3</b>	<b>367</b>	<b>205</b>	<b>284</b>

**Amount Recognized in Statement of Profit & Loss**

(Rs. In Lacs)

Particulars	2012-13		2011-12	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Current service cost	45	68	33	49
Past service cost	-	-	-	-
Interest cost	16	23	15	21
Expected return on plan assets	-	-	-	-
Net Actuarial (Gain) / Loss recognized during the year	25	50	-	5
Amount capitalized	(14)	(24)	(12)	(17)
<b>Total Expense recognized in Statement of Profit and Loss</b>	<b>72</b>	<b>117</b>	<b>36</b>	<b>58</b>

**Defined Contribution Plan**

(Rs. In Lacs)

Particulars	2012-13	2011-12
<b>Amount recognized as expense in respect of defined Contribution Plans as under</b>	-	-
Contribution to Govt. Provident Fund	154	123
Contribution to Superannuation Fund	174	139

**33. Related Party**
**a) Related parties and their relationships**

- i. **Joint Venturer (Promoters)**  
Indian Oil Corporation Limited (IOCL)  
Bharat Petroleum Corporation Limited (BPCL)  
Oil and Natural Gas Corporation Limited (ONGC)  
GAIL (India) Limited (GAIL)
- ii. **Joint Venture**  
Adani Petronet (Dahej) Port Pvt. Ltd.
- iii. **Key Managerial Personnel (KMP)**  
Dr A K Balyan  
Sh. Rajender Singh  
Sh. R K Garg  
Sh. C.S. Mani

**b) Transactions with the above in the ordinary course of business**

(Rs. In Lacs)

S.No.	Nature of Transaction	Party Name	2012-13	2011-12
1.	Sale of RLNG	GAIL	1,391,742	969,310
		IOCL	1,086,875	725,614
		BPCL	457,427	282,585
		<b>Total</b>	<b>2,936,044</b>	<b>1,977,509</b>
2.	Regasification Services	GAIL	10,453	15,587
3.	Demurrage Income	GAIL	1,750	-
4.	Recovery of Expenses	GAIL	7	6
5.	Payment of Rent and related services	IOCL	439	406
6.	Remuneration to staff on deputation	BPCL	9	5
7.	Remuneration to Key Managerial Personnel		234	205
8.	Amount recoverable at year end	GAIL	72,870	54,899
		IOCL	68,406	42,999
		BPCL	21,475	15,891
		ONGC	-	3
9.	Amount Payable at year end	IOCL	100	10
		BPCL	-	7
		ONGC	-	-

**PETRONET LNG LIMITED**

- 34.** There is no impairment loss of any assets that has occurred in terms of AS-28
- 35.** The company has claimed deduction under section 80IA of the income tax act 1961 in respect of Power generation and Port Undertaking in its tax returns. However, provision for income tax has been made without considering the aforesaid deduction pending final assessment with Income tax authorities.
- 36. Other disclosures**

(Rs. in Lacs)

	Particulars	2012-13		2011-12	
a)	<b>Opening Stock of LNG</b>		54,955		13,835
	Purchases of LNG		2,935,219		2,099,794
	Sales of RLNG		3,129,697		2,245,065
	Internal Consumption		30,210		22,502
	<b>Closing Stock of LNG</b>		59,679		54,955
b)	<b>Raw Material (LNG) Consumed</b>		2,930,495		2,058,674
c)	<b>Value of Import of CIF Basis</b>				
	Raw Material (LNG)		2,779,151		1,992,937
	Component and Spare Parts		756		357
	Capital Goods		5,470		60,495
d)	<b>Expenditure In foreign Currency</b>				
	Foreign Travel		131		115
	Professional/Consultant/Technical Fees		142		148
	Others (Including insurance and financing charges)		6,724		2,910
f)	<b>Earnings in Foreign Currency</b>				
	Interest Income		126		84
g)	<b>Dividend remitted in foreign currency to Non Residents</b>				
	No. of share holder		1		1
	Number of shares held		75,000,000		75,000,000
	Net Amount of Dividend remitted in foreign currency		1,875		1500
h)	<b>Value of Imported and Indigenous Raw Material and Spare Parts Consumed</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
	<b>Raw Material</b>				
	Imported	100%	2,930,495	100%	2,058,674
	Others	Nil	Nil	Nil	Nil
	<b>Spare parts</b>				
	Imported	34.33%	6,30	35.76%	2,21
	Others	65.67%	1,206	64.24%	3,97

**37. Unhedged Foreign Currency Exposure of the company**

(Amount in Lacs)

Particulars	Currency	2012-13	2011-12
Import of Raw Material	USD	3,361	2,351
Payable to EPC Contractors	EUR	5	5
	JPY	6,101	5,054
	USD	127	182
Others Payable	EUR*	0	-
	JPY	27	59
	USD*	0	-
	GBP*	0	1
Shareholder's Loan receivable	USD	28	26
Other Receivable	USD**	0	-

\* EUR 30,365.72, USD 5352.84, GBP 5480.00, \*\* USD 47,326.63

**38. Capital Work In Progress at Kochi Project includes following expenses**

(Rs. In Lacs)

Particulars	As on 31.03.2013	As on 31.03.2012
Salaries and Wages	1,106	547
Contribution to Provident and Other Funds	164	76
Staff Welfare Expenses	51	13
Power & Fuel	17	13
Repairs & Maintenance	31	2
Rent	794	678
Rates and Taxes	188	188
Insurance	826	590
Travelling & Conveyance	724	310
Legal, professional and consultancy charges	2,952	2780

**39. Remuneration to Auditor(Inclusive of Service Tax)**

(Rs in Lacs)

Particulars	2012-13	2011-12
Audit Fee	9	9
Limited review fees	6	5
Tax audit fee	2	2
Fees for certification	5	28
Others	-	1
Reimbursement of expenses	0.4	2
<b>Total</b>	<b>22</b>	<b>47</b>

**40. Previous year figures have been regrouped/rearranged wherever necessary, to correspond to current year figures.**

**Annexure to our report on even date**

**For T.R. Chadha & Co.**  
Chartered Accountants  
ICAI Firm Regn. No. 006711N

**Sd/-**  
**Neena Goel**  
Partner  
Membership No - 057986

**Place :** New Delhi  
**Dated :** 30th April, 2013

**For and on behalf of Petronet LNG Limited**

**Sd/-**  
**Dr. A. K. Balyan**  
MD & CEO

**Sd/-**  
**K. C. Sharma**  
Company Secretary

**Sd/-**  
**R. K. Garg**  
Director - Finance

**PETRONET LNG LTD.**  
**Registered Office: World Trade Centre, 1st Floor,**  
**Babar Road, Barakhmaba Lane,**  
**New Delhi-110001**

**Proxy Form**

DP. Id*	
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Client Id*	
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Folio No.	
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I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of the Company hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing  
him \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf at the 15<sup>th</sup> (Fifteenth) Annual General Meeting  
of the Company to be held on Thursday, the 4th day of July, 2013 at 10:00 A.M. at Air Force Auditorium, Subroto Park,  
Dhaura Kuan, New Delhi-110 010 and at any adjournment (s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix Revenue Stamp of Fifteen Paise
--

\*Applicable for investor holding shares in electronic form

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the  
Registered Office of the company not less than 48 hrs before the time for holding the aforesaid meeting. The Proxy  
need not be a member of the company.

----- Please tear here -----

**PETRONET LNG LTD.**  
**Registered Office: World Trade Centre, 1st Floor,**  
**Babar Road, Barakhmaba Lane,**  
**New Delhi-110001**

**Attendance Slip**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP. Id*	
---------	--

Client Id*	
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Folio No.	
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NAME AND ADDRESS OF THE SHAREHOLDER

Number of Share(s) held:

I certify that I/we are member/proxy for the member of the Company. I/we hereby record my/our presence at  
the 15<sup>th</sup> (Fifteenth) Annual General Meeting of the Company to be held on Thursday, the 4th day of July, 2013 at  
10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi-110 010.

Signature of the shareholder(s) or proxy.

\*Applicable for investor holding shares in electronic form.



**BOOK - POST**



**[www.petronetlng.com](http://www.petronetlng.com)**

**PETRONET LNG LIMITED**

Corporate Office : World Trade Centre, 1<sup>st</sup> Floor, Babar Road, Barakhamba Lane, New Delhi - 110 001 (India)  
Tel: 011-23472525 Fax: 011-23472550

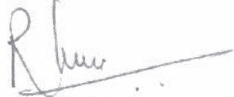
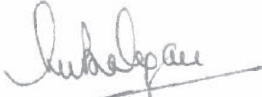
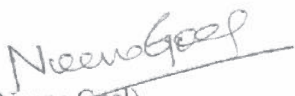



PETRONET  
LIMITED

# Petronet LNG Limited

Regd. Off. : World Trade Centre, First Floor, Babar Road,  
Barakhamba Lane, New Delhi - 110001 (INDIA)  
Tel. : 23472525, 23411411 Fax : 23472550

## FORM A

1.	Name of the Company	Petronet LNG Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A.
5.	To be signed by :	
	 (R. K. Garg) Director (Finance)	 (Dr. A. K. Balyan) Managing Director & CEO
	 (Neena Goel) For M/s T. R. Chadha & Co. Auditor of the Company	 (Ashok Sinha) Chairman - Audit Committee

Dahej LNG Terminal  
GIDC Industrial Estate, Plot No. 7/A, Dahej,  
Taluka Vagra, Distt. Bharuch (Gujarat)- 392130  
Tel. : 02641- 257249 Fax : 02641-257252

Kochi Site  
Survey No. 347, Puthuvypu,  
P.O. 682508, Kochi  
Tel. : 0484-2502268