



**PETRONET
LNG
LIMITED**

Petronet LNG Limited

Annual Report 2008-2009



PETRONET LNG LIMITED

Board of Directors :

Shri R. S. Pandey	Chairman
Shri Prosad Dasgupta	Managing Director & CEO
Shri Amitava Sengupta	Director (Finance & Commercial)
Shri C. S. Mani	Director (Technical)
Shri Ashok Sinha	Director
Shri B. C. Tripathi	Director
Dr. A. K. Balyan	Director
Shri S. V. Narasimhan	Director
Mr. Dominique PELLOUX-PRAYER	Director
Shri Seethapathy Chander	Director
Shri D. J. Pandian	Director
Shri D. P. Roy	Director
Shri P. K. Chadha	Director
Shri J. L. Zutshi	Director

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Sr. Vice President – Finance & Company Secretary

Shri R. K. Garg

Bankers :

 Allahabad Bank
 Asian Development Bank
 Bank of America
 Canara Bank
 CITI Bank
 Federal Bank
 ICICI Bank Limited
 IDFC Ltd
 Indian Overseas Bank
 International Finance Corporation (Washington)
 Jammu & Kashmir Bank
 Oriental Bank of Commerce
 Punjab National Bank
 State Bank of Indore
 State Bank of Patiala
 State Bank of Hyderabad
 Standard Chartered Bank
 State Bank of India
 Syndicate Bank
 The Hongkong & Shanghai Banking Corporation Ltd.

Statutory Auditors:

M/s V. Sankar Aiyar & Company

Registered Office:

 World Trade Centre, 1st Floor, Babar Road,
 Barakhamba Lane, NEW DELHI 110 001
 Tel. : 011-23411411,011-23413616
 Fax : 011-23414271
 Website: www.petronetlng.com

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

LNG Terminal:

 GIDC Industrial Estate, Plot No.7/A,
 Dahej, Talukavagra,
 Distt. Bharuch-GUJARAT
 Tel. : 02641- 257004 to 257007 & 253182
 Fax : 02641- 253184

Kochi LNG Project Site:

 Survey No. 347,
 Puthuvypu (Puthuypeen SEZ)
 P.O. 682508, Kochi
 Tel.: 0484-2500068



NOTICE OF 11TH ANNUAL GENERAL MEETING – 2009

NOTICE is hereby given that the 11th (Eleventh) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 25th day of June, 2009 at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaula 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, 2009, Profit & Loss Accounts for the year ended 31st March, 2009, together with Report of Directors and Statutory Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Shri D. P. Roy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P. K. Chadha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri J. L. Zutshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri D. J. Pandian, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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 V. Sankar Aiyar & Company, Chartered Accountants, New Delhi, the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of the Eleventh Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 5.50 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)**

8. “**RESOLVED THAT** Shri Seethapathy Chander, Nominee of Asian Development Bank (ADB), 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.”

9. “**RESOLVED THAT** Shri R. S. Pandey, 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.”
10. “**RESOLVED THAT** Mr. Dominique PELLOUX - PRAYER, Nominee Director of GDF International, 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.”
11. “**RESOLVED THAT** Dr. A. K. Balyan, Nominee Director of Oil & Natural Gas Corporation Ltd. (ONGC), 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.”
12. “**RESOLVED THAT** Mr. B. C. Tripathi, Nominee Director of GAIL (India) Ltd., 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


(R. K. Garg)

Sr. V.P. - Finance & Company Secretary

Place : New Delhi

Date : 15th May, 2009

PETRONET LNG LIMITED

NOTES:

- 1 The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Item No. 7, 8, 9, 10, 11 & 12 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.
- 4 All documents referred to the accompanying Notice and the Explanatory Statement 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.
- 5 Members / Proxies should bring the Attendance Slip duly filled for attending the Meeting.
- 6 Members are requested to bring their copies of the Annual Report to the Meeting.
- 7 Members holding Shares in physical mode are requested to notify the change in their Address / Bank Account 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.
- 8 Members holding shares in De-mat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).
- 9 Members must quote their Folio Number / De-mat Account No. in all correspondence with the Company/ R&T Agent.
- 10 No gift will be distributed at the Annual General Meeting.
- 11 The Register of Members and Share Transfer Books of the Company will remain closed from 15th June, 2009 to 25th June, 2009 (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 29th June, 2009 to the Members or their Mandates whose name appear on the Company's Register of Members on 25th June, 2009 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 15th June, 2009.
- 12 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 No., Name and Address of the Bank / Branch 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.
- 13 Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
- 14 Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
- 15 Annual Listing Fee for the year 2009-10 has been paid to all Stock Exchanges wherein Shares of the Company are Listed.
- 16 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO: 7

M/s. V. Sankar Aiyar & Company, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the Tenth Annual General Meeting held on 4th June, 2008 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, the Directors of the Company recommend the appointment of M/s V. Sankar Aiyar & Company, Chartered Accountants, as Auditors of the Company by passing a Special Resolution at a remuneration of Rs. 5.50 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: 8

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 Seethapathy Chander was appointed as Additional Director w.e.f. 16th July, 2008 on the Board of the Company as nominee of Asian Development Bank (ADB). 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 Seethapathy Chander as Director of the Company. A brief resume of Shri Seethapathy Chander 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 Seethapathy Chander 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.

**ITEM NO: 9**

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 R. S. Pandey was appointed as Additional Director w.e.f. 25th August, 2008 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 R. S. Pandey as Director of the Company. A brief resume of Shri R. S. Pandey 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 R. S. Pandey 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.

ITEM NO: 10

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, Mr. Dominique PELLOUX - PRAYER was appointed as Additional Director w.e.f. 20th October, 2008 on the Board of the Company as nominee of GDF International. 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 Mr. Dominique PELLOUX - PRAYER as Director of the Company. A brief resume of Mr. Dominique PELLOUX - PRAYER 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. Mr. Dominique PELLOUX - PRAYER 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.

ITEM NO: 11

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, Dr. A. K. Balyan was appointed as Additional Director w.e.f. 20th February, 2009 on the Board of the Company as nominee of Oil & Natural Gas Corporation Ltd. (ONGC). 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 Dr. A. K. Balyan as Director of the Company. A brief resume of Dr. A. K. Balyan 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. Dr. A. K. Balyan 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.

ITEM NO: 12

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 B. C. Tripathi was appointed as Additional Director w.e.f. 25th April, 2009 on the Board of the Company as nominee of GAIL (India) Ltd. 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 B. C. Tripathi as Director of the Company. A brief resume of Shri B. C. Tripathi 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 B. C. Tripathi 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


(R. K. Garg)

Sr. V.P. – Finance & Company Secretary

Place : New Delhi

Date : 15th May, 2009

BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED/REAPPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT

Shri D. P. Roy

Shri D. P. Roy is Ex- chairman of SBI Capital Markets Ltd. He holds degree in Master of Science (Chemistry) from Jadavpur University, Calcutta. He is also Certified Associates of the Indian Institute of Bankers and Fellow of the Indian Council of Arbitrators. He has rich and wide experience in Banking Sector. He joined State Bank of India as Probationary Officer in 1963 and served there in various senior executive and managerial posts like Deputy Managing Director and Group Executive (International Banking), President and CEO, New York and Country Manager USA, Deputy Managing Director and Group Executive (Associates and Subsidiaries) etc.

Shri D.P. Roy holds Directorship in the following other Companies:

Name of the Companies	Position held
Escorts Investment Trust Ltd.	Director
ICRA Management Consulting Services Ltd.	Director
ITD Cementation India Ltd.	Director
Standard Chartered STCI Capital Market Ltd.	Director
Singhi Advisors Ltd.	Director
Artheon Finance Ltd	Director

Shri D. P. Roy is also Member/Chairman of Committees of Board of the following other Companies:

PETRONET LNG LIMITED

Name of the Companies	Name of the Committee	Chairman/Member
ICRA Management Consulting Services Ltd.	1. Audit Committee 2. Remuneration Committee	Member Member
Standard Chartered STCI Capital Market Ltd.	1. Settlement Committee	Member

Shri P. K. Chadha

Shri P. K. Chadha is graduate in Mechanical Engineering. He joined Hindustan Lever Ltd. as a Management Trainee in 1962 and worked in various capacities in manufacturing and general management functions. In 1980, he was appointed to the Board of Hindustan Lever Ltd.

In 1985, he was transferred to Unilever's subsidiary in Japan where he worked as Technical Director, Nippon Lever before moving to Europe in 1991. He worked as the Head of Technology for Unilever worldwide from 1991 to 1996 based in the Netherlands. He retired in 1998 as Senior Vice President, Manufacturing and Supply Chain, Unilever NV, Rotterdam after 36 years service with the Unilever group.

Shri Chadha is presently serving as a Non – executive Director on the Boards of few Companies in India. He is also a Management Consultant to some Companies in India and abroad.

Shri P. K. Chadha holds Directorship in the following other Companies:

Name of the Companies	Position Held
Sona Koyo Steering System Ltd	Director
SOWIL Ltd	Director

Shri P. K. Chadha is also Member/Chairman of Committees of Board of the following other companies:

Name of the Companies	Name of the Committee	Chairman/Member
Sona Koyo Steering System Ltd	1. Remuneration Committee 2. Audit Committee	Chairman Member

Shri J. L. Zutshi

Shri J. L. Zutshi, Ex-chairman of Indian Oil Corporation Ltd., is holding Bachelor Degree in Engineering (BE) from Houston. He has over 38 years rich experience in the downstream Oil and Gas Industry. Besides, he is expert in Strategic Human Resources Management and also has extensive experience in Marketing Operation and Logistics. During his carrier with Indian Oil Corporation Ltd., he had held very senior positions like Executive Director (Marketing Operations), Executive Director (Personnel), Director (Personnel) etc.

Mr. Zutshi holds Directorship in the following other Companies:

Name of the Companies	Position Held
Surindra Electricals (P) Ltd.	Director
Ultranchal Biofuel Ltd.	Director

Shri J. L. Zutshi is not a Member/Chairman of Committees of Board of any other Company.

Shri D. J. Pandian

Shri D. J. Pandian holds degree in Master of Business Administration from Madras University. He is an IAS officer and has Administrative and Corporate Experience spanning 25 years. Prior to joining the Gujarat State Petroleum Corporation Ltd. (GSPC), Shri Pandian was working on deputation with the World Bank in Washington D. C. He was Director External Commercial Borrowings, Ministry of Finance, Government of India from 1995 till 1997. In addition, Shri Pandian had also various appointments in the Government of Gujarat. He previously headed Gujarat Lease Finance Limited from 1993 until 1994.

Since 2001, Shri Pandian is working as Managing Director of GSPC. Shri Pandian has vast experience of Oil and Gas Sector.

Shri D. J. Pandian holds Directorship in the following other Companies:

Name of the Companies	Position Held
Gujarat State Petroleum Corporation Ltd.	Managing Director
Gujarat State Petronet Ltd.	Managing Director
GSPC Pipavav Power Company Ltd.	Director
Sabarmati Gas Ltd.	Chairman
Guj Info Petro Ltd.	Director
GSPC Gas Company Ltd.	Director
Gujarat State Energy Generation Ltd.	Director
ONGC Petro Additions Ltd.	Director
GSPC LNG Ltd.	Director
GSPC (JPDA) Ltd.	Director

Shri D. J. Pandian is also Member/Chairman of Committees of Board of the following other companies:

Name of the Companies	Name of the Committee	Chairman/Member
Gujarat State Petronet Ltd.	Shareholders'/Investors' Grievance Committee	Member
Gujarat State Energy Generation Ltd.	Audit Committee	Member

Shri Seethapathy Chander

Shri Seethapathy Chander is presently the Deputy Director General of the Asian Development Bank's (ADB) Private Sector Operations Department which makes investments in, and provides financial support for, infrastructure and financial sector projects. Shri Chander is also concurrently the Chair of ADB's Energy Community of Practice which provides advice and guidance to ADB's operating departments on policy matters and initiatives in energy sector. Shri Chander worked for 15 years in various positions with National Thermal Power Corporation Ltd. (NTPC). Shri Chander is a first class graduate in electrical engineering from the Indian Institute of Technology, Delhi.

Shri Chander is the Chairman of the Board of Asia Infrastructure Project Development Company Limited, Singapore.

Shri Chander is not a Member/Chairman of Committees of Board of any other Company.



Shri R. S. Pandey

Shri R. S. Pandey joined Indian Administrative Service (IAS) in 1972. Presently Shri R. S. Pandey is Secretary, Ministry of Petroleum & Natural Gas (MOP&NG). Shri Pandey has wide and vast experience of working at various senior level positions in state/central government like Advisors to Governor of Nagaland, Secretary, Ministry of Steel and Parliamentary Affairs, Government of India, Chief Secretary, Govt. of Nagaland. Shri Pandey received U.N. Public Service Award, 2008 of U.N. Head Quarters and also received in 2007 top Civil Service Award namely Prime Minister Awards for Excellence in Public Administration.

Shri Pandey holds the position of Chairman in Indian Strategic Petroleum Reserves Ltd.

Shri Pandey is not a Member/Chairman of Committees of Board of any other Company.

Mr. Dominique PELLOUX-PRAYER

Mr. Dominique PELLOUX-PRAYER, born in 1955, graduated engineer from the Ecole Centrale de Paris, joined Gaz de France in 1980. His first ten years were dedicated to research in the field of gas appliances. He has been involved in the LNG business since 1990, mainly on the receiving terminals side and held various positions such as project manager or head of LNG experts' team. He was given various international responsibilities such as Chairman of the European Standardisation Committee for LNG facilities (CEN/TC 282), Chairman of Marcogaz Gas Infrastructures Standing Committee, Vice-chairman of the Program Committee for LNG 12 and LNG 13 Conferences, General Delegate of GIIGNL.

He has been working on LNG strategy as Deputy Vice-President for LNG within Gaz de France from 2004 to 2008, and has been appointed as of October 2008 as Vice-President of GDF SUEZ, heading the Facilities Asset Management Department of the LNG Division (Business line: Global Gas & LNG), in charge of the interests of the Group in liquefaction plants and supply-driven receiving terminals.

Mr. Dominique holds Directorship in the following other Companies.

Name of the Companies	Position Held
Tritone GNL SJA (Italy)	Director
GNL Saint-Laurent (Canada)	Director
SUEZ LNG – Liquefaction S.A. (Luxemburg)	Director
SUEZ LNG Trinidad and Tobago Ltd. (Trinidad)	Director

Mr. Dominique is not a Member/Chairman of Committees of Board of any other company.

Dr. A. K. Balyan

Dr. A. K. Balyan holds Degree in M. Tech. from IIT, Delhi and also Ph.D. from Germany. He is presently Director (HR) of Oil & Natural Gas Corporation Ltd. (ONGC) and also holds additional charge as Director, In-charge Business Development and Joint Ventures, ONGC. Dr. Balyan took over as Chief-Human Resources Development of ONGC in 2002 and appointed to the Board of Directors of ONGC as Director HR in 2003. As Director (HR), he led Corporate Rejuvenation Campaign, Pioneered a study to redefine the organization norms-focusing on Roster,

Roles and Responsibilities to be benchmarked with global best practices.

Dr. A. K. Balyan holds Directorship in the following other Companies:

Name of the Companies	Position Held
Oil & Natural Gas Corporation Ltd.	Director
Mangalore Refinery & Petrochemicals Ltd.	Director
ONGC Videsh Ltd.	Director
Mangalore SEZ Ltd.	Director
Dahej SEZ Ltd.	Director
ONGC Tripura Power Co. Ltd.	Director
ONGC Petro Additions Ltd.	Director
Petronet MHB Ltd.	Chairman

Dr. A. K. Balyan is also Member/Chairman of Committees of Board of the following other companies:

Name of the Companies	Name of the Committee	Chairman/Member
Oil & Natural Gas Corporation Ltd.	1. Human Resources Management Committee	Member
	2. Shareholders/Investors Grievance Committee	Member
	3. Remuneration Committee	Member
	4. Health, Safety and Environment Committee	Member

Shri B.C. Tripathi

Shri B.C. Tripathi, Director (Marketing), GAIL (India) Ltd., is a Mechanical Engineer from NIT Allahabad formerly known as Moti Lal Nehru Regional Engineering College, Allahabad. He joined GAIL in 1984 and has over 25 years experience in Gas Sector. Prior to joining GAIL he had worked in ONGC. He was one of the initial team members involved in the construction and commissioning of the HBJ pipeline system. During his tenure in Operations, he has been actively involved in customer relations and servicing of major consumers in gas sector.

Shri B.C. Tripathi holds Directorship in the following other Companies:

Name of the Companies	Position Held
GAIL (India) Limited	Director
Bhagyanagar Gas Limited	Chairman
Aavantika Gas Limited	Chairman
Tripura Natural Gas Company Limited	Director
GAIL Gas Limited	Director
GAIL Global (Singapore) Pte Limited	Director
Indraprastha Gas Limited	Director

Shri B. C. Tripathi is also Member/Chairman of Committees of Board of the following other companies:

Name of the Companies	Name of the Committee	Chairman/Member
GAIL (India) Limited	1. Shareholders/Investors Grievance Committee	Member

PETRONET LNG LIMITED
DIRECTORS' REPORT
Dear Shareholders,

The Directors have the pleasure of presenting the Eleventh Annual Report and the Audited Accounts of your Company for the year ended 31st March 2009, i.e. the fifth year of commercial operations of the first LNG terminal in India at Dahej. Your Company has emerged as a significant player in the Nation's pursuit for energy, in as much as the terminal is operating at its optimum capacity and accounts for 25% approx., of Country's total current gas consumption. Your Company has maintained the upward trend by all performance parameters.

FINANCIAL PERFORMANCE

In 2008-09, Company had achieved significant gains in turnover and operating margins. Efficient utilization of critical equipment contributed to the improved performance, in as much as, the plant was operated at 125% of its nameplate capacity. Higher margins earned on short-term / spot cargoes and increase in other income helped increase Profit after tax to Rs. 518.44 Crore, against Rs 474.65 Crore in the previous year. Turnover during the year under review was Rs. 8428.70 Crore against Rs. 6555.31 Crore in 2007-2008. Gross margin stood at Rs. 1129.58 Crore against Rs 1042.47 Crore in the previous year. Earning per share increased by 9.16 per cent – from Rs 6.33 to Rs. 6.91. A summary of the comparative financial performance in fiscal 2008-09 and 2007-08 is given below:

Particulars

	Rs. in Crores	
	2008-09	2007-08
Turnover	8428.70	6555.31
Other Income	76.50	53.58
Total revenue	8505.20	6608.89
Cost of import of LNG	7375.62	5566.42
Gross Margin	1129.58	1042.47
Salary & Other Operating Expenses	151.80	122.77
Interest	101.22	102.35
Depreciation/write off	102.52	102.18
Profit before Tax	774.04	715.17
Provision for Tax	255.60	240.52
Profit after Tax	518.44	474.65
Earnings per share (Rs.)	6.91	6.33

DIVIDEND

Keeping in view the sound financial position of the Company, the Directors are happy to recommend a dividend of 17.50% on the paid-up share capital of the Company for the year ending 31st March 2009.

OPERATIONS AT DAHEJ

During 2008-09, 104 LNG cargoes were unloaded representing 6.4 million tons, and 321.33 Trillion British Thermal Units of regasified LNG was sold. The terminal achieved 5.584 million accident free man-hours of operation cumulatively at the end of the financial year 2008-09 since the commencement of its operations.

Expansion of Dahej Terminal

To meet the increasing demand from the power and fertilizer sectors, expansion of the Dahej Terminal from 5 MMTPA to 10 MMTPA was undertaken from 2006, commissioning of which is currently ongoing. The plant is expected to be handed over to the Company by the EPC Contractor by end May, 2009.

Your Company has entered into a Memorandum of Understanding with the Gujarat Maritime Board to develop a standby LNG berth at Dahej from the risk mitigation point of view, and also to enhance the capacity of LNG terminal to beyond 12.5 MMTPA. All pre-project activities have been completed and requisite clearances including environment clearance has been obtained. Bids for selection of EPC contractor have been received. The final approval of Gujarat Maritime Board is awaited before award of the contract. This investment was approved by your Board of Directors.

SHIPPING ARRANGEMENT

Presently two ships "DISHA" and "RAAHI" are regularly bringing LNG Cargoes to Dahej from Rasgas, Qatar as per schedule. These two vessels are transporting the contracted quantity of 5 MMTPA LNG.

RasGas, Qatar will be supplying an additional 2.5 MMTPA of LNG from the last quarter of 2009 to your Company. Since this is also a FOB Contract, for transporting this additional volume from Qatar a third LNG ship of 1,54,800 cubic meters is under construction at Samsung Shipyard, South Korea. The Shipping Consortium to whom the Time Charter Agreement was awarded through competitive bidding, would be taking delivery of the new vessel in the last quarter of 2009, to match the commencement of supply of the additional volumes from Qatar.

Pilot Project for Supply of LNG in Cryogenic Vehicles

Another achievement of your Company during the year was the successful development of the pilot project for loading of LNG in cryogenic road tankers. During the year, 716 tankers were loaded as against 390 tankers in the previous year, and supplied to customers in the States of Gujarat and Maharashtra. Many other customers have also evinced interest in buying LNG, who are not connected to gas pipelines. This would significantly facilitate distributed captive power generation, city gas and such other industries, which are not connected to the gas pipeline network.

SOLID CARGO PORT AT DAHEJ

A Solid Cargo Port through a Joint Venture Company, namely; Adani Petronet (Dahej) Port Private Ltd. is under implementation. Substantial progress has been achieved on both offshore & onshore facilities and the Project is scheduled for completion by June, 2010. The Solid Cargo Port would have facilities to import/export bulk products like Coal, Steel and Fertilizer, and the progress is on schedule.

LNG TERMINAL AT KOCHI

Your Company has already commenced construction of another LNG Receiving, Storage & Regasification Terminal of 2.5 MMTPA capacity, expandable to 5.0 MMTPA at Kochi. The terminal consists of Two Storage tanks, Vaporization system, utilities and marine facilities. Cochin Port Trust (CoPT) has allocated 32 ha of land for the LNG terminal at Puthuvypeen Island in the outer Cochin harbour, which is in the Puthuvypeen SEZ. The concession agreement and land lease agreement for usage of water front and land respectively has been executed with Cochin Port Trust on 12th March 2009. Site grading activity, construction of boundary wall, etc. have been completed. The EPC Contract for construction of two LNG Storage tanks each of 188,000 cu m (gross capacity) is being carried out by M/s IHI Corporation, Japan. Piling and Pile built up activities for these tanks are under progress. Approximately, 1400 construction personnel are presently working at site. The award of EPC contracts for re-gasification vaporization plant and marine facility, are likely to be awarded soon. The terminal is expected to be mechanically commissioned by 31st December, 2011.



LNG SOURCING

Your Company maintains excellent business relations with most LNG suppliers, for import of spot as well as long term LNG supplies. It is heartening to inform that your company has reached an agreement with subsidiaries of Exxon Mobil corporation on the intent to supply from Gorgon, Australia, approximately 1.50 MMTPA of LNG, with the potential for additional volumes, for 20 years term for the Kochi LNG terminal. Your Company intends to broad base its source of natural gas. The Company is in talks with various LNG suppliers for sourcing additional LNG required for the expanded capacity of Dahej as well as for Kochi project.

During the year, your Company has continued importing LNG under a term contract, for supply of R-LNG to Ratnagiri Gas & Power Pvt. Ltd. (RGPPPL). This has enabled RGPPPL to continue power generation at the once stranded power plant.

Participation in ventures to secure equity LNG

Your Company is also considering farm-in options overseas to secure consistent supplies of LNG, which would also mitigate volatility in prices. Discussions with companies in Australia and Papua New Guinea have been held, and the Company is actively pursuing these opportunities through Techno-commercial due diligence.

FINANCING

During the year, your Company has executed a Loan Agreement with SBI led consortium of Indian lenders for Rs. 1400 crores to part finance the Kochi LNG Terminal. In addition, your company is also in discussion with International Financing Agencies for additional debt financing of US\$ 300 million. The balance capital expenditure would be financed through internal accruals.

DEPOSITS

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

EMPLOYEE PARTICULARS

As required, 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 particular of employees(s) are set out in the annexure to 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRIAL RELATIONS

Your Company continued to enjoy cordial relations amongst all its employees. No man days were lost due to strike, lock out etc.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

All possible steps have been taken by your Company to achieve the objective of energy conservation and technology absorption. As a part of Dahej expansion project your Company has installed a scheme for reducing power requirement for air-conditioning by harnessing cold energy from LNG, by installing chilled water system. Your Company's engineers have been involved with Consultants and the Contractors in all phases of design of Dahej Expansion & the Kochi project in order to ensure optimum conservation of energy and absorption of technology.

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;
- That your Company had selected such accounting policies and applied those 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 and loss account of the Company for that period;
- 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
- That the accounts of your Company have been prepared on a going-concern basis.

BOARD OF DIRECTORS

During the year, Shri R. S. Pandey, Secretary, Ministry of Petroleum & Natural Gas, has been appointed as Chairman of the Company in place of Shri M. S. Srinivasan, who resigned on superannuation. Shri S. Chander, Mr. Dominique PELLOUX – PRAYER, Dr. A. K. Balyan and Shri B. C. Tripathi have been appointed as Nominee Director(s) of ADB, GDF International, ONGC and GAIL in place of Shri Arun Duggal, Mr. Jacques Gautier, Shri N. K. Mitra and Dr. U. D. Choubey respectively.

FOREIGN EXCHANGE EARNING AND OUTGO

Your Company has incurred expenditure in foreign exchange to the extent of Rs. 7,419.83 Crores during the year under review. Foreign exchange earning on account of interest was Rs. 0.60 Crores during the year.

AUDITORS

M/s. V. Sankar Aiyar & Company, the statutory Auditor of the Company, will retire at the ensuing Annual General Meeting of your Company and, being eligible, offer themselves for re-appointment. The re-appointment, if made, for the financial year 2009-10, will have to be by a Special Resolution as required under section 224A of the Companies Act, 1956.

ACKNOWLEDGEMENTS

The Board of Directors thank, and wish to place on record its appreciation of the Ministry of Petroleum and Natural Gas, Government of Gujarat and Kerala, the consumers & Offtakers of regasified LNG, Rasgas, Exxon Mobil and other LNG suppliers and the employees of the Company at all levels, for their continued Co-operation and unstinted support. The Directors also express their sincere thanks to all the shareholders for the continued support and trust they have shown in the Management. The Directors look forward to a bright future with confidence.

On behalf of the Board of Directors


(R.S. Pandey)
Chairman

Place : New Delhi

Date : 15th May, 2009

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	No. of equity shares held in the Company	The last employment held by such employee before joining the Company
	(2008-09)	(2007-08)								
Shri P. Dasgupta	54,30,167*	56,87,512**	Contractual	Appointment for a period of 5 years.	MD & CEO	Chartered Accountant Exp. - 36 years	02.01.2003	62 yrs.	2,50,000	Chief Financial Officer, Essar Telecom, Essar Teleholdings Ltd.
Shri A. Sengupta	43,75,789	44,71,404**	Contractual	Appointment for a period of 5 years.	Director (F & C)	Chartered Accountant Exp. - 31 years	03.06.2002	56 yrs.	8,750	GM-(Fin. & Png.), Indo Mobil Ltd.
Shri C. S. Mani	45,78,930	37,85,341**	Contractual	Appointment for a period of 5 years.	Director (Technical)	B. Tech. (Chem.) M.E. (Chem.) Exp. - 37 years.	01.08.2006	61 yrs.	3,500	ED-(Png. & Projects), Gujarat Alkalies & Chemicals Ltd.
Shri R. K. Garg	24,36,424	21,21,337	Permanent	Appointed w.e.f. 27th September 2001.	Sr. V.P. Finance & Company Secretary	Company Secretary, Chartered Accountant Exp. - 30 years.	27.09.2001	53 yrs	5,300	Secretary, Steel Authority of India Ltd.

Notes :

* This excludes Rs. 18,21,162/- being treatment and hospitalization charges, which has however been considered for computation of Managerial Remuneration, under notes to accounts no. 11 & 12 of Schedule 18 to the audited accounts.

**These figures exclude commission on profit for the year 2006-07 paid during 2007-08.



MANAGEMENT DISCUSSIONS AND ANALYSIS FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Global LNG Scenario :

At present, 15 LNG exporting countries owning 30 LNG liquefaction Plants are supplying LNG to 17 LNG importing countries. Several new LNG liquefaction plants are expected to come on-stream by 2015 – which would take the liquefaction capacity to 297 MMTPA from the existing 202 MMTPA. While countries, such as, Russia and Iran have the natural gas reserves, but Australia is emerging as the prime location for investments over the next couple of years because of its stable policies and project support structure. There has been a marked increase in the LNG traded in the world - from 74 MMTPA LNG in 1996 to 123 MMTPA in 2003 and 165 MMTPA in 2007.

Despite the current global economic uncertainty, it is widely believed that in addition to the existing LNG importers, countries like Chile, Netherlands, Singapore, Thailand and others are likely to build import capacities for reasons of energy security. Projections reveal that global LNG demand is expected to grow to 400 MMTPA over the next decade.

In the short term by 2010, on one hand, around 62 MMTPA additional capacity is expected to come on stream with the commissioning of a number of new liquefaction projects, namely, Sakhalin (Russia), Qatar's super-sized trains, Tangguh (Indonesia), Yemen and Peru, whereas on the other hand, there is a reduction in demand due to the global recession. This indicates an evident change in the LNG market dynamics and implies that there would be increased availability during short term.

Over and above, major pipeline initiatives taken by Russia to supply natural gas through pipelines to all over Europe, China and Korea; and by Africa to Europe, it is expected that LNG volumes earmarked for supplies to UK & Europe markets would also be available for sale into the other markets. With the increasing availability as well as the ongoing recession, the prices are expected to gain competitiveness during the short and medium terms.

Spot/short term availability in 2008 was tight on account of sudden spurt in demand from Japan primarily because of shutdown of their largest nuclear power plant. However, there is a marked change in the Spot Market situation since October-November, 2008. Due to a global downturn and reduced demand, your Company considers that there is going to be less pressure on the spot market and hopes easy availability of cargoes at reasonable prices at least during the short term.

Your Company is best-placed to pursue its growth strategy even during the ongoing global recession and financial crisis, which according to experts will last until 2011. Your Company is focused on sourcing LNG under long term arrangements from potential suppliers, such as, Australia, Qatar, Papua New Guinea, Russia, Iran and others because of their large gas reserves and LNG ambitions.

Indian Natural Gas Scenario :

Natural Gas has become the most popular fuel for use in industry, transport, power generation, fertilizer as well as for domestic use. Sector wise projections reveal that the demand from the Power Sector is expected to increase from 91 MMSCMD in 2008-09 to 148 MMSCMD by 2011-12. Fertilizer Sector demand is also expected to increase by 36 MMSCMD during the same period. Apart from these two sectors, surge in demand is also expected from City Gas Distribution, Industrial, Sponge Iron/ Steel Sectors, etc. This is because of two reasons; first, burning of gas does not produce harmful & toxic gases and second it is cheaper to import gas than oil to generate the same amount of energy. The demand for Natural Gas is increasing at a rate which cannot be fulfilled completely by the indigenous production. In 2007-08, the shortfall of natural gas stood at 77 MMSCMD with supply around 103 MMSCMD and the demand at 180 MMSCMD. According to Eleventh Five Year Plan projections, commencement of production from the Krishna Godavari Basin is expected to reduce the gap between demand and supply.

Opportunities :

Your Company, being the first to import LNG into the country, is instrumental in shaping the growth of the Indian Natural Gas Sector. Your Company has set up benchmarks of efficiency in the operations of LNG terminal. The Company's main thrust is to enhance the gas supply to satisfy the requirements of existing and potential consumers in a timely manner and at reasonable prices.

The gas market is rapidly evolving with strong economic growth fuelling energy demand across sectors. Significant gas finds off the East Coast of India, de-regulation and entry of several private & foreign players are some of the factors shaping the sectoral landscape. Your Company, in addition to long term import, has been actively involved in sourcing Spot/short term cargoes from different suppliers' to meet the demand of the Market.

To meet the growing gap, your Company has doubled the capacity of its first LNG Re-gasification Plant at Dahej from 5 MMTPA to 10 MMTPA. With the enhanced capacity, your Company will be contributing a substantial share in the natural gas supplies of the country. The Company

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has also started construction of another 2.5 MMTPA, expandable to 5 MMTPA, greenfield LNG Import and Re-gasification Plant at Kochi in the State of Kerala. This will enable the Company to expand its reach and supply natural gas in the South Indian market.

Threats :

All the major players in the Indian Hydrocarbon Sector have evinced interest in entering the natural gas business. Commencement of natural gas production from the Krishna Godavari-D6 block and availability of gas from new discoveries in Krishna Godavari & Mahanadi Basins would increase domestic supply which may put some pressure on imported LNG. Several Indian and multinational companies are extending their presence in the Indian market and are expected to pose competition across the gas value chain in the foreseeable future. Your Company is fully prepared to face the competition.

Risk of Competition :

LNG competes with Naphtha, Coal, Fuel Oil and similar Hydrocarbons. These alternate fuels are widely used by end user industries like Fertilizers, Power and others. In addition, LNG also competes with domestically produced Natural Gas. LNG offers several advantages over the above-mentioned alternate fuels. However, a reduction in prices of the alternate fuels could lead to increase pricing pressure on LNG suppliers and may have an adverse impact on future growth.

Currently your 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 and sells re-gasified LNG to three Intermediate Offtakers, namely, GAIL (India) Limited, Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) with whom your Company has long term GSPAs. Even though this assures market for the entire production, there are certain risks involved in limited customers. In addition to the existing contracts, your Company has also initiated discussions with various other LNG suppliers for import of LNG on long term basis to meet additional requirement of LNG for Dahej Terminal as well as for the new Kochi Terminal.

Segmentwise or Productwise Performance :

Presently the company primarily deals only in one segment i.e. Import and Re-gasification of Liquefied Natural Gas (LNG). During the year 321.33 TBTUs of Re-gasified LNG was delivered to the Offtakers.

Risk and Concerns :

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, Board of Directors have formulated Risk Management Policy, which put 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 risk 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 encourage all staff to identify risk and associated opportunities and respond to them with appropriate actions.

Internal Control Systems and their Adequacy :

The Company has developed adequate internal control system 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 Audit Committee, which further review the adequacy of internal control system.

Financial Performance with Respect to Operational Performance :

The turnover during the financial year ended 31st March, 2009 was Rs. 8505.20 Crores including other income as against Rs.6608.89 Crores in 2007-08. The net profit has increased to Rs. 518.44 Crores in 2008-09 as against Rs.474.65 Crores in 2007-08.

Human Resources :

During the year, the Company maintained harmonious and cordial industrial relations. No man-days were lost due to strike, lock out etc. As on 31st March, 2009, there were 256 employees including three whole time Directors and 2 employees on deputation from Promoting /other Companies.

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.

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 primary objective of enhancing shareholders value while being a responsible corporate citizen. Company firmly believes that any meaningful policy on the 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 are 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 31st March, 2009 was fourteen Directors as detailed herein below:

S. No	Name	Designation	Category (Whole-time/ Non-executive/ Independent)
1	Shri R. S. Pandey	Chairman, Secretary, Govt. of India, (MOP &NG)	Independent
2	Shri P. Dasgupta	Managing Director & CEO	Whole-time
3	Shri A. Sengupta	Director (Finance & Commercial)	Whole-time
4	Shri C. S. Mani	Director (Technical)	Whole-time
5	Shri Ashok Sinha	Director, Nominee of BPCL	Non-executive
6	Dr. U. D. Choubey	Director, Nominee of GAIL	Non-executive
7	Dr. A. K. Balyan	Director, Nominee of ONGC	Non-executive
8	Shri S. V. Narsimhan	Director, Nominee of IOCL	Non-executive
9	Mr. Dominique PELLOUX-PRAYER	Director, Nominee of GDF International	Non-executive
10	Shri D. J. Pandian	Director, Nominee of GMB	Non-executive
11	Shri S. Chander	Director, Nominee of ADB	Independent
12	Shri D. P. Roy	Director	Independent
13	Shri P. K. Chadha	Director	Independent
14	Shri J. L. Zutshi	Director	Independent

Board Meetings

During the year, four Board Meetings were held on 16th April, 21st July, 20th October, 2008 and 19th January, 2009. 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 2008-09	Number of Board Meetings attended during the year 2008-09	Attendance at last Annual General Meeting held on 4th June, 2008
Executive Directors				
Shri P. Dasgupta	Managing Director & CEO	4	3	Yes
Shri A. Sengupta	Director (Finance & Comm.)	4	4	Yes
Shri C. S. Mani	Director (Technical)	4	3	Yes
Non-executive Directors				
Shri Ashok Sinha	Nominee Director of BPCL	4	4	Yes
Shri N. K. Mitra (upto 31st Jan., 2009)	Nominee Director of ONGC	4	3	Yes
Dr. A. K. Balyan (Appointed w.e.f. 20th February, 2009)			Nil	NA
Dr. U. D. Choubey	Nominee Director of GAIL	4	2	No
Shri B. M. Bansal (Upto 16th April, 2008)	Nominee Director of IOCL	4	Nil	NA
Shri S.V. Narasimhan (Appointed w.e.f. 16th April, 2008)			3	No
Mr. Jacques Gautier* (upto 20th October, 2008)	Nominee Director of GDF International	4	3	Yes
Mr. Dominique PELLOUX-PRAYER (Appointed w.e.f. 20th October, 2008)			1	NA
*(Two Board Meetings attended by Mr. Eric Ebelin as an Alternate Director)				

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Shri D. J. Pandian	Nominee Director of GMB	4	2	No
Non-executive Independent Directors				
Shri M. S. Srinivasan (upto 31st July, 2008)	Chairman	4	2	Yes
Shri R. S. Pandey (Appointed w.e.f. 25th August, 2008)			2	NA
Shri Arun Duggal (upto 11th July, 2008)	Nominee Director of ADB	4	1	No
Shri S. Chander (Appointed w.e.f. 16th July, 2008)			2	NA
Shri D. P. Roy	Independent Director	4	4	Yes
Shri P. K. Chadha	Independent Director	4	4	Yes
Shri J. L. Zutshi	Independent Director	4	4	Yes

Detail of Directorship on the Board of other Companies as on 31.03.2009

Name	No. of other Companies in which Directorship/ Chairmanship is held	
	Directorship	Chairmanship
Shri R.S. Pandey	Nil	1
Shri P. Dasgupta	1	Nil
Shri A. Sengupta	2	Nil
Shri C. S. Mani	Nil	Nil
Shri Ashok Sinha	1	5
Dr. U. D. Choubey	1	4
Dr. A. K. Balyan	7	1
Shri S. V. Narsimhan	1	1
Mr. Dominique PELLOUX-PRAYER	2	1
Shri D. J. Pandian	9	1
Shri S. Chander	1	Nil
Shri D. P. Roy	6	Nil
Shri P. K. Chadha	2	Nil
Shri J. L. Zutshi	2	Nil

Detail of Membership / Chairmanship of Committees of the Board of other Companies as on 31.03.2009

Name	No. of Membership / Chairmanship held in Committees of Board of other Companies	
	Membership	Chairmanship
Shri R. S. Pandey	Nil	Nil
Shri P. Dasgupta	Nil	Nil
Shri A. Sengupta	Nil	Nil
Shri C. S. Mani	Nil	Nil
Shri Ashok Sinha	1	Nil
Dr. U. D. Choubey	1	Nil
Dr. A. K. Balyan	2	Nil
Shri S. V. Narsimhan	Nil	Nil
Mr. Dominique PELLOUX PRAYER	Nil	Nil
Shri D. J. Pandian	2	Nil
Shri S. Chander	Nil	Nil
Shri D. P. Roy	2	Nil
Shri P. K. Chadha	1	1
Shri J. L. Zutshi	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 Non-executive Directors during the year ended 31st March, 2009

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. 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.

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

(In Rupees)

S.N.	Name	Designation	Salaries & Allowances (a)	Contribution on to PF & Gratuity Fund (b)	Other Benefits & Perks (c)	Commission on Profit for the year 2007-08 (d)	Commission on Profit for the year 2008-09 (e)	Total	
								2008-09	2007-08**
1	Shri P. Dasgupta	Managing Director & CEO	35,89,235	1,99,224	2,13,137*	17,03,571	14,28,571	54,30,167	56,87,512
2	Shri A. Sengupta	Director (Finance & Commercial)	27,38,594	1,42,157	66,467	17,03,571	14,28,571	43,75,789	44,71,404
3	Shri C. S. Mani	Director (Technical)	28,87,271	1,42,157	1,20,931	17,03,571	14,28,571	45,78,930	37,85,341

* This excludes Rs. 18,21,162/- being treatment and hospitalization charges, which has however been considered for computation of Managerial Remuneration, under notes to accounts no. 11 & 12 of Schedule 18 to the audited accounts.

** These figures exclude commission on profit for the year 2006-07 paid during 2007-08.

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. In terms of Shareholders approval obtained at the AGM held on 14th June, 2007, the commission is to be paid not exceeding 1% per annum of the profits of the Company computed in accordance with Section 309 of the Companies Act, 1956. The details of remuneration paid / payable to the Non - Executive Directors are stated herein below:

S. No.	Name	Commission on Profits for the year ended 31st March 2009 (in Rupees)
1	Shri D. P. Roy	14,28,571
2	Shri P. K. Chadha	14,28,571
3	Shri J. L. Zutshi	14,28,571

Note :

Besides the above, Commission of Rs. 1,14,28,568 (Rs. 14,28,571/- each) is also payable to GOI, IOCL, BPCL, ONGC, GAIL, GDFI, ADB and GMB with respect to their nominated Directors for the year ended 31st March, 2009.

S. No.	Name	Sitting Fees paid during 2008-09(Rs.)
1	Shri Ashok Sinha	70,000
2	Shri D. P. Roy	90,000
3	Shri P. K. Chadha	1,00,000
4	Shri J. L. Zutshi	60,000
5	Dr. Dominique Pelloux – Prayer	10,000
6	Shri S. V. Narasimhan	20,000
7	Shri M. S. Srinivasan (upto 31 st July, 2008)	20,000
8	Mr. Jacques Gautier (upto 20 th October, 2008)	60,000
9	Shri Arun Duggal (upto 11 th July, 2008)	20,000

Note:

Beside above, sitting fees of Rs. 50,000/- for attending the Board / Committee Meetings has been paid to the respective organizations, who have nominated its Official(s) as Nominee Director on the Board of the Company.

Terms of appointment of Whole-time Directors

Presently, the Company has the following Whole - time Directors:

1. Shri P. Dasgupta, Managing Director & CEO
2. Shri A. Sengupta, Director (Finance & Commercial)
3. Shri C. S. Mani, 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 months notice in writing by either party.

Audit Committee

The Audit Committee comprises of the following Directors as on 31st March, 2009:

- 1 Shri D. P. Roy, Chairman
- 2 Shri Ashok Sinha, Member
- 3 Shri Seethapathy Chander, Member
- 4 Shri P. K. Chadha, Member

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All the Members of Audit Committee are Non-executive Directors and three out of four Members are Independent Directors namely Shri D. P. Roy, Shri Seethapathy Chander and Shri P. K. Chadha. The quorum of the Audit Committee is two Members.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Company Secretary is the Secretary of the Audit Committee.

Detail of Meetings of Audit Committee held during the year

Members	No. of Meetings Held	No. of Meeting Attended
Shri D. P. Roy	4	4
Shri Ashok Sinha	4	3
Shri Arun Duggal (upto 11 th July, 2008)	4	1
Shri Seethapathy Chander (w.e.f. 16 th July, 2008)		2
Shri P. K. Chadha	4	3

Brief 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 Govt. body or to the investors or the public; the Company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established.

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

- Oversight 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 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 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 any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where they are suspected about 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, 2009 the Shareholders/Investors Grievance Committee comprises of the following Directors:

- 1 Shri Seethapathy Chander, Chairman
- 2 Shri S. V. Narasimhan, Member
- 3 Shri A. Sengupta, Member
- 4 Shri C. S. Mani, Member

Company Secretary is the Compliance Officer of the Company.

Detail of Meetings of Shareholders/Investors Grievance Committee:

Date	Members	Meeting attended
19.01.2009	Shri Seethapathy Chander	Yes
	Shri S. V. Narasimhan	Yes
	Shri A. Sengupta	Yes
	Shri C. S. Mani	Yes

Details of Complaints received and redressed during the year ended 31st March, 2009:

During the year ended 31st March 2009, 4026 complaints were received and 4020 complaints were resolved. As on 31st March 2009, only 6 complaints were pending.

Share Transfer Committee:

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

- 1 Shri P. Dasgupta, Managing Director & CEO
- 2 Shri A. Sengupta, Director (Finance & Commercial)
- 3 Shri C. S. Mani, Director (Technical)

Shri P. Dasgupta, 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. Following Directors are the Members of the Remuneration Committee:

1. Shri J. L. Zutshi
2. Shri Seethapathy Chander
3. Shri D. P. Roy
4. Shri Ashok Sinha

PETRONET LNG LIMITED

One Meeting of the Remuneration Committee was held on 16th July, 2008 which was attended by Shri J. L. Zutshi, Shri Ashok Sinha and Shri D. P. Roy.

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 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 Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

Annual General Meetings (AGMs)

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

Year	2005-06	2006-07	2007-08
Date & Time	14 th June, 2006 at 10:00 AM	14 th June, 2007 at 10:00 AM	4 th June, 2008 at 10:00 AM
Venue	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
Details of Special Resolutions	1. Appointment of Statutory Auditors. 2. Approval or f issuance of Debenture(s)/ Bond(s)/GDR(s). 3. Approval to amend various contracts mentioned in the Prospectus at the time of IPO.	1. Appointment of Statutory Auditors. 2. Amendment in Articles of Association of the Company. 3. Approval for payment of commission on profit to Directors.	1. Appointment of Statutory Auditors.
Resolutions passed through Postal Ballot	Nil	Nil	Nil

Extra Ordinary General Meeting(s) (EGMs)

During the year no Extra-ordinary General Meeting of the Members of the Company was held.

Disclosure

During the year 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 Capital Market.

Means of Communication

The Company has its web site having updated details about the Company, its project status, Shareholding pattern on quarterly

basis, etc. The financial results are being posted on the Company's web site. i.e. www.petronetlng.com. The Company also have exclusive e-mail ID i.e. investors@petronetlng.com for investor's 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 and also hosted at SEBI EDIFAR website.

General Shareholders Information

Annual General Meeting (AGM)

Day & Date	Thursday, 25 th June, 2009
Time	10:00 AM
Venue	Air Force Auditorium, Dhaula Kuan, New Delhi – 110 010
Date of Book Closure	15 th June, 2009 to 25 th June, 2009

Dividend Payment Date

The dividend, if approved by the Members of the Company will be payable on or after 29th June, 2009.

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, 2009 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, 2008	21 st July, 2008
July - September, 2008	20 th October, 2008
October-December, 2008	19 th January, 2009
Year Ended	
31 st March, 2009	25 th April, 2009

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 last financial year.

Month	BSE (in Rs.)		NSE (in Rs.)	
	High	Low	High	Low
April, 2008	85.40	69.05	85.50	69.00
May, 2008	84.20	69.10	84.40	68.95
June, 2008	71.35	55.50	71.35	55.00
July, 2008	63.25	48.35	63.20	48.35
August, 2008	65.45	57.00	67.30	58.30
September, 2008	62.90	49.50	63.00	50.10
October, 2008	54.90	32.00	53.45	30.70
November, 2008	44.00	31.00	44.90	31.00
December, 2008	42.40	29.65	42.40	29.40
January, 2009	43.85	33.10	43.90	33.10
February, 2009	39.00	33.00	38.90	32.00
March, 2009	39.85	31.60	39.90	31.60

PETRONET LNG LIMITED**DISTRIBUTION SCHEDULE AS ON 31.03.09**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
Upto – 5000	4,65,849	87.30	7,96,50,939	79,65,09,390	10.63
5001 – 10000	42,914	8.04	3,43,12,792	34,31,27,920	4.58
10001 – 20000	15,232	2.85	2,27,27,923	22,72,79,230	3.03
20001 – 30000	3,807	0.71	97,72,594	9,77,25,940	1.30
30001 – 40000	1,507	0.28	54,20,598	5,42,05,980	0.72
40001 – 50000	1,268	0.24	60,23,917	6,02,39,170	0.80
50001 – 100000	1,735	0.33	1,27,85,399	12,78,53,990	1.70
100001 & Above	1,342	0.25	57,93,05,882	5,79,30,58,820	77.24
TOTAL	533654	100.00	75,00,00,044	7,50,00,00,440	100.00

Shareholding Pattern of the Company as on 31.03.2009

	Category	No. of Shares Held	% of Shareholding
A	Promoter's holding		
	1 Promoters		
	- Indian Promoters	37,50,00,000	50.00
	- Foreign Promoters	Nil	Nil
	Sub- Total	37,50,00,000	50.00
B	Non - Promoter's holding		
	2 Institutional Investors		
	a Mutual Funds and UTI	1,14,65,339	1.53
	b Banks, Financial Institutions	13,63,620	0.18
	c Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	21,00,000	0.28
	d FIIs (Including ADB holding)	7,07,64,361	9.44
	Sub-Total	8,56,93,320	11.43
	3 Others		
	a Private Corporate Bodies	2,43,26,078	3.24
	b Indian Public	18,26,79,213	24.36
	c NRI's / OCB's (Including GDFI)	8,15,95,671	10.88
	d Any other (Clearing Members & Trusts)	7,05,762	0.09
	Sub-Total	28,93,06,724	38.57
	GRAND TOTAL	75,00,00,044	100.00

List of Shareholders holding more than 1% of Equity Capital as on 31.03.2009

Name	No. of Shares Held	% of Shareholding
Promoter's Holding		
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
Non-promoters Holding		
GDF International	7,50,00,000	10.00
Asian Development Bank	3,90,00,000	5.20


PETRONET LNG LIMITED
Detail of Unclaimed Shares as on 31.03.2009 issued pursuant to Initial Public Offer (IPO)

Sr. 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. 1.4.2008.	702	1,51,600
2	Number of Shareholders who approached for transfer of Shares from suspense account during the year.	21	7,500
3	Number of Shareholders to whom Shares were transferred from suspense account during the year.	21	7,500
4	Aggregate number of Shareholders and outstanding Shares in the suspense account at the end of year i.e. 31.3.2009.	681	1,44,100

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. Copy of the same has also been hosted/ placed at the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliances with the said Code for the year ended 31st March, 2009.

CEO/CFO Certification

A certificate from the Managing Director & CEO and Director (Finance & Commercial) 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.

Secretarial Audit

A qualified practicing Company Secretary carried out a Secretarial 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 & CDSL.

Major Plant/Unit Location (s) :
Dahej Plant Location

LNG Terminal, Dahej
GIDC Industrial Estate,
Plot No 7/A, Dahej Talukavagra
Distt. Bharuch
GUJARAT
Tel. : 02641-253182/257004-257007
Fax : 02641-253180

Kochi LNG Project Site

Survey No. 347,
Puthuvypu (Puthuypeen SEZ)
P.O. 682508, Kochi
Tel. : 0484-2500068

Address for Correspondence :
Registered & Corporate Office

Petronet LNG Limited
World Trade Centre, First Floor,
Babar Road, Barakhamba Lane,
New Delhi-110 001
Tel. : 011-23413616, 23411411
Fax : 011-23414271
E-mail : investors@petronetlng.com

Registrar & Share Transfer Agent

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

PETRONET LNG LIMITED

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, 2009, as stipulated in clause 49 of the Listing Agreement 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 for 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 V. Sankar Aiyar & Co.
Chartered Accountants

Place : New Delhi
Date :

Sd/-
(Ajay Gupta)
Partner
Membership No. 90104



AUDITORS' REPORT TO THE SHAREHOLDERS OF PETRONET LNG LIMITED.

1. We have audited the attached Balance Sheet of PETRONET LNG LIMITED as at 31st March, 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary 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 these books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable;
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are prima facie, disqualified as on 31.03.2009 under section 274(1)(g) of the Companies Act, 1956 from being appointed as directors of the Company.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.
4. As required by the Companies (Auditors Report) Order, 2003 issued by the Department of Company Affairs, Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report on the matters specified in the paragraphs 4 and 5 of the said Order as under :
 - i.
 - 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 preparation of financial statements on a going concern basis is not affected on this account..
 - ii.
 - a) The stock of raw materials and stores have been physically verified by the management at during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
 - iii.
 - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties required to be covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties required to be covered in the register maintained under section 301 of the Companies Act, 1956
 - iv. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets

PETRONET LNG LIMITED

- and for the sale of goods. To the best of our knowledge, no major weaknesses in internal control system were either reported or noticed by us during the course of our audit.
- v According to the information given to us, there are no contracts or arrangements during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.
 - vi The Company has not accepted deposits from the public within the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975..
 - vii An outside agency has carried out internal audit during the year. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
 - viii 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. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
 - ix
 - a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, and any other statutory dues with the appropriate authorities. There were no arrears of undisputed statutory dues as at 31st March, 2009, 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 Investor Education and Protection Fund, Employees' State Insurance, Cess and Excise Duty for the year under audit.
 - b) There are no disputed dues which have remained unpaid as on 31st March, 2009 in respect of sales tax / income tax / custom duty / wealth tax / service tax.
 - x The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
 - xi On the basis of the verification of records and information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures during the year.
 - xii The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order are not applicable.
 - xiv The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order are not applicable.
 - xv According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 - xvi According to the records of the Company, term loans taken during the year have been applied for the purpose for which they were obtained.
 - xvii According to information and explanations given to us, no short term funds have been raised during the year under audit. Therefore, the provisions of clause 4(xvii) of the Companies (Auditors Report) Order are not applicable.
 - xviii During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
 - xix Since no debentures have been issued during the year, question of creating securities or charge does not arise..
 - xx Since there were no public issue of securities during the year, verification of the end use of money does not arise.
 - xxi Based on the audit procedure performed and the representation obtained from the management, we report that no case of fraud on or by the Company has been noticed or reported during the year under audit.

For V. Sankar Aiyar & Co.
Chartered Accountants

Sd/
(Ajay Gupta)
Partner

Membership No. 90104

Place : New Delhi
Date : 25th April, 2009

**Balance Sheet as at 31st March 2009**

		(Rupees in lacs)	
		<u>As at 31.03.2009</u>	<u>As at 31.03.2008</u>
<u>SOURCES OF FUNDS</u>			
	Schedule		
Shareholders' Funds			
a) Share Capital	1	75,000.00	75,000.00
b) Reserves and Surplus	2	123,343.46	86,854.89
		<u>198,343.46</u>	<u>161,854.89</u>
Loan Funds			
Secured Loans	3	228,169.76	157,762.30
Deferred Tax Liability (net)		27,220.00	26,920.00
TOTAL		<u><u>453,733.22</u></u>	<u><u>346,537.19</u></u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
a) Gross Block	4	197,482.16	197,179.66
b) Less Depreciation		<u>50,620.07</u>	<u>40,382.64</u>
c) Net Block		146,862.09	156,797.02
d) Capital work in progress	5	184,698.46	106,135.66
		<u>331,560.55</u>	<u>262,932.68</u>
Investments			
	6	30,426.21	54,731.74
Current Assets, Loans and Advances			
a) Inventories	7	38,557.79	9,094.91
b) Sundry Debtors	8	67,115.04	33,298.98
c) Cash & Bank Balances	9	65,779.34	35,856.43
d) Other Current Assets	10	1,683.48	414.81
e) Loans & Advances	11	7,831.65	6,401.54
		<u>180,967.30</u>	<u>85,066.67</u>
Less : Current Liabilities and Provisions			
a) Current Liabilities		73,652.26	42,874.50
b) Provisions		<u>15,568.58</u>	<u>13,319.40</u>
		<u>89,220.84</u>	<u>56,193.90</u>
Net Current Assets		91,746.46	28,872.77
TOTAL		<u><u>453,733.22</u></u>	<u><u>346,537.19</u></u>
Significant Accounting Policies			
		17	
Notes on Accounts			
		18	

The Schedules referred to above form an integral part of these accounts

Annexure to our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants

Sd/-

Ajay Gupta
Partner
Membership No 90104

For and on behalf of Petronet LNG Limited

Sd/-

P. Dasgupta
Managing Director & CEO

Sd/-

A. Sengupta
Director - Finance & Commercial

Sd/-

R. K. Garg
Company Secretary

Place : New Delhi
Date : 25th April, 2009

PETRONET LNG LIMITED**Profit and Loss Account for the year ended 31st March 2009**

(Rupees in lacs)

INCOME	Schedule	For the year ended 31.03.2009	For the year ended 31.03.2008
Sales		842,870.21	655,531.39
Other Income	13	7,650.02	5,357.88
		<u>850,520.23</u>	<u>660,889.27</u>
 EXPENDITURE			
Raw Material Consumed		737,562.60	556,641.55
Personnel Expenses	14	1,957.16	2,095.29
Operating and Other Expenses	15	13,222.75	10,181.45
Finance Charges	16	10,121.52	10,235.64
Depreciation	4	10,251.84	10,218.00
		<u>773,115.87</u>	<u>589,371.93</u>
Profit / (Loss) before tax		77,404.36	71,517.34
Less: Tax Expense			
Current Tax		25,200.00	21,800.00
Deferred Tax Liability		300.00	2,200.00
Fringe Benefit Tax		60.00	52.00
Profit after tax		<u>51,844.36</u>	<u>47,465.34</u>
Add: Profit/(Loss) brought forward from last year		<u>68,108.39</u>	<u>36,222.05</u>
		<u>119,952.75</u>	<u>83,687.39</u>
Less: Appropriations			
Transfer to General Reserve		5,000.00	2,416.87
Dividend /Proposed Dividend		13,125.17	11,250.16
Income Tax on Dividend/Proposed Dividend		2,230.62	1,911.97
Profit carried to Balance Sheet		<u>99,596.96</u>	<u>68,108.39</u>
Basic/Diluted Earnings per share (face value of Rs. 10/- each)		6.91	6.33
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules referred to above form an integral part of these accounts

Annexure to our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants

For and on behalf of Petronet LNG Limited

Sd/-
Ajay Gupta
Partner
Membership No 90104

Sd/-
P. Dasgupta
Managing Director & CEO

Sd/-
A. Sengupta
Director - Finance & Commercial

Place : New Delhi
Date : 25th April, 2009

Sd/-
R. K. Garg
Company Secretary

PETRONET LNG LIMITED



Cash Flow Statement	(Rupees in lacs)	
	<u>As at 31.03.2009</u>	<u>As at 31.03.2008</u>
Cash Flow from Operating Activities		
Net Profit before Taxes	77,404.36	71,517.34
Adjustment for		
Depreciation	10,251.84	10,218.00
Interest on term loan	8,794.67	9,424.62
Income on Investment (profit)	(311.58)	(868.35)
Interest Income	(3,963.30)	(2,280.95)
Dividend income on current investment	(2,986.44)	(1,862.94)
(Profit)/Loss on Sale of Fixed Assets	(49.58)	5.67
Operating Profit before Working Capital Changes	<u>89,139.97</u>	<u>86,153.39</u>
Adjustment for Working Capital changes		
(Increase)/Decrease in Inventories	(29,462.88)	11,898.31
(Increase)/Decrease Trade & Other receivables	(33,816.06)	(169.50)
(Increase)/Decrease Other Current assets	(1,268.67)	(265.65)
(Increase)/Decrease Loans & Advances	(125.87)	1,297.22
Increase/(Decrease) Current liabilities and provisions	30,833.29	3,129.07
Net Cash from Working Capital changes	<u>(33,840.19)</u>	<u>15,889.45</u>
Cash flow from Operating Activities	<u>55,299.78</u>	<u>102,042.84</u>
Income Tax (Paid)/refund	(26,564.24)	(16,934.29)
Net Cash flow from Operating Activities	<u>28,735.54</u>	<u>85,108.55</u>
Cash Flow on Investing Activities		
Purchase of fixed assets	(381.46)	(2,633.35)
Sale/Adjustment of Fixed Assets	114.13	-
Purchase of investment-other than Mutual Funds	(1,086.00)	(2,118.50)
Purchase of Investment-Mutual Funds	(857,694.00)	(677,265.00)
Sale/Adjustment of Investments (mutual funds)	883,397.11	653,321.24
Interest Income	3,963.30	2,280.95
Dividend income on current investment	2,986.44	1,862.94
Adjustment to capital work in progress	(78,562.80)	(57,796.80)
Net Cash from Investing Activities	<u>(47,263.28)</u>	<u>(82,348.52)</u>
Net cash flow on financing activities		
Increase/(Decrease) Secured Term loans	70,407.46	19,442.65
Interest on term loan	(8,794.67)	(9,424.62)
Dividend Paid	(11,250.17)	(9,375.17)
Dividend Distribution tax paid	(1,911.97)	(1,593.31)
Net cash flow from financing activities	<u>48,450.65</u>	<u>(950.45)</u>
Net Increase/(decrease) in cash or cash equivalents	<u>29,922.91</u>	<u>1,809.58</u>
Opening Cash and cash equivalents	<u>35,856.43</u>	<u>34,046.85</u>
Closing Cash and cash equivalents	<u>65,779.34</u>	<u>35,856.43</u>

Annexure to our report of even date
For V. Sankar Aiyar & Co.
Chartered Accountants

For and on behalf of Petronet LNG Limited

Sd/-
Ajay Gupta
Partner
Membership No 90104

Sd/-
P. Dasgupta
Managing Director & CEO

Sd/-
A. Sengupta
Director - Finance & Commercial

Place : New Delhi
Date : 25th April, 2009

Sd/-
R. K. Garg
Company Secretary

PETRONET LNG LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	(Rupees in lacs)	
	As at 31.03.2009	As at 31.03.2008
Schedule 1 : Share Capital		
Authorised		
1,200,000,000 Equity shares of Rs. 10/- each	120,000.00	120,000.00
Issued and Subscribed		
750,000,044 (Previous year 750,000,044) Equity Shares of Rs. 10 /- each, fully paid up	75,000.00	75,000.00
	75,000.00	75,000.00
Schedule 2 : Reserves and Surplus		
General Reserve		
Balance as per last balance sheet	3,200.00	783.13
Add: transfer from Profit & Loss Account	5,000.00	2,416.87
	8,200.00	3,200.00
Securities Premium Account	15,546.50	15,546.50
Profit & Loss Account	99,596.96	68,108.39
	123,343.46	86,854.89
Schedule 3 : Secured Loans (see notes below)		
Term Loans from :		
Banks	143,204.46	139,056.80
Others	84,965.30	18,705.50
	228,169.76	157,762.30

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 .

Schedule 4 : Fixed Assets

DESCRIPTION	(Rupees in lacs)									
	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2008	Additions	Deductions	As on 31.03.2009	Upto 01.04.2008	For the year	written back	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
Tangible Assets:										
Leasehold Land	775.64	-	-	775.64	226.67	25.83	-	252.50	523.14	548.97
Buildings	9,055.92	26.29	54.05	9,028.16	933.38	244.95	7.95	1,170.38	7,857.78	8,122.54
Plant & Machinery	185,698.39	180.14	10.52	185,868.01	38,410.43	9,809.37	2.53	48,217.27	137,650.74	147,287.96
Equipment & Appliances	946.16	23.68	3.92	965.92	380.74	131.31	1.07	510.98	454.94	565.42
Furniture & Fixtures	202.71	77.03	10.47	269.27	57.24	17.21	2.86	71.59	197.68	145.47
Speed Boat	-	66.73	-	66.73	-	0.30	-	0.30	66.43	-
Vehicles	134.69	-	-	134.69	33.87	12.79	-	46.66	88.03	100.82
Intangible Assets										
Licenses/Softwares	366.15	7.59	-	373.74	340.31	10.08	-	350.39	23.35	25.84
TOTAL	197,179.66	381.46	78.96	197,482.16	40,382.64	10,251.84	14.41	50,620.07	146,862.09	156,797.02
Previous year	194,553.46	2,633.35	7.15	197,179.66	30,166.12	10,218.00	1.48	40,382.64	156,797.02	164,387.34

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

	(Rupees in lacs)	
	As at 31.03.2009	As at 31.03.2008
SCHEDULE 5 : Capital work in progress		
Dahej Expansion:		
- Mobilisation Advance	41.04	1,954.79
- Engineering / project construction	121,912.30	96,430.94
- Interest and Finance Charges	10,014.97	3,153.41
Kochi Project :		
- Mobilisation Advance	7,623.05	975.00
- Engineering / project construction	44,927.32	3,599.05
- Interest and Finance Charges	179.78	-
Buildings	-	22.47
	184,698.46	106,135.66



PETRONET LNG LIMITED

(Rupees in lacs)

SCHEDULE 6 : Investments**As at 31.03.2009****As at 31.03.2008****Non Trade - Unquoted****- Long Term**

3,20,55,000 Equity Shares (previous year 2,11,95,000) of Rs. 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd*

3,205.50

2,119.50

300 Ordinary Shares (previous year 300) of US\$ 1 each, fully paid up in India LNG Transport Company (No. 3) Limited, Malta**

0.13

0.13

**pledged with Sumitomo Mitsui Banking Corporation

- Current investments

Unit of Mutual Funds

27,220.58

52,612.11

(Net assets value as on 31.3.2009 is Rs. 27221 lacs

(previous year Rs. 52612 lacs)

30,426.21**54,731.74**

* Under lock in for a period of 5 years from the date of commercial operation of the investee Company as per the Dahej LNG Port Terminal Concession Agreement dated 20th December, 2005 with Gujarat Maritime Board.

Note:

Investments purchased and sold during the year

Mutual fund	Option	Ason 01.04.2008	Purchase during the year	Sold during the year	As on 31.3.2009	No. of units as on 31.3.2009
LIC Mutual Fund	Debt (Liquid-Dividend)	32,612.11	168,110.00	194,164.35	7,201.33	65,585,273
DSP Merrill Lynch	Debt (Liquid-Dividend)	-	25,500.00	25,591.50	-	-
Kotak Mutual Fund	Debt (Liquid-Dividend)	20,000.00	-	20,101.48	-	-
ICICI Prudential Mutual Fund	Debt (Liquid-Dividend)	-	47,485.00	47,606.02	-	-
ING Vyasa Mutual Fund	Debt (Liquid-Dividend)	-	17,500.00	17,548.01	-	-
Birla Mutual Fund	Debt (Liquid-Dividend)	-	88,695.00	88,980.44	-	-
Tata Mutual Fund	Debt (Liquid-Dividend)	-	5,500.00	5,503.49	-	-
JM Mutual Fund	Debt (Liquid-Dividend)	-	14,400.00	14,432.22	-	-
Principal Mutual Fund	Debt (Liquid-Dividend)	-	183,500.00	169,352.58	15,018.58	150,001,296
Franklin Templeton Mutual Fund	Debt (Liquid-Dividend)	-	29,522.00	29,590.43	-	-
Reliance Mutual Fund	Debt (Liquid-Dividend)	-	71,118.00	71,347.91	-	-
HDFC Mutual Fund	Debt (Liquid-Dividend)	-	83,570.00	83,766.15	-	-
Standard Chartered Mutual Fund	Debt (Liquid-Dividend)	-	10,000.00	10,054.44	-	-
UTI Mutual Fund	Debt (Liquid-Dividend)	-	16,600.00	16,680.70	-	-
Fortis Mutual Fund	Debt (Liquid-Dividend)	-	2,500.00	2,522.65	-	-
SBI Mutual Fund	Debt (Liquid-Dividend)	-	39,194.00	39,249.85	-	-
Chola Mutual Fund	Debt (Liquid-Dividend)	-	27,500.00	22,541.66	5,000.67	49,242,489
Lotus Mutual Fund	Debt (Liquid-Dividend/Growth)	-	27,000.00	27,349.66	-	-
Total					27,220.58	

(Rupees in lacs)

As at 31.03.2009**As at 31.03.2008****SCHEDULE 7 : Inventories**

Raw Material

36,938.06

4,167.89

Raw Material in Transit

-

3,255.64

Stores and spares

1,619.73

1,671.38

38,557.79**9,094.91**

PETRONET LNG LIMITED

(Rupees in lacs)

	<u>As at 31.03.2009</u>	<u>As at 31.03.2008</u>
SCHEDULE 8 : Sundry Debtors (Unsecured: Considered good)		
Outstanding for a period exceeding six months	-	-
Other Debts	67,115.04	33,298.98
	<u>67,115.04</u>	<u>33,298.98</u>
SCHEDULE 9 : Cash and Bank balances		
Cash in Hand	0.61	0.84
Balance with Scheduled Banks:		
In Current Account	164.13	119.45
In Short Term Deposit	65,636.36	
Less: Cheques issued but not presented in Cluster Term Deposit A/cs	21.76	35,736.14
	<u>65,779.34</u>	<u>35,856.43</u>
SCHEDULE 10 : Other Current Assets (Unsecured - Considered Good)		
Interest accrued on Bank Deposits	1,683.48	414.81
	<u>1,683.48</u>	<u>414.81</u>
SCHEDULE 11 : Loans and Advances (Unsecured-Considered Good unless otherwise stated)		
Loans		
- employees	98.11	152.03
- others	1,093.23	818.03
Advances recoverable in cash or in kind or for value to be received	1,467.02	1,891.26
Advance payment of tax/TDS/MAT Credit (net of provisions)	4,222.51	2,918.27
Deposits with :		
Government Authorities	891.19	392.34
Others	59.59	229.61
	<u>7,831.65</u>	<u>6,401.54</u>
SCHEDULE 12 : Current Liabilities and Provisions		
a. Current Liabilities		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	-	-
Others	57,150.53	33,878.69
Security Deposits	16.99	15.63
Due to Promoter Companies	130.89	169.68
Other Liabilities	16,353.85	8,810.50
Sub total	<u>73,652.26</u>	<u>42,874.50</u>
b. Provisions:		
Leave encashment and gratuity	212.99	157.46
Proposed Dividend	13,125.00	11,250.00
Tax on Proposed Dividend	2,230.59	1,911.94
Sub total	<u>15,568.58</u>	<u>13,319.40</u>
Total	<u>89,220.84</u>	<u>56,193.90</u>



(Rupees in lacs)

	<u>For the year ended</u> <u>31.03.2009</u>	<u>For the year ended</u> <u>31.03.2008</u>
SCHEDULE 13 : Other Income		
Interest received:		
- on bank deposits	3,963.30	2,280.95
(Tax deducted at source Rs 501.77 lacs (previous year Rs. 544.85 lacs))		
- others	297.88	68.70
(Tax deducted at source Rs 1.46 lacs (previous year Rs. nil))		
Surplus on disposal of current investments	311.58	868.35
Dividend income on current investments	2,986.44	1,862.94
Provision written back	29.03	91.84
Profit on sale/write off of Fixed Assets (net)	49.58	-
Miscellaneous Income	12.21	185.10
	<u>7,650.02</u>	<u>5,357.88</u>
SCHEDULE 14 : Personnel Expenses		
Salaries and Wages*	1,740.76	1,873.15
Contribution to Provident and Other Funds	193.97	191.27
Staff Welfare Expenses	22.43	30.87
	<u>1,957.16</u>	<u>2,095.29</u>
* includes commission to the Whole-time directors Rs. 42.86 lacs (Previous year Rs. 78.20 lacs)		
SCHEDULE 15 : Operating and Other Expenses		
Consumption of stores and spare parts	584.33	454.09
Power & Fuel	3,753.67	4,440.06
Repair & Maintenance		
Machinery	275.08	125.44
Building	141.49	130.56
Others	56.21	75.91
Rent	428.46	393.33
Rates & taxes	215.58	166.24
Insurance	1,079.14	1,215.05
Travelling & Conveyance	587.42	615.67
Legal, Professional & Consultancy Charges	1,109.67	725.02
Technical Assistance Services	126.40	151.65
Directors' Sitting fees	5.00	7.60
Directors' Commission (other than Whole-time Directors)	157.14	308.44
Charity & Donation	32.88	21.70
Loss on sale/write off of Fixed Assets (net)	-	5.67
Foreign Exchange fluctuations (net)	3,325.92	122.70
Wealth Tax	0.50	1.50
Interest - Others (Statutory Payments)	56.64	1.98
Claim recoverable written off	-	79.89
Less : met out of provision made	-	(79.89)
Other Expenses	1,287.22	1,218.84
	<u>13,222.75</u>	<u>10,181.45</u>
SCHEDULE 16: Finance Charges		
Interest on Term Loans	8,794.67	9,424.62
Bank Charges	1,326.85	811.02
	<u>10,121.52</u>	<u>10,235.64</u>

PETRONET LNG LIMITED

Schedule 17

Significant Accounting Policies

1. Basis of Accounting

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

2. 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.

3. Fixed Assets

- (a) 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 of commissioning and share issue expenses related to funds raised for financing the project.
- (b) Capital Work in Progress
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.
- (c) Capital Commitments
Estimated amount of contracts remaining to be executed exceeding rupees one lakh in each case are disclosed in the notes to accounts.

4. 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. 5000 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.

5. Investments

- (a) Long term investments are carried at cost after deducting provision, where the fall in market value has been considered as other than temporary in nature.
- (b) Current investments are valued at lower of cost or market value.
- (c) Government securities are valued at lower of cost or redemption price.

6. Inventories

Raw Material, stores and spares are valued at lower of cost or net realizable value. Cost is determined on weighted average cost.

7. Sale / Revenue Recognition

- (a) Sales are net of sales tax. Revenue from sales is recognised at the point of dispatch to the customers when risk and reward stands transferred to the customers.
- (b) Services are net of service tax. Revenue from services is recognised when services are rendered and related costs are incurred.
- (c) Interest income is recognised on time proportion basis.
- (d) Dividend income is recognized, when the right to receive the dividend is established.

8. Foreign Currency Transactions

- (a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of 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 that 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.
- (d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Profit and Loss Account.
- (e) In the 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 as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expense for the period.

9. Employee Benefits

- (a) Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year in conformity with the Accounting Standard – 15. Actuarial gains or losses are recognized to the profit and loss account.
- (b) Contribution to Provident Fund and Superannuation is accounted for on accrual basis.

10. Borrowing Costs

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost till the asset is ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

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 certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

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.

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 profit and loss account, in the year in which an asset is identified as impaired.

PETRONET LNG LIMITED
Schedule 18
Notes on Accounts

1. Estimated amount of Contracts remaining to be executed on Capital Account (net of advances) and not provided for Rs. 108,462.35 lacs (Previous year Rs. 135,139.71 lacs).

2. Contingent Liabilities

- a. Letters of Credit / Bank Guarantees Rs. 149,187.54 lacs (Previous year Rs. 124,928.39 lacs)
- b. The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activity of the Company as 'storage' instead of 'Industrial Undertaking' and hence levied Electricity Duty @ 45% instead of 20% of the consumption charges and charging 70 paise per unit instead of 40 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 a writ petitions and the matters are pending with the Gujarat High Court. PLL has obtained stay against the notices issued by GEB. The High Court has clubbed similar cases filed by different companies and it is expected to be heard by a Division Bench, to be constituted for hearing the appeals. The total contingent liability till 31.03.2009 is estimated at Rs. 1,227.67 lacs (Previous year Rs. 1,184.26 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 on the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Company has obtained stay against the said notice. The High Court has clubbed similar cases filed by different companies and it is expected to be heard by a larger Bench, when the date is decided. The total contingent liability from the effective date of amendment i.e. April 1, 2006 till March 31, 2009 on the total CIF value is estimated at Rs 1,691.87 lacs. (Previous year Rs. 967.16 lacs).

The future cash flow of items (b) and (c) is determinable only on receipt of the decision/judgment from the respective authorities.

3. 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.
4. 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". Therefore, it is not possible to give the information required under the Act.

5. Employee Benefits (AS - 15 revised)

The principal assumptions used in actuarial valuation are as below

- Discount rate	8.00%
- Expected rate of future salary increase	5.50%

Rupees in lacs

	Gratuity Unfunded	Leave Encashment Unfunded
Change in present value of obligations		
- Present value of obligations as at 01.04.2008	64.19	93.27
- Interest cost	5.14	7.46
- Current service cost	20.15	40.16
- Benefits paid	(1.54)	(8.50)
- Actuarial loss on Obligations	(5.34)	(2.00)
- Present value of obligations as at 31.03.2009	<u>82.60</u>	<u>1,30.39</u>
Changes in fair value of plan assets	Not Applicable	Not Applicable
Liability recognized in the Balance Sheet		
- Present value of obligations as at 31.03.2009	82.60	1,30.39
- Fair value of plan assets as at the end of the year	-	-
- Unfunded status	82.60	1,30.39
- Unrecognised Actuarial (Gain)/Loss	-	-
- Net (Assets)/Liability recognized in Balance Sheet	<u>82.60</u>	<u>1,30.39</u>
Expenses recognized in Profit and Loss Account		
- Current service cost	20.15	40.16
- Past service cost		
- Interest cost	5.14	7.46
- Expected return on plan assets	-	-
- Net Actuarial (Gain)/Loss recognized during the year	(5.34)	(2.00)
- Total Expense recognized in Profit and Loss Account	<u>19.95</u>	<u>45.62</u>



6. 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.

7. Related Party Transactions (AS-18)

a) Related parties and their relationships

i. Promoters

Indian Oil Corporation Limited
 Bharat Petroleum Corporation Limited
 Oil & Natural Gas Corporation Limited
 GAIL (India) Limited

ii. Key Managerial Personnel

Prosad Dasgupta (Managing Director &CEO)
 Amitava Sengupta (Director – Finance & Commercial)
 C. S. Mani (Director – Technical)

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

	Rupees in lacs	
	2008-09	2007-08
Promoters		
Sale of LNG	83,72,95.61	65,55,31.39
Office Rent (including electricity and maintenance)	2,57.95	243.73
Remuneration to Staff on deputation	18.80	77.10
Amount Receivable at year end	6,71,61.32	3,33,13.23
Amount payable at year end	158.48	183.93
Key Management Personnel		
Remuneration	1,62.06	1,66.53

8. Earning per share (EPS) (AS – 20)

	Rupees in lacs	
	2008-09	2007-08
Net Profit / (Loss) after current and deferred tax	5,18,44.36	4,74,65.34
Weighted average number of equity shares of Rs10/- each	75,00,00,044	75,00,00,044
EPS (Rs.) - Basic and Diluted	6.91	6.33

9. Disclosure in respect of Joint Venture (AS-27)

In terms of the provisions contained in the Dahej LNG Port Terminal Concession Agreement, the Company has 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 50% Equity in APPPL. Development of the port is under construction. The disclosure as per AS-27 are as follows -

PETRONET LNG LIMITED

Name	:	Adani Petronet (Dahej) Port Pvt Ltd
Description of Interest	:	Jointly Controlled Company
Description of Job	:	To develop a Solid Cargo Port along with LNG Terminal at Dahej
Proportion of Ownership Interest	:	50%
Country of Incorporation	:	India
<u>Financial interest (on the basis of un-audited balance sheet as at 31.03.2009)</u>		
Company's share of	:	
Assets	:	Rs. 10659.97 lacs
Liabilities	:	Rs. 4500.00 lacs
Income	:	Not Applicable
Expense	:	Not Applicable

10. Deferred Tax Assets & Liabilities (AS-22)

The major component of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

	Rupees in lacs		
	<u>As on</u> <u>31.3.2009</u>	<u>Current</u> <u>year</u>	<u>As on</u> <u>31.3.2008</u>
<u>Deferred Tax Liabilities</u>			
Difference between carrying amount of fixed assets in the financial statements and the income tax computation	2,72,92	3,13	2,69,79
<u>Deferred Tax Assets</u>			
Leave Encashment/Gratuity	72	13	59
Net Deferred Tax Assets/ (liability)	(2,72,20)	3,00	(2,69,20)

11. Remuneration to Managing and Whole-time Directors

	Rupees in lacs	
	2008-09	2007-08
Salaries and Allowances	92.15	80.57
Contribution to Provident fund and Gratuity	4.83	4.65
Other benefits and perquisites*	22.22	3.11
	<u>119.20</u>	<u>88.33</u>
Commission for the year 2006-07	00.00	27.09
Commission for the year 2007-08	00.00	51.11
Commission for the year 2008-09	42.86	
Total	<u>162.06</u>	<u>166.53</u>

Note : Managing & Whole-time Directors are allowed use of Company's car for private purposes upto 12,000 kms p.a. on payment of Rs. 600/- p.m.

* This includes Rs. 18.21 lacs being hospitalization charges of Managing Director

12. Computation of Commission payable to Directors

	Rupees in lacs	
	2008-09	2007-08
Profit before Taxation	7,7404.36	7,15,17.34
Add : Director's Fee	5.00	7.60
Remuneration to Managing and Whole-time Directors	1,19.20	88.33
Directors' Commission (for the year 2006-07)	-	1,48.42
Directors' Commission (for the year 2007-08)	-	2,38.50
Directors' Commission (for the year 2008-09)	2,00.00	
Less : Profit on sale of Investments	(311.58)	(868.35)
Net Profit for calculating Directors' Commission	<u>7,74,16.98</u>	<u>7,11,31.84</u>
Commission @ 1% on above (As per Shareholders resolution dated 14th June, 2007)	7,74.17	7,11.32
Commission payable	200.00	2,38.50

Note : During the Previous year, Commission was provided, both for the year 2006-07 and 2007-08

13. Foreign currency exposure of the Company

	2008-09	2007-08
Foreign currency swap outstanding		
- Against import of raw material	Nil	Nil
Unhedged foreign currency exposure		
- Against import of raw material	USD 84.64 Million	USD 67.92 Million
- Against payment of EPC Contractor	USD 5.72 Million	USD 3.17 Million
	EURO 0.02 Million	
	YEN 258.15 Million	

14 Remuneration to Auditors

	Rupees in lacs	
	2008-09	2007-08
Audit Fee	6.07	4.21
Limited review fees	3.09	1.69
Tax audit fee	1.40	1.12
Fee for certification	3.60	2.61
Reimbursement of expenses	0.62	0.24
Total	<u>14.78</u>	<u>9.87</u>

Note : Fees is inclusive of service tax.

PETRONET LNG LIMITED**15. Additional information as required under para 4 of part II to Schedule VI of the Companies Act, 1956**

	2008-09	2007-08
a) Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (Certified by the management and not verified by the auditors, being a technical matter)	5.00 MMTPA	5.00 MMTPA
Actual Production*	6.29 MMTPA	6.30 MMTPA

*The Company achieved higher production through de-bottlenecking and efficient utilization of certain critical equipments.

	2008-09		2007-08	
	<u>Quantity in TBTU's</u>	<u>Amount (Rs. in Lacs)</u>	<u>Quantity in TBTU's</u>	<u>Amount (Rs. in Lacs)</u>
b) Opening Stock of LNG	3.51	41,67.89	6.66	1,61,09.21
Purchases of LNG	332.96	77,03,32.77	323.76	54,47,00.23
Sales of RLNG	321.33	84,28,70.21	321.95	65,55,31.39
Internal Consumption	4.95	63,78.70	4.96	62,07.41
Closing Stock of LNG	10.19	3,69,38.06	3.51	41,67.89
c) Raw Material Consumed	326.28	73,75,62.60	326.91	55,66,41.55

	Rupees in lacs	
	2008-09	2007-08
d) <u>Value of Imports on CIF basis</u>		
Raw Material (LNG)	72,47,14.60	51,17,01.65
Components and spare parts	1,53.96	5,28.94
Capital Goods	59,03.71	2,97,63.76
e) <u>Expenditure in Foreign Currency (on cash basis)</u>		
Foreign Travel	81.13	1,08.05
Professional / Consultant / Technical Fees	92,30.12	43,22.65
Others (including insurance and financing charges)	18,99.60	8,28.86

	2008-09	2007-08
f) <u>Earnings in Foreign Currency</u>		
Interest Income	59.55	42.07
g) Dividend remitted to Non Residents		
The Company does not make any direct remittance of dividend in foreign currency. The Company has remitted dividend to the mandated bank		
Number of Shareholders	1	1
Number of Shares held	7,50,00,000	7,50,00,000
Net amount of dividends remitted in foreign currency		



PETRONET LNG LIMITED

- Final dividend for the year 2007-08 11,25.00
- Final dividend for the year 2006-07 9,37.50
- h) Value of imported and indigenous Raw Material and Spare parts consumed

Rupees in lacs

	<u>2008-09</u>		<u>2007-08</u>	
	%	Amount	%	Amount
<u>Raw Material</u>				
Imported	100.00	73,75,62.60	100.00	55,66,41.55
Others	Nil	Nil	Nil	Nil
<u>Spare Parts</u>				
Imported	13.11	73.98	24.36	1,10.61
Others	86.89	4,90.35	75.64	3,43.48

16 The Company has option to claim deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking and also under section 80IB in respect of its Regasification Undertaking. However, provision for income tax has been made without considering the aforesaid deductions. The Company will review the option at the time of filing of its income tax return.

17 There are no impairment of any assets in terms of AS-28.

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

Signatures to Schedules 1 to 18
Annexure to our report of even date

For V. Sankar Aiyar & Co.
Chartered Accountants

For and on behalf of Petronet LNG Limited

Sd/-
 (Ajay Gupta)
 Partner
 Membership No. 90104

Sd/-
 (P. Dasgupta)
 Managing Director & CEO

Sd/-
 (A. Sengupta)
 Director - Finance & Commercial

Place : New Delhi
 Date : 25th April 2009

Sd/-
 (R. K. Garg)
 Company Secretary

PETRONET LNG LIMITED**Part - IV****Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No.	55-93073	State Code	55
Balance Sheet Date	31.03.2009		

II. Capital Raised during the year (Rs in Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Rs in Thousands)

Total Liabilities	45,373,322	Total Assets	45,373,322
Sources of Funds			
Paid-up Capital	7,500,000	Reserves & Surplus	12,334,346
Secured Loans	22,816,976	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	33,156,055	Investments	3,042,621
Net Current Assets	9,174,646	Misc. Expenditure	NIL
Accumulated Losses	-		

IV. Performance of the Company (Rs in Thousands)

Turnover	85,052,023	Total Expenditure	77,311,587
+ - Profit/Loss Before Tax	7,740,436	+ - Profit/Loss After Tax	5,184,436

(Please tick appropriate box + for Profit, - Loss)

Earnings per Share in Rs.	6.91	Dividend Rate %	17.50
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V. Generic Names of Three Principal products/Services of Company (as per monetary terms)

Principal Product Liquefied Natural Gas

Item Code No. (ITC Code)

Product Description

For and on behalf of Petronet LNG Limited

Sd/-
P. Dasgupta
Managing Director & CEO

Sd/-
A. Sengupta
Director-Finance & Commercial

Place : New Delhi
Date : 25th April, 2009

Sd/-
R. K. Garg
Company Secretary

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

Proxy Form

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

Folio No.	
-----------	--

Client Id*	
------------	--

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 ELEVENTH ANNUAL GENERAL MEETING
of the Company to be held on Thursday, the 25th day of June, 2009 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 _____ 2009

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 ENTERANCE OF THE MEETING HALL.

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

Folio No.	
-----------	--

Client Id*	
------------	--

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 11th ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 25th day of June, 2009 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

If undelivered please return to :
PETRONET LNG LTD.
World Trade Centre, 1st Floor,
Babar Road, Barakhamba Lane,
New Delhi-110 001
Ph. : 011-23411411, 23413616

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