



**PETRONET
LNG
LIMITED**

21st ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Dear Shareholders,

On behalf of the Board of Directors of Petronet LNG Limited, I welcome you all to the 21st Annual General Meeting of your Company.

The Annual Report for the year ended March 31, 2019, along with the Audited Standalone as well as Consolidated Financial Statements of the Company for the year ended 31st March, 2019 together with the Reports of Directors and Auditors thereon, has already been circulated and with your permission, I take them as read.

The year gone by has seen the demand side in the LNG sector globally, increase substantially, leading to an overall growth in the LNG supplies as also hardening of the international prices. There was an increase of about 28.2 Million Tones over the previous year's volumes leading to a global LNG trade of about 316.5 Million Tones during the year 2018. There have also been significant changes in the International LNG trade, wherein LNG Sale Purchase Agreements now being signed have shorter tenures, smaller volumes, lower slopes and greater flexibility in commercial terms. This provides a good opportunity to the buyers to contract new volumes.

India imported about 23.3 Million Tons and is currently the 4th largest importer of the LNG in the World, with 3rd highest incremental growth of any market in 2018. Supplies from various new projects in USA, Australia and Russia, is leading to an oversupply situation in the LNG markets, thereby resulting in decline in spot prices. A new wave of Final Investment Decision in LNG markets is taking place with new projects expected to start from 2024 onwards.

Natural gas has a share of about 6.2% in India's overall energy basket. However, the Government of India plans to enhance this share to about 15% in the coming years. This will require a significant increase in the LNG import infrastructure and high pressure gas pipelines. Efforts are underway on a fast pace in this regard.

The demand for gas in the Fertilizer sector continues to grow due to revival of urea manufacturing facilities. The PNGRB has recently completed the 9th and 10th round of CGD projects in which 136 geographical areas have been covered. This is expected to have a positive impact on the environment of cities and towns due to reduction in pollution and shall boost the overall demand for natural gas the years to come. Efforts are being made by your company to provide LNG through trucks to CGD networks not connected through pipelines.

Many of the new LNG import & regas terminals in India are being set up by different players at various locations. Some of these being in the same market will compete with your Company. However, superior pipeline connectivity and low regasification tariff makes your Company's Dahej terminal as the preferred source of importing LNG into India. The promoter shareholders of the Company viz. GAIL, IOCL, BPCL are also long term buyers / users of regasification capacity and, therefore, provide a strong support to your Company. Further, OPaL and ONGC also buy LNG through the Dahej Terminal.

Your Company has been achieving consistent growth in its financials and is rated as one of the top notch companies in India. It has a unique place as an LNG importer and has relationships with the LNG suppliers all across the World. It enjoys a good rapport with the lending communities and is rated well by the credit rating agencies – both domestic and international.

Good Corporate Governance is another hallmark of your Company. The Company has a well-established and robust framework to deliver good corporate performance. It goes beyond the standards prescribed by various laws and targets to provide a clean work culture. Some of the important highlights of your company include:

- Despite new terminals, Company achieved throughput at 844 Trillion British Thermal Units at Dahej and Kochi terminals during the financial year 2018-19.
- Expansion of Dahej terminal from 15 to 17.5 MTPA in June, 2019.
- Dahej terminal continues to operate at more than 100% capacity utilization.
- Kochi terminal has also witnessed surge in volumes and with the pipeline completion to Mangalore markets in FY 2019-20, is expected to boost send out from Kochi terminal.
- Company's domestic credit rating maintained at the highest AAA by Indian Credit rating agencies.
- Company's International Rating maintained at Baa2 (Stable) by Moody's which is at par with Sovereign rating of the Country.

During the year 2018-19, your Company achieved a turnover of Rs. 38,395 crore. The Net Profit of the Company stood at Rs. 2,155 crore. Keeping in view the good financial performance, the Board of Directors of your Company are happy to recommend final dividend of Rs 4.50 per equity share of Rs 10 each (45% on the paid-up share capital of the Company) for the year ended March 31, 2019.

Your company, after developing LNG industry / network in India, is exploring to develop the same in neighboring countries like Sri Lanka, Bangladesh and also in Mauritius.

It is also venturing into small scale LNG business by introducing LNG as fuel in buses, heavy duty trucks etc. and for this LNG / LCNG stations will be developed pan India.

All this achievement was possible due to the dedicated and talented work force of the Company. The guidance and support provided by various stakeholders including the Ministry of Petroleum & Natural Gas, Company's Promoters (i.e. BPCL, GAIL, ONGC and IOC), consumers and associates, deserves appreciation. The Board of Directors thank all the stakeholders and hope it will continue to get your support in the years to come.

Thank you,

**(Dr. M. M. Kutty)
Chairman**

**27th August, 2019
New Delhi**