

PETRONET LNG LIMITED
Board of Directors :

Shri G. C. Chaturvedi	Chairman
Dr. A. K. Balyan	Managing Director & CEO
Shri C. S. Mani	Director (Technical)
Shri B. C. Tripathi	Director
Shri R. K. Singh	Director
Shri D. K. Sarraf	Director
Shri A. M. K. Sinha	Director
Mr. Dominique Pelloux-Prayer	Director
Shri Tapan Ray	Director
Shri D. P. Roy	Director
Shri P. K. Chadha	Director
Shri Apurva Chandra	Director

Contents	Page No.
Notice of AGM	2
Directors' Report	9
Corporate Governance Report	17
Auditors' Report	29
Balance Sheet	31
Profit & Loss Account	32
Cash Flow Statement	33
Schedules	34
Balance Sheet Abstract	46

Sr. Vice President - Finance & Company Secretary

Shri R. K. Garg

Statutory Auditors:

M/s V. Sankar Aiyar & Company

Registrar & Share Transfer Agent:

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

Bankers:

Allahabad Bank
Asian Development Bank
Bank of America
Bank of Baroda
BNP Paribas
Canara Bank
Citi Bank
Credit Agricole
Development Bank of Singapore
Federal Bank
HDFC Bank
ICICI Bank Limited
IDFC Ltd
Indian Overseas Bank
International Finance Corporation (Washington)
Jammu & Kashmir Bank
Oriental Bank of Commerce
Punjab National Bank
Society Generale
State Bank of Hyderabad
State Bank of India
State Bank of India, Singapore
State Bank of Patiala
State Bank of Travancore
Standard Chartered bank
Syndicate Bank
The Hongkong & Shanghai Banking Corporation Ltd.

Registered Office:

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

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 (Puthuypen SEZ)
P.O. 682508, Kochi-KERALA
Tel. : 0484-2500068

PETRONET LNG LIMITED

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

NOTICE OF 13TH ANNUAL GENERAL MEETING - 2011

NOTICE is hereby given that the 13th (Thirteenth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 30th day of June, 2011, at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi-110 010, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2011, Profit & Loss Accounts for the year ended 31st March, 2011, together with Report of Directors and Statutory Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2011.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s V. Sankar Aiyar & Company, Chartered Accountants (Regn. No.109208W), 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 Thirteenth Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 8 Lacs plus out of pocket expenses and applicable service tax."

SPECIAL BUSINESS

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

5. **"RESOLVED THAT** in partial modification of resolution no. 11, 12 & 13 passed by the Members in 9th Annual General Meeting of Members of the Company held on 14th June, 2007 and pursuant to the provisions of Section 198, 269, 309 & 310 and other applicable provisions, if any, of the Companies Act 1956, read together with Schedule XIII of the Companies Act, 1956, consent of the Members be and is hereby accorded to increase the remuneration (Cost to the Company) of Shri P. Dasgupta, Ex-Managing Director & CEO, Shri A. Sengupta, Ex-Director (Finance & Commercial) & Shri C. S. Mani, Director (Technical) by 20% with effect from 1st January, 2010, and their salary be fixed at Rs. 1,73,300/-, Rs. 1,24,700/- & Rs. 1,24,700/- per month, respectively, with an annual increment of 5% on basic pay.

"RESOLVED FURTHER THAT perquisites and other benefits, as approved by the Shareholders, shall be payable in consonance with the revised salary, wherever applicable."
6. **"RESOLVED THAT** pursuant to Article 109 of Articles of Association of the Company and the provisions of Section 198, 269, 309 and the provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to approval of the Central Government, if required and such alterations / modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members be and is hereby accorded to the appointment of Dr. A. K. Balyan as Managing Director & CEO for a period of five years w.e.f. 16th July, 2010, on the terms and conditions as stated in Explanatory Statement, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."
7. **"RESOLVED THAT** pursuant to Article 111 of the Articles of Association of the Company and the provisions of Section 269, 309 and the provisions of Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any, approval of the Members be and is hereby accorded for re-appointment of Shri C. S. Mani, Director (Technical) of the Company for a period of five years or upto the age of 65 years whichever is earlier w.e.f. 1st August, 2011, on the existing terms and conditions, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof."
8. **"RESOLVED THAT** Shri D. K. Sarraf, Nominee of Oil and 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."
9. **"RESOLVED THAT** Shri Tapan Ray, Nominee of Gujarat Maritime Board (GMB), 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** Shri R. K. Singh, Nominee of Bharat Petroleum Corporation Ltd. (BPCL), who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and

PETRONET LNG LIMITED

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** Shri Apurva Chandra 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** Shri G. C. Chaturvedi 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.”
13. **“RESOLVED THAT** Shri A. M. K. Sinha, Nominee of Indian Oil Corporation Ltd. (IOCL), 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.

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

14. **“RESOLVED THAT** pursuant to the provisions of Section 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Members be and is hereby accorded for the payment and distribution of a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 & 350 of the Companies Act, 1956, by way of commission to and amongst the Directors of the Company such amount or proportions and in such manner and in all such respects as may be determined by the Board of Directors from time to time and such payments shall be made for a further period of five years commencing from 2011-12.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be desirable or expedient to give effect to this resolution.”

By Order of the Board
For Petronet LNG Limited



(R. K. Garg)

Sr. V.P.-Fin. & Company Secretary

Place: New Delhi
Date : 1st June, 2011

NOTES:

- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Item No. 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 & 14 set out above is annexed hereto.
- 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.**
- In terms of Article 108 of Association of the Company, read with Section 256 of the Companies Act, 1956, Shri Ashok Sinha and Shri B. C. Bora are proposed to be appointed as Director on the Board of the Company for a period of three years, liable to retire by rotation, in place of Shri D. P. Roy and Shri P. K. Chadha, respectively, who retire by rotation at this Annual General Meeting of the Company. In terms of provisions of Clause 49 of Listing Agreement, the brief resume of Shri Ashok Sinha and Shri B. C. Bora forms part of notice.
- 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.
- All documents referred to the accompanying Notice and the Explanatory Statement(s) are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
- Members / Proxies should bring the Attendance Slip duly filled for attending the Meeting.
- Members are requested to bring their copies of the Annual Report to the Meeting.
- Members holding Shares in physical mode are requested to notify the change in their Address / Bank Account to M/s Karyv 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.
- 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).
- Members must quote their Folio Number / De-mat Account No. in all correspondence with the Company/ R&T Agent.
- No gift will be distributed at the Annual General Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 20th June, 2011 to 30th June, 2011 (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 or after 4th July, 2011 to the Members or their

Mandates whose name appear on the Company's Register of Members on 30th June, 2011 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 17th June, 2011.

13. In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with Bank(s), the Members holding equity shares in Physical Mode are requested to provide their Bank Account 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.
14. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
15. Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
16. Annual Listing Fee for the year 2011-12 has been paid to all Stock Exchanges wherein Shares of the Company are listed.
17. 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.
18. Pursuant to the provisions of Section 205C (2) (b) of the Companies Act, 1956, the Company has transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, the unpaid or unclaimed application moneys received for allotment of shares at the time of IPO of the Company and due for refund for the last seven years completed on 22nd March, 2011.

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

ITEM NO: 4

M/S V. SANKAR AIYAR & Company, Chartered Accountants (Regn. No.109208W), were appointed as the Statutory Auditors of the Company in the Twelfth Annual General Meeting held on 24th June, 2010, 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. 8 Lacs plus out of pocket expenses and applicable service tax.

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

ITEM NO: 5

THE BOARD OF DIRECTORS had approved increase in Salary Package of the employees on 27th April, 2010. Remuneration Committee of the Board also recommended increase in the Compensation Package (Cost to the Company) w.e.f. 1st January, 2010, for Managing Director & CEO and other Whole-time Directors by 20% on 29th May, 2010, subject to the approval of the Members in General Meeting. Hence, the proposed resolution is for approval of Members.

The proposed increase in remuneration of Shri P. Dasgupta Ex-Managing Director & CEO, Shri A. Sengupta, Ex-Director (Finance & Commercial) & Shri C. S. Mani, Director (Technical) as approved is well within the limits of Schedule XIII & other applicable provisions of the Companies Act, 1956. Your Directors recommend the resolution at Item No. 5 for approval of the Shareholders as Ordinary Resolution as per requirement of Companies Act, 1956.

Except the Director named in the resolution, no other Director of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO: 6

DR. A. K. BALYAN was appointed as Managing Director & CEO by the Board in its Meeting held on 2nd June, 2010, for a period of five years and joined the Company w.e.f. 16th July, 2010, on the following terms and conditions-

Salary

Rs. 1,57,250/- p.m. with an annual increment of 5% on basic pay.

Perquisites

- A. **Housing:** Rent free furnished accommodation along with the benefits of gas, fuel, water, electricity (Rs. 3,000 per month), telephone, internet and fax as also upkeep and maintenance of Company's furnished accommodation.

or

House Rent Allowance (HRA) limited to the 60% of basic salary or if he offers a house in his own name/spouse, the same may be taken on lease limited to 60% of the basic salary.

- B. **Medical Reimbursement:** Reimbursement of medical expenses for self and family including dependent parents at actual.
- C. **Leave Travel Allowance:** Leave Travel Allowance will be paid by the Company for self and family once in a year



PETRONET LNG LIMITED

subject to a ceiling of one and half month's salary in a year.

- D. **Club Fees:** Reimbursement of club fees, subject to maximum of two clubs.
- E. **Personal Accident Insurance Policy:** The Company, subject to maximum premium of Rs. 5,000/- p.a., will provide personal accident insurance cover, as applicable.
- F. Furniture at residence upto Rs. 3.5 lakhs subject to recovery of Rs. 100 p.m. and payment of 5% on maintenance allowance on self certification basis with option to repurchase at book value after 7 years or on retirement whichever is earlier.

Other Benefits

- G. Contribution to Provident Fund, Superannuation Fund/Annuity Fund in accordance with the rules of the Company.
- H. Gratuity at a rate not exceeding one half months salary for each completed year of services.
- I. Car with the services of a Driver to be maintained by Company for official use. The permissible limit for personal use would be 1000 kms per month with an annual ceiling of 12,000 kms against a monthly deduction of Rs. 600/- p.m.
- J. Telephone / Fax / Internet facility - at actual.
- K. Leave / Leave Salary as per the rules of the company.
- L. The performance incentive would be decided by Remuneration Committee to be constituted by the Board on a year-to-year basis based on the performance of the Company.
- M. Commission on profit, if any decided by the Board on yearly basis subject to and within the ceiling as may be approved by the Shareholders.
- N. Any or all allowances, perquisites and benefits under the appropriate schemes and rules applicable generally to the officers of the Company provided however that the total remuneration shall be within the ceiling prescribed under Schedule XIII of the Companies Act, 1956.
- O. The appointment may be subject to termination by 3 months notice in writing on either side.

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

Dr. A. K. Balyan is interested in the resolution to the extent of his appointment as Managing Director & CEO. No other Director of the Company is in any way concerned or interested in the proposed resolution.

ITEM NO: 7

SHRI C. S. MANI was appointed as Director (Technical) on 1st August, 2006, for a period of five years. The Board of Directors

in its meeting held on 26th April, 2011, further extended the tenure of Shri C. S. Mani for a further period of five years or upto the age of 65 years whichever is earlier w.e.f. 1st August, 2011 on the existing terms and conditions as approved by the Shareholders in the ninth Annual General Meeting held on 14th June, 2007. As per the requirement of the Companies Act, 1956, the appointment of Whole-time Director is required to be approved by the Shareholders in the General Meeting. Your Directors recommend the resolution for approval of the Shareholders. Shri C. S. Mani is interested in the resolution to the extent of extension of his term as Director (Technical).

No other 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 D. K. Sarraf was appointed as Additional Director w.e.f. 9th August, 2010, 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 D. K. Sarraf as Director of the Company. A brief resume of Shri D. K. Sarraf 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 D. K. Sarraf 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 Tapan Ray was appointed as Additional Director w.e.f. 21st November, 2010, 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 Tapan Ray as Director of the Company. A brief resume of Shri Tapan Ray 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 Tapan Ray 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, Shri R. K. Singh was appointed as Additional Director w.e.f. 18th January, 2011, 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. K. Singh as Director of the Company. A brief resume of Shri R. K. Singh 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. K. Singh 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, Shri Apurva Chandra was appointed as Additional Director w.e.f. 22nd March, 2011, 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 Apurva Chandra as Director of the Company. A brief resume of Shri Apurva Chandra 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 Apurva Chandra 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 G. C. Chaturvedi was appointed as Additional Director w.e.f. 23rd May, 2011, 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 G. C. Chaturvedi as Director of the Company. A brief resume of Shri G. C. Chaturvedi 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 G. C. Chaturvedi 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: 13

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 A. M. K. Sinha was appointed as Additional Director w.e.f. 27th May, 2011 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 A. M. K. Sinha as Director of the Company. A brief resume of Shri A. M. K. Sinha 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 A. M. K. Sinha 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: 14

IT WAS DECIDED in 9th Annual General Meeting that the Directors may be paid Commission on the profit upto 1% of Net Profit for a period of five years w.e.f 2006-07 in such manner and in all such respects as may be determined by the Board of Directors from time to time. The period of five years has already been completed. Your Directors recommend the resolution at item no. 14 for approval of the Shareholders as Special Resolution as per requirement of Companies Act, 1956.

All Directors of the Company are concerned or interested in the proposed resolution to the extent, the commission payable to them.

By Order of the Board
For Petronet LNG Limited



(R. K. Garg)

Sr. V.P. - Finance & Company Secretary

Place: New Delhi
Date : 1st June, 2011

PETRONET LNG LIMITED
**BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED/
REAPPOINTED AS REQUIRED IN TERMS OF LISTING AGREEMENT**
❖ Shri Ashok Sinha

Shri Ashok Sinha has spent a charismatic 33 years at Bharat Petroleum Corporation Limited, (BPCL), one of India's largest organizations, with an estimated turnover (2010) of Rs.1500 billion (US\$ 33 billion), and listed as a Fortune 500 company, operating in a complex and nationally strategic sector.

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

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

Shri Ashok Sinha does not hold Directorship/Chairmanship in any Company.

❖ Shri B. C. Bora

Shri Bora having more than 45 years of experience in Oil & Gas sector, both within and outside India. He superannuated from ONGC as Chairman & Managing Director in 2001. Shri Bora started his career with Oil India Limited, as a Production Engineer in 1962 and rose to become the Chairman and Managing Director of the Company in 1992, a position he held until 1995, when he moved to ONGC as its Chairman and Managing Director and superannuated from that position in 2001. He was actively involved with a number of important Committees and task forces of the Government of India, related to the Hydrocarbon and Energy industries, to help the Government, to decide on various policy issues on Oil & Gas Sector, as well as Public Sector in general. He was also associated with a number of Technical, Social and Sports organizations in the Country as an important office bearer. He has remained associated with Petroleum Sector by being part time Consultant and Advisor to a number of Companies engaged in the Energy Sector.

Shri B. C. Bora holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Gujarat Gas Co. Ltd.	Director
Interlink Petroleum Ltd.	Director
Assam Hydrocarbon & Energy Co. Ltd.	Director
Nafto Gaz India Pvt. Ltd.	Director

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

❖ Dr. A. K. Balyan

Dr. A. K. Balyan has joined the Company as Managing Director & CEO w.e.f. 16th July, 2010. He holds Degree in M. Tech. from IIT, Delhi and also Ph.D. from Germany. Prior joining Petronet LNG Ltd., he was Director (HR) of Oil & Natural Gas Corporation Ltd. (ONGC) and also had 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/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Adani Petronet (Dahej) Port Pvt. Ltd.	Director
Hydrocarbon Sector Independent Company of L&T	Director

Dr. A. K. Balyan is not a Member/Chairman of Committees of Board of Directors of any Company.

❖ Shri C. S. Mani

Shri C. S. Mani is the Director (Technical) of the Company. He holds B. Tech (Chemical) degree from Indian Institute of Technology, Chennai and Master in engineering (Chemical) from Cornell university, USA.

Shri Mani has more than 35 years experience in the industry, primarily in Chemical & Petrochemical industries. During his span of service with various Companies, he has worked on most aspects of projects including conducting viability studies, selection of technology and sourcing of know-how.

Shri Mani has worked with industrial houses of repute such as Tata Chemicals Ltd for two decades and rose to a position as one of the key senior executive.

Shri C. S. Mani is not a Director/Chairman on the Board of Directors of any other Company.

❖ Shri D. K. Sarraf

Shri D. K. Sarraf is a nominee Director of ONGC on the Board of Petronet LNG Ltd. He is an Associate Member of ICWAI and ICSI. He is holding the position of Director (Finance) in Oil and Natural Gas Corporation Ltd. He has nearly 30 years of rich and varied experience in the Oil Industry. Before joining ONGC, he had served in Oil India Ltd., ONGC Videsh Ltd. and also enriched with regulatory experience of serving in Oil Co-ordination Committee under MOP&NG. Shri Sarraf has been instrumental in several oil and gas acquisitions in OVL during last three years.

Shri D. K. Sarraf holds Directorship/Chairmanship 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
ONGC Mangalore Petrochemicals Ltd.	Director
ONGC Tripura Power Company Ltd.	Director
ONGC Petro Additions Ltd.	Director

Shri D. K. Sarraf is Member/Chairman of Committees of Board of the following other Companies:

Name of the Companies	Name of the Committee(s)	Chairman/Member
Oil & Natural Gas Corporation Ltd.	Shareholders/Investors Grievance Committee	Member
ONGC Videsh Ltd.	Audit Committee	Member
ONGC Tripura Power Company Ltd.	Audit Committee	Member

❖ **Shri Tapan Ray**

Shri Tapan Ray is the Managing Director of Gujarat State petroleum Corporation Ltd (GSPCL). He is the nominee Director of Gujarat Maritime Board/Govt. of Gujarat on the Board of Petronet LNG Ltd. He is an IAS Officer, Gujarat (1982 Batch) and having rich administrative and corporate experience. He also holds degree in Engineering from IIT Delhi, a post graduate degree in Public Policy from Princeton University, USA, a Masters in Public Administration from Syracuse University, USA, and a degree in law with various diplomas.

Shri Tapan Ray holds Directorship/Chairmanship 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
Gujarat 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
Sabarmati Gas Ltd.	Director

Shri Tapan Ray is Member/Chairman of Committees of Board of the following other Companies:

Name of the Companies	Name of the Committee(s)	Chairman/Member
GSPC Gas Company Ltd.	Audit Committee	Member
Gujarat State Petronet Ltd.	Investors' Grievance Committee	Member
Gujarat State Energy Generation Ltd.	Audit Committee	Member

❖ **Shri R. K. Singh**

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

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

other Companies:

Name of the Companies	Position held
Bharat Petroleum Corporation Limited	Chairman & Managing Director
Numaligarh Refinery Limited	Chairman
Bharat Oman Refineries Limited	Chairman
Matrix Bharat Marine Services Pte Ltd.	Director
Bharat Petro Resources Limited	Director

Shri R. K. Singh is Member/Chairman of Committees of Board of the following other Companies:

Name of the Company	Name of the Committee(s)	Chairman/Member
Bharat Petro Resources Limited	Audit Committee	Chairman

❖ **Shri Apurva Chandra**

Shri Apurva Chandra has completed B. Tech. in Civil Engineering (1981-85) and M. Tech. in Structural Engineering (1985-87) from IIT, Delhi, and joined Indian Administrative Services (IAS) in 1988. Presently, he is Joint Secretary (Marketing), Ministry of Petroleum & Natural Gas (MOP&NG). He has worked on various assignments in Government of India and Government of Maharashtra.

Shri Apurva Chandra is Member of the Board of Directors of GAIL (India) Ltd.

Shri Apurva Chandra is not a Member/Chairman of Committees of Board of Directors of any Company.

❖ **Shri G. C. Chaturvedi**

Shri G. C. Chaturvedi is the Secretary, Ministry of Petroleum and Natural Gas. He is an IAS Officer, Uttar Pradesh (1977 Batch) and having a rich and wide administrative experience of more than 34 years. During his services, he has held various senior level positions with Government of India including Additional Secretary, Ministry of Finance and Special Director General (Finance & Accounts), at Secretary level in Ministry of Youth Affairs and Sports etc.

Shri G. C. Chaturvedi is not a Director on the Board of any other Company.

❖ **Shri A. M. K. Sinha**

Shri A. M. K. Sinha is a Director (Planning and Business Development of Indian Oil Corporation Limited (IOCL). He is a nominee Director of IOCL on the Board of PLL. Shri Sinha, a Mechanical Engineer, has over 33 years of diverse experience with IOCL. Shri Sinha has rich experience of efficiently managing critical portfolios across the whole marketing value chain of the downstream oil sector.

Prior to taking over as Director (P&BD), Mr. Sinha worked as Executive Director (Corporate Planning & Economic Studies) at Corporate office of Indian Oil and was responsible for building futuristic scenarios, analysis of external & internal environment, SWOT framework for strengthening planning process and for venturing into new business domains for diversification and backward & forward integration.

Shri A. M. K. Sinha holds Directorship in Indian Oil Corporation Ltd.

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

PETRONET LNG LIMITED

Directors' Report

Dear Shareholders,

The Directors have the pleasure of presenting the Thirteenth Annual Report and the Audited Accounts of your Company for the year ended 31st March, 2011.

Your Company has been instrumental in shaping the growth of the natural gas sector in the country by mitigating the deficit and shortfall in domestic gas availability. In the supply- constrained natural gas market in India, your Company owns and operates the country's first and largest LNG terminal at Dahej, Gujarat. The Company's main thrust is on catalyzing the growth of Indian gas sector through enhancing the gas supply to satisfy the needs of existing consumers as well as to develop new consumers. While making sincere efforts to further leverage the potential of imported LNG in the Indian market and striving to be the nation's key energy provider, your Company continues to maintain a steady growth in its financial and operating performance during the year 2010-11.

FINANCIAL PERFORMANCE

In 2010-11, your Company has achieved substantial growth, both in turnover and profit. The turnover during the year under review was Rs. 13197.28 Crores against Rs. 10,649.09 Crores in 2009-10. Gross margin stood at Rs. 1464.04 Crores against Rs. 1,082.16 Crores in the previous year. Net profit during the year was Rs. 619.62 Crores against Rs. 404.50 Crores in the previous year. The emphasis on higher capacity utilization, higher sales and better operational efficiencies led to increased profitability. A summary of the comparative financial performance in the fiscal 2010-11 and 2009-10 is given below:

Particulars	(Rs. in crores)	
	2010-11	2009-10
Turnover	13197.28	10,649.09
Other Income	67.96	97.83
Total Revenue	13265.24	10,746.92
Cost of Import of LNG	11801.20	9,664.76
Gross Margin	1464.04	1,082.16
Salary and Other	179.81	137.87
Operating Expenses		
Finance Charges	193.13	183.93
Depreciation	184.68	160.86
Profit before Taxation	906.42	599.50
Provision for Tax / Deferred Tax	286.80	195.00
Profit after Taxation	619.62	404.50
Earnings per Share (Rs. / Share)	8.26	5.39

DIVIDEND

Keeping in view the consistent performance and financial position of the Company, the Directors are pleased to recommend a dividend of 20% on the paid-up share capital of the Company for the year ending 31st March 2011.

LNG SOURCING

With an aim to quench India's growing gas demand, stemming primarily from high-priority sectors such as power and fertilizer, and armed with expanded facilities at the Dahej LNG Terminal, your Company has been engaged in sourcing additional volumes of LNG on long-term, medium-term and spot basis for its downstream customers. Your Company continued to maintain excellent relations with most of the global LNG suppliers for import of LNG supplies. Your Company intends to diversify sources of LNG to ensure security of supplies. For the unutilized capacity at Dahej LNG Terminal as well as for the expected capacity at the Greenfield Kochi Terminal, your Company is in constant touch with various LNG suppliers to source LNG volumes beyond the present 7.5 MMTPA imported from Qatar. To meet the growing additional requirement of natural gas in country, your Company has also executed short-term deals with various global LNG suppliers for approximately 1.5 MMTPA. Constant efforts are being made to supply RLNG to feed the demand created due to shortage in domestic supplies and demand generated from new projects.

OPERATIONS AT DAHEJ

During the financial year 2010-11, your Company has imported 125 cargoes (including 9 spot cargoes) representing 7.98 MMTPA and 412.21 Trillion British Thermal Units of regasified LNG was sold. Your Company has also provided regasification services to 7 LNG Cargoes to Gujarat State Petroleum Corporation and 4



LNG cargoes to GAIL (India) Limited representing 28.14 Trillion British Thermal Units during the financial year 2010-11.

Additional LNG Jetty at Dahej

The capacity utilization of Dahej Terminal is increasing and the operational practices are at par with the highest international standards. The Company has commenced construction of second LNG Berth (Jetty) in Dahej to mitigate associated risks of port operations of existing jetty and also to enhance the capacity of terminal from its existing capacity of 10 MMTPA. The two EPC

contracts for the construction of jetty were awarded in January, 2011, and the jetty is scheduled for commissioning by end of September, 2013. Presently, the EPC contractors are carrying out basic engineering activities for construction of marine and top side works for the same.



Shipping Arrangement

Presently, three LNG tankers (Disha, Raahi and Aseem) are regularly bringing LNG cargoes from RasGas, Qatar, to Dahej as per schedule. These three ships are transporting the contracted quantity of 7.5 MMTPA of LNG.

The Shipping Corporation of India (SCI) is a major equity partner in the ship-owning companies. Disha and Raahi have been manned, managed/maintained and operated by SCI since December 2008. SCI is manning Aseem since delivery. K-Line is



providing technical management from delivery to first dry dock and is training SCI for management of Aseem.

Pilot Project for Supply of LNG in Cryogenic Vehicles

Your Company has successfully completed the pilot project which was started in year 2007, for loading of LNG in cryogenic road tankers. During the year, 689 tankers were loaded and supplied to customers in the states of Gujarat and Maharashtra.

Direct Marketing of LNG

For consumers not connected with gas pipe, your Company has initiated steps to market the LNG directly to consumers across the country through overland transportation using LNG trucks/hubs. This direct marketing model is prevalent in several parts of the world and is an effective way of reaching out to far-flung consumers in urgent need of fuel supply. The concept makes use of the already existing road network as against setting up of complex pipeline network.

LNG TERMINAL AT KOCHI

The construction of the Greenfield LNG Receiving, Storage and Re-gasification Terminal at Kochi is in progress. The capacity initially envisaged was 2.5 MMTPA. In January, 2011, the Company awarded contract for additional re-gasification facilities to handle and re-gasify an additional 2.5 MMTPA LNG to the present Regas contractor, taking the total capacity of Kochi LNG Terminal to 5 MMPTA. Civil works of the storage tanks being built by IHI Corporation, Japan, are nearing completion. Mechanical works are in progress with hydrostatic test being planned in



June, 2011. The Marine facilities, being built by AFCONS Infrastructure Ltd., India, are also in an advanced stage of completion. Work is under progress in the Re-gasification facilities awarded to CTCL, Taiwan. Civil works on buildings and structures as well as piping and equipment erection are in progress. At present, nearly 3000 workers are working at the site. The terminal of 5 MMTPA capacity is slated to be commissioned in the third quarter of 2012.

FINANCING

During the year, the Company has re-financed its entire long-term rupee loan of Rs. 3,000 Crores from a consortium of Indian lenders. In the process, the Company could achieve substantial savings in its interest costs.

Further, the Company has successfully made drawdown of

PETRONET LNG LIMITED

USD 200 Million from International Finance Corporation (IFC), USA. The company, in order to limit the risks of fluctuation in interest rates and currency, has entered into Cross-Currency Swap Transactions consisting of exchange of both interest and principal for a component of the IFC loan.

As on 31st March, 2011, a loan of Rs. 3,034 Crores is outstanding in the Books of Account which consist of Rs. 1522 Crores from Indian lenders, Rs. 590.62 Crores from Asian Development Bank and Rs. 922 Crores from International Finance Corporation.

MISSION & VISION OF THE COMPANY

As the business environment is rapidly changing, during this year, your Board of Directors along with valuable contributions and suggestions by the officers and employees, revisited the and approved the following Vision & Mission Statements of the Company which is now a shared vision:

Vision Statement

“To be a key energy provider to the nation by leveraging company's unique position in the LNG value chain alongwith an international presence.”

Mission Statements

- Create and manage world-class LNG infrastructure
- Pursue synergetic business growth opportunities
- Continue excellence in LNG business
- Maximize value creation for the stakeholders
- Maintain highest standards of business ethics and values

FUTURE PLANS

Considering the substantial demand of natural gas in the country, your Company is planning to construct one more LNG terminal on the east coast. The Company has already assessed the market demand in the region and is now looking for a suitable location and would initiate Detailed Feasibility Report for building a LNG Terminal on the east coast.

SOLID CARGO PORT AT DAHEJ

A Solid Cargo Port, through a Joint Venture Company, namely, Adani Petronet (Dahej) Port Private Ltd., is being implemented in which your Company holds 26% of the equity. The port is now mechanically complete and the initial operations have already commenced. The Solid Cargo Port would have facilities to import/export about 15 MMTPA capacity of bulk products like coal, steel and fertilizer.

GAS-BASED POWER PROJECT

The Company is planning to set-up a power plant of 1200 MW capacity at Dahej contiguous to its existing LNG Terminal. The Government of Gujarat has already earmarked 50 hectares of land for the same. The Detailed Feasibility Report and integration study with existing LNG terminal have been completed. Also, your Company is in the process of completion of various pre-

project activities such as sea water utilization study, fresh water option study etc. The Ministry of Environment and Forests (MoEF) has issued Terms of Reference (TOR) for preparing various reports including EIA for its approval for power plants. The commercial arrangements for sale of power are being finalized.

DEPOSITS

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

EMPLOYEE PARTICULARS

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

CORPORATE GOVERNANCE

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

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. Your Company's engineers have been involved with the Consultants and the Contractors in all phases of design of Dahej & Kochi projects 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 or 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.

CHANGE IN THE BOARD OF DIRECTORS

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

Directors Resigned

Name	Date of Resignation
Shri P. Dasgupta, MD & CEO	30th June, 2010
Shri J. L. Zutshi, Director	2nd July, 2010
Dr. A. K. Balyan, Nominee Director of ONGC	15th July, 2010
Shri S. Chakraborty, Nominee Director of ADB	2nd August, 2010
Shri Ashok Sinha, Nominee Director of BPCL	19th August, 2010
Shri D. J. Pandian, Nominee Director of GMB	9th November, 2010
Shri S. Radhakrishnan, Nominee Director of BPCL	6th January, 2011
Shri A. Sengupta, Director (Finance & Commercial)	26th April, 2011
Shri S. V. Narasimhan, Nominee Director of IOCL	30th April, 2011
Shri S. Sundareshan, Chairman, PLL	5th May, 2011

The Board placed on record its appreciation for the contributions made by all the above Directors including the support and guidance provided by Shri S. Sundareshan as Chairman of the Company.

Directors Appointed

Name	Date of Appointment
Dr. A. K. Balyan, MD & CEO	16th July, 2010
Shri D. K. Sarraf, Nominee Director of ONGC	9th August, 2010
Shri S. Radhakrishnan, Nominee Director of BPCL	31st August, 2010
Shri Tapan Ray, Nominee Director of GMB	21st November, 2010
Shri R. K. Singh, Nominee Director of BPCL	18th January, 2011
Shri Apurva Chandra, Independent Director	22nd March, 2011
Shri G. C. Chaturvedi, Chairman, PLL	23rd May, 2011
Shri A. M. K. Sinha, Nominee Director of IOCL	27th May, 2011

FOREIGN EXCHANGE EARNING AND OUTGO

Your Company has incurred expenditure in foreign exchange to the extent of Rs. 11473.33 Crores during the year under review. Foreign exchange earnings during the year were Rs. 0.63 Crores.

AUDITORS

M/s. V. Sankar Aiyar & 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 2011--12, 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 India, Government of Gujarat and Kerala, Promoters of the Company, RasGas, Exxon Mobil and other LNG suppliers, Offtakers & Consumers of re-gasified LNG and the employees of the Company at all levels, for their continued co-operation and unstinted support. The Directors want to 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



(G. C. Chaturvedi)
Chairman

Place: New Delhi
Date : 1st June, 2011

Annexure to Directors' Report

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name of the employee (S/Shri)	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
P. Dasgupta*	5,195,070**	Contractual	Appointment for a period of 5 yrs w.e.f. 1 st Sept., 2005.	MD&CEO	Chartered Accountant Exp. - 38 yrs.	02.01.2003	64 yrs.	Nil	CFO - Essar Telecom, Essar Technologies Ltd.
A. Sengupta	6,005,288	Contractual	Appointment for a period of 5 years w.e.f. 27 th April, 2006 i.e. up to 26th April, 2011	Director (F & C)	Chartered Accountant Exp. - 33 years	03.06.2002	58 yrs.	5750	GM-(Fin. & Admn. PIng.), Indo Mobil Ltd.

* Employed for part of the year i.e. up to 30th June, 2010.

** This amount includes retirement benefits.

Management Discussion and Analysis

Global LNG Scenario:

With greenhouse emissions and global warming taking centrestage at global fora, with environmentalist crying hoarse over the depleting natural resources and economic pundits predicting a bleak fuel future, is it any surprise that over the past few decades, the inherent advantages of natural gas versus other liquid fuels commonly used in industry is being eulogized by everyone. The lower carbon emissions and the efficiency of natural gas as a fuel have made it the fuel of choice in the developed world. The developing nations like China and India are aggressively adopting natural gas to fuel their industry and to make their economic growth more environmentally sustainable.

During the last decade, the image of LNG market as an exclusive club for industrialized countries has been shed. With Petronet LNG setting up a Regasification facility at Dahej, Gujarat, India became the first developing country to enter this new energy market. But other countries like Thailand, Argentina, Brazil, Turkey etc. have started or are in the planning and development stages to import LNG. However, Japan and South Korea are the dominant consumers and would remain market leaders even in the future. Though gas demand in these two countries is expected to grow marginally or even decline in the long term, India and China are expected to emerge as major players in the Asian regional LNG market. Both the nations are expanding their gas pipeline network and adding more Regasification terminals. In the long run, the entry of new players globally will expand the market and develop new trade flows.

Currently, most of the major world economies are still recovering from the financial meltdown that began towards the end of 2008 and continued through 2009. In 2010, the world economies started limping back to normalcy and the trend is expected to continue in 2011. The global economic recovery would concomitantly lead to price and volume recovery in the LNG trade.

In the past few years, with the sudden rise of shale gas in the United States, the LNG industry witnessed a paradigm shift. Due to its declining conventional gas production and pipeline imports, for long, the United States was touted to become a significant importer of LNG. However, that was not to be. Shale gas has dramatically altered the US gas market landscape. It not only turned the US domestic market into a surplus, but it is expected that by 2015, the United States may export LNG. With the US retooling its regasification terminals for liquefying natural gas, the LNG market equations have changed significantly. This will have a major impact on countries like Qatar which were gearing up their LNG supply chain with super-sized LNG trains of 7.8 MMTPA capacity and Q MAX and Q FLEX mega LNG vessels to

supply to the United States. Qataris will have to divert the LNG supply and shipping capacity to other countries and new emerging consumers in the LNG market.

Before the March 2011 earthquake in Japan, there was an oversupply in the market. However, with the recent earthquake, most of the suppliers have put on hold their decision to sell surplus volumes and both Buyers and Sellers are evaluating the impact of earthquake on LNG demand with caution. Over the past few years, several key trends have emerged not only in the structure of the deals, but also the players executing them. Those trends included: a rebound of the flow of spot LNG from the Atlantic to Asia; stronger spot demand in new markets like South America and the Middle East; and the Qatari strategy of securing new markets for LNG supply that originally targeted the US market. Finally, this increased need for flexibility attracted traders to become more involved in the business in 2010.

LNG trade grew by approximately 20% in 2010 to 219 million tonnes as a raft of new supply came on stream and demand bounced back strongly from the global economic crisis. Qatar accounted for half the 2010 growth in supply with the completion of its mega-train expansion. Russia, Indonesia, Yemen and Peru also added significant volumes as new trains either came on-line or were ramped up to full capacity. Nigerian production staged a strong recovery following the outages of 2009. However, North Africa saw production fall with feed gas diverted to the domestic market in Egypt and for re-injection to support oil production in Algeria.

Asia led the demand recovery with South Korea alone importing over a quarter more LNG than 2009, and there was also impressive growth in China, Japan and Taiwan. The United Kingdom and Italy provided most of the impetus to European demand growth as volumes from the new Qatari trains flowed to these markets. 2010 also saw the counter-seasonal markets of South America and the Middle East have a significant impact during the summer months. The United States provided the exception to the otherwise rosy demand picture as an expected surge in imports failed to materialize.

In terms of consumption level, countries in the Asia-Pacific region are driving the overall LNG industry. The burgeoning demand for LNG in countries like Japan (post massive earthquake, damaging nuclear power facilities and dwindling capacity), South Korea, China, and India would prompt construction of more LNG receiving terminals during the next decade.

LNG Market in India:

India's economic growth report card has been steady at 8-9%, and it is likely to maintain the same growth rate in the coming years. As one of the fastest growing economies of the world, India is facing challenges to ensure reliable, clean and affordable



PETRONET LNG LIMITED

energy to fuel its transformation.

In India, gas demand started from a very low base. Consequently, despite the rapid growth in Indian gas demand over the past decade, gas accounts for merely 10% of total primary energy consumption. Domestic production has nearly doubled following the commissioning of Reliance's giant Dhirubhai field in April 2009 and with no international pipelines likely, and domestic production unlikely to keep pace with domestic gas demand, a significant requirement for LNG imports is emerging. India's energy security, at the broadest level, is primarily about ensuring the continuous availability of commercial energy at competitive price to support economic growth and to meet energy needs with safe, clean and convenient form of energy. The critical element of the country's energy security are augmenting the domestic energy resource base, increasing energy efficiency, demand side management along with adequate import of energy in all forms including crude oil, natural gas and coal.

India's current gas Demand-Supply scenario shows that there is a wide gap between demand and supply and the chasm is set to widen in the next five years. The 2010-11 figures reveal that the gas demand is around 179 MMSCMD and the indigenous supply stands at less than 140 MMSCMD. The gap is set to increase at a very fast pace. As per various analyses, the gap would vary between 70 and 100 MMSCMD in 2011-12 and by 2014-15 the gap would touch the whopping 150 MMSCMD mark!

Indigenous gas production has increased sharply since the commissioning of Reliance's D6 gas field in the Krishna Godavari Basin and production in 2011 is set to be more than double that of 2008 levels. But it is significantly lower than what was earlier projected. Production is set to continue to rise as D6 reaches peak production over the next few years. In the longer term, ongoing licensing rounds and exploration activity in basins in eastern offshore (KG, Cauvery and Mahanadi) substantiate forecast of increasing gas production up to year 2022 before production begins to decline.

India currently has over 9,000 kilometers of gas transmission pipelines, but given the geographical size of the country, its gas network is in a relatively underdeveloped state. Most of the transmission and distribution infrastructure is located in the north-west of the country. The Hazira-Bijaipur-Jagdishpur (HBJ) pipeline is currently India's largest and most important transmission system. The 2,800-km pipeline serves the northern Indian market and runs through the states of Gujarat, Madhya Pradesh, Rajasthan, Uttar Pradesh, Haryana and Delhi. It has been upgraded on a number of occasions and currently has a capacity of 1,200 mmcf. The pipeline is currently running at full capacity and GAIL (India) Limited plans to upgrade the pipeline to around 3,500 MMCFD by June 2011.

GAIL and several other companies have set out on an ambitious program of infrastructure development to complete a national transmission network by 2015. The proposal would link gas supply regions off India's east coast to

the major centers of demand in the south and east, as well as linking the rest of eastern India to the network.

With the growth in indigenous supply, India's relatively underdeveloped gas market is expected to expand at a greater pace and significant additional imported gas supplies will be required to meet the demand. It is most likely that this incremental demand will be met largely by LNG imports. India received its first imports in 2004 and these are set to increase considerably over the forecast period - by 2025, India is expected to be dependent on imports for around 44% of its supply and would require nearly 5,100 MMCFD of imported gas.

In other words, the need for LNG in India's growing economy is too obvious. Even though a part of the shortfall will be made good by other domestic finds which are expected to come on-stream in the next few years, a large share of this incremental demand will be fuelled by LNG.

Opportunities:

Being the first company to import LNG, the Company is instrumental in shaping the growth of the Indian Natural Gas sector. The Company has set up high industry efficiency benchmarks in LNG operations and market development. The Company's main thrust is on catalyzing the growth of Indian Gas sector through enhancing the gas supply to meet the needs of existing consumers as well as to develop new consumers.

Petronet LNG Limited (PLL) is emerging as the key player in India's supply-constrained natural gas market. PLL is the operator and owner of India's first and largest LNG terminal at Dahej. It is now exploring multiple options to further leverage the potential of imported LNG in the Indian market.

The gas market in India is rapidly evolving with strong economic growth fueling 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. Further, the supply deficit situation is resulting in higher price benchmarks for supply of gas to domestic market. The Company, in addition to long-term import, has started sourcing LNG on Spot/ Short-term basis from different suppliers' worldwide.

To meet the demand-supply gap of natural gas in the country, the Company has doubled the capacity of its first LNG re-gasification plant at Dahej from 5 MMTPA to 10 MMTPA which may be further expanded with commissioning of the second LNG berth at Dahej. The Company is also constructing another 5 MMTPA Greenfield LNG import and re-gasification plant in Kochi in the state of Kerala. This will enable the Company to expand its reach and supply of natural gas in the South Indian market. In addition, the Company is examining the feasibility of constructing another LNG Terminal in the East Coast of India.

Threats from Competition:

All the major players in the Indian hydrocarbon business have

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

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

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

Segment-wise or product-wise performance:

Presently, the company primarily deals only in one segment. i.e. Import and Re-gasification of Liquefied Natural Gas (LNG). During the year, 440.35 Thermal British Units of re-gasified LNG was delivered to the off-takers and customers.

Risk and Concerns:

The Company considers good Corporate Governance as a pre-requisite for meeting the needs and aspirations of its shareholders and other stake/shareholders in the Company. As part of the Company's efforts to strengthen Corporate Governance, the Board of Directors have formulated a Risk Management Policy, which puts in place a risk management structure with clear definition of roles and responsibilities, as well as a risk portfolio involving a continuous process of risk identification, risk assessment, control assessment and risk monitoring, review and communication. The Company aims to:

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

Risk of Competition:

LNG competes with naphtha, LPG, coal, fuel oil and similar fossil fuels. which are currently widely used by industries like fertilizers and power. In addition to the above-mentioned fuels, LNG also competes with the suppliers of domestic natural gas. LNG offers

several advantages over the above-mentioned fuels. LNG sourced by your Company under long-term contract is currently priced competitively against these alternate fuels. However, a reduction in prices of the alternate fuels and increase in long-term prices of LNG could lead to increased pricing pressure on LNG suppliers and may have an adverse impact on future growth of the Company.

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

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, 2011, was Rs. 13,265.24 Crores including other income as against Rs. 10,746.92 Crores in 2009-10. The net profit during the financial year ended 31st March, 2011, was Rs. 619.62 as against Rs. 404.50 Crores in 2009-10.

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, 2011, there were 280 employees including three whole-time Directors.

Disclosure by Senior Management Personnel:

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 the primary objective of enhancing shareholders' value while being a responsible corporate citizen. The 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, 2011, was thirteen Directors as detailed herein below:

S. No.	Name	Designation	Category (Whole-time/Non-executive/ Independent)
1	Shri S. Sundareshan	Chairman, Secretary, Govt. of India, (MOP &NG)	Independent
2	Dr. A. K. Balyan	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 R. K. Singh	Director, Nominee of BPCL	Non-executive
6	Shri B. C. Tripathi	Director, Nominee of GAIL	Non-executive
7	Shri D. K. Sarraf	Director, Nominee of ONGC	Non-executive
8	Shri S. V. Narasimhan	Director, Nominee of IOCL	Non-executive
9	Mr. Dominique Pelloux-Prayer	Director, Nominee of GDF International	Non-executive
10	Shri Tapan Ray	Director, Nominee of GMB	Non-executive
11	Shri D. P. Roy	Director	Independent
12	Shri P. K. Chadha	Director	Independent
13	Shri Apurva Chandra	Director	Independent

Board Meetings:

During the year, six Board Meetings were held on 27th April, 2nd June, 29th July, 25th October, 21st November, 2010, and 18th January, 2011. 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 2010-11	Number of Board Meetings attended during the year 2010-11	Attendance at last Annual General Meeting held on 24th June, 2010
Executive Directors				
Shri P. Dasgupta (upto 30th June, 2010)	Managing Director & CEO	6	2	Yes
Dr. A. K. Balyan (Appointed w.e.f. 16th July, 2010)			4	NA
Shri A. Sengupta	Director (Finance & Commercial)	6	6	Yes
Shri C. S. Mani	Director (Technical)	6	6	Yes
Non-executive Directors				
Shri Ashok Sinha (upto 19th August, 2010)	Nominee Director of BPCL	6	2	No
Shri S. Radhakrishnan (Appointed w.e.f. 31st August,2010 upto 6th January, 2011)			2	NA
Shri R. K. Singh (Appointed w.e.f. 18th January, 2011)			1	NA
Dr. A. K. Balyan (upto 15th July, 2010)	Nominee Director of ONGC	6	2	Yes
Shri D. K. Sarraf (Appointed w.e.f. 9th August, 2010)			2	NA
Shri B. C. Tripathi	Nominee Director of GAIL	6	6	No
Shri S. V. Narasimhan	Nominee Director of IOCL	6	5	No
Mr. Dominique Pelloux-Prayer *(One Board Meeting and AGM attended by Mr. Eric Ebelin as an Alternate Director)	Nominee Director of GDF International	6	5	Yes

PETRONET LNG LIMITED

Shri D. J. Pandian (upto 9th November, 2010)	Nominee Director of GMB	6	1	No
Shri Tapan Ray (Appointed w.e.f. 21st November, 2010)			1	NA
Non-executive Independent Directors				
Shri S. Sundareshan	Chairman	6	6	Yes
Shri S. Chakraborty (upto 2nd August, 2010) (One Board Meeting & AGM attended by Ms. Sujata Gupta as an Alternate Director)	Nominee Director of ADB	6	3	Yes
Shri D. P. Roy	Independent Director	6	5	Yes
Shri P. K. Chadha	Independent Director	6	6	Yes
Shri J. L. Zutshi (upto 2nd July, 2010)	Independent Director	6	NIL	No
Shri Apurva Chandra (Appointed w.e.f. 22nd March, 2011)	Independent Director	6	NA	NA

Detail of Directorship / Membership / Chairmanship on the Board / Committees of the other Companies as on 31.03.2011

Name	No. of other Companies in which Directorship / Chairmanship is held		No. of Membership / Chairmanship held in Committees of Board of other Companies	
	Directorship	Chairmanship	Membership	Chairmanship
Shri S. Sundareshan	1	1	NIL	NIL
Dr. A. K. Balyan	2	NIL	NIL	NIL
Shri A. Sengupta	2	NIL	NIL	NIL
Shri C. S. Mani	NIL	NIL	NIL	NIL
Shri B. C. Tripathi	4	4	NIL	NIL
Shri R. K. Singh	5	3	1	1
Shri S. V. Narasimhan	4	2	2	NIL
Shri D. K. Sarraf	7	NIL	3	NIL
Mr. Dominique Pelloux-Prayer	4	1	NIL	NIL
Shri Tapan Ray	10	NIL	3	NIL
Shri D. P. Roy	7	NIL	4	NIL
Shri P. K. Chadha	2	NIL	2	1
Shri Apurva Chandra	1	NIL	NIL	NIL

Note: -

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

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

Remuneration paid to Whole-time Directors and to Non-executive Directors during the year ended 31st March, 2011

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

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

(In Rupees)

S.No.	Name	Designation	Salaries & Allowances	Contribution to PF & Gratuity Fund	Other Benefits & Perks	Commission on Profit for the year 2010-11	Total
1	Shri P. Dasgupta	CEO & Managing Director (upto 30th June, 2010)	2,220,851	811,302	1,788,944	373,973	5,195,070
2	Dr. A. K. Balyan	CEO & Managing Director (w.e.f. 16th July, 2010)	2,177,658	160,699	267,163	1,064,383	3,669,903
3	Shri A. Sengupta	Director (Finance & Commercial)	3,914,085	196,553	394,650	1,500,000	6,005,288
4	Shri C. S. Mani	Director (Technical)	3,624,558	196,553	432,707	1,500,000	5,753,818

The details of the sitting fees paid to Non-executive Directors or their nominated Organization / Company during the year ended 31st March, 2011, is as detailed below:

S. No.	Name	Sitting Fees paid during 2010-11 (Rs.)
1	Shri D. P. Roy	2,60,000
2	Shri P. K. Chadha	2,20,000
3	Mr. Dominique Pelloux-Prayer	1,40,000
4	Government of India	1,20,000
5	Bharat Petroleum Corporation Ltd.	1,40,000
6	Oil & Natural Gas Corporation Ltd.	1,70,000
7	Indian Oil Corporation Ltd.	2,50,000
8	GAIL (India) Ltd.	2,00,000
9	Asian Development Bank	60,000
10	Gujarat Maritime Board	40,000

In addition to the above, Commission on Profits of Rs. 5,00,000/- each is also payable to two of the Independent Directors, namely, Mr. D. P. Roy & Mr. P. K. Chadha.

PETRONET LNG LIMITED

Terms of appointment of Whole-time Directors

The Company has the following Whole-time Directors as on 31st March, 2011:

1. Dr. A. K. Balyan, 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-month notice in writing by either party.

Audit Committee

The Audit Committee comprises the following Directors as on 31st March, 2011:

1. Shri D. P. Roy, Chairman
2. Shri S. V. Narasimhan, Member
3. Shri P. K. Chadha, Member

All the Members of Audit Committee are Non-executive Directors and two out of the two Members are Independent Directors, namely, Shri D. P. Roy 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

Member S/Sh	No. of Meetings Held	No. of Meeting Attended
D. P. Roy	4	4
Ashok Sinha (upto 19th August, 2010)	4	NIL
P. K. Chadha	4	4
S. V. Narasimhan	4	4
J. L. Zutshi (upto 2nd July, 2010)	4	NIL

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 Government 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 following:

- Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of statutory and internal auditors (wherever required), fixation of audit fee and also approval for payment for any other services.

- Reviewing with 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 of any fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors about the scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the lenders, shareholders (in case of non-payment of declared dividends) and other creditors.

Shareholders / Investors Grievance Committee

As on 31st March, 2011, the Shareholders/Investors Grievance Committee comprises the following Directors:

1. Shri D. P. Roy, 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 Meeting(s) of Shareholders / Investors Grievance Committee

Date of Meeting	Members	Meeting attended
18.01.2011	Shri D. P. Roy	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, 2011

Eight complaints were pending as on 1st April, 2010. 1321 complaints were received and 1323 complaints were resolved during the year. Only 6 complaints were pending as on 31st March 2011.

PETRONET LNG LIMITED

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. Dr. A. K. Balyan, Managing Director & CEO
2. Shri A. Sengupta, Director (Finance & Commercial)
3. Shri C. S. Mani, Director (Technical)

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

Remuneration Committee

The Remuneration Committee was constituted by the Board to determine the Remuneration Package for Executive Directors. Following Directors are the Members of the Remuneration Committee as on 31st March, 2011:

1. Shri D. P. Roy, Chairman
2. Shri P. K. Chadha, Member
3. Shri D. K. Sarraf, Member

Two meetings of the Remuneration Committee were held on 27th April, 2010, and 29th May, 2010.

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	2007-08	2008-09	2009-10
Date & Time Venue	4th June, 2008, at 10:00 AM. Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi -110010	25th June, 2009, at 10:00 AM. Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110010	24th June, 2010, at 10:00 AM. Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110010
Details of Special Resolutions	1. Appointment of Statutory Auditors	1. Appointment of Statutory Auditors	1). Appointment of Statutory Auditors 2). Amendment of Articles of Association
Resolutions passed through Postal Ballot	Nil	Nil	Nil

Extraordinary General Meeting(s) (EGMs)

During the year, no Extraordinary 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 has an exclusive e-mail ID i.e. investors@petronetlng.com for investors to contact the Company in case of any information and grievances. The financial results were also published in national daily newspapers in terms of Listing Agreement.

General Shareholders Information

Annual General Meeting (AGM)

Day & Date	Thursday, the 30th June, 2011
Time	10:00 AM
Venue	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi - 110010
Date of Book Closure	20th June, 2011 to 30th June, 2011 (Both days inclusive)

Dividend Payment Date

The dividend, if approved by the Members of the Company, will be paid on or after 4th July, 2011.

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, 2011, 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, 2010	29th July, 2010
July-September, 2010	25th October, 2010
October-December, 2010	18th January, 2011
Year Ended	
31st March, 2011	26th April, 2011

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, 2010	87.05	75.10	87.00	72.00
May, 2010	85.45	78.80	85.50	79.00
June, 2010	85.75	76.80	85.80	76.80
July, 2010	95.20	76.60	96.00	76.60
August, 2010	119.55	90.70	119.50	90.50
September, 2010	118.50	105.00	118.45	105.30
October, 2010	129.75	106.20	129.90	105.45
November, 2010	128.45	107.05	128.10	107.00
December, 2010	131.30	113.15	131.30	113.30
January, 2011	136.00	118.60	136.50	118.60
February, 2011	132.45	105.10	132.50	105.10
March, 2011	123.00	108.90	123.15	109.00

PETRONET LNG LIMITED
DISTRIBUTION SCHEDULE AS ON 31.03.2011

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in Rs.	% of Amount
Upto - 5000	3,51,019	89.20	5,64,81,173	56,48,11,730	7.53
5001 - 10,000	27,983	7.11	2,21,05,485	22,10,54,850	2.95
10,001 - 20,000	9,145	2.32	1,34,98,535	13,49,85,350	1.80
20,001 - 30,000	2,120	0.54	54,34,175	5,43,41,750	0.72
30,001 - 40,000	897	0.23	32,17,247	3,21,72,470	0.43
40,001 - 50,000	656	0.17	31,17,152	3,11,71,520	0.42
50,001 - 100,000	913	0.23	66,93,721	6,69,37,210	0.89
100,001 & Above	779	0.20	63,94,52,556	6,39,45,25,560	85.26
TOTAL	3,93,512	100.00	75,00,00,044	7,50,00,00,440	100.00

Shareholding Pattern of the Company as on 31.03.2011

Category		No. of Shares Held	% of Shareholding
A	Promoters' holding		
1	Promoters		
	● Indian Promoters	37,50,00,000	50.00
	● Foreign Promoters	Nil	Nil
	Sub- Total (A)	37,50,00,000	50.00
B	Non-Promoters' holding		
1	Institutional Investors		
a	Mutual Funds and UTI	7,42,71,450	9.90
b	Banks, Financial Institutions	3,49,447	0.05
c	Insurance Companies / Central / State Govt. Institutions / Non-government Institutions / Venture Capital Funds	Nil	Nil
d	FII's (Including ADB holding)	8,51,66,583	11.36
	Sub-Total (B1)	15,97,87,480	21.31
2	Others		
a	Private Corporate Bodies	1,70,59,388	2.27
b	Indian Public including HUF	11,82,74,497	15.77
c	NRIs / OCBs (Including GDFI)	7,87,91,704	10.51
d	Any other (Clearing Members & Trusts)	10,86,975	0.14
	Sub-Total (B2)	21,52,12,564	28.69
	GRAND TOTAL (A+B1+B2)	75,00,00,044	100.00

List of Shareholders Holding More than 1% of Equity Capital as on 31.03.2011

Name	No. of Shares Held	% of Shareholding
Promoters' 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

Detail of Unclaimed Shares as on 31.03.2011 issued pursuant to Initial Public Offer (IPO)

S. No.	Particulars	Cases	No. of shares
1	Aggregate Number of shareholders and the outstanding shares in the suspense account (i.e. KCL ESCROW ACCOUNT PETRONET LNG IPO-OFFER) lying at the beginning of the year, i.e. 1.4.2010.	668	1,38,400
2	Number of shareholders who approached for transfer of shares from suspense account during the year.	10	2,900
3	Number of shareholders to whom shares were transferred from suspense account during the year.	10	2,900
4	Aggregate number of shareholders and outstanding shares in the suspense account at the end of year, i.e. 31.3.2011.	658	1,35,500

Code of Conduct for Board Members & Senior Management Personnel

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 web site of the Company. All the Board Members and Senior Management Personnel have affirmed compliances with the said Code for the year ended 31st March, 2011.

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.

Status of Corporate Governance Voluntary Guidelines 2009

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



PETRONET LNG LIMITED

Major Plant / Unit Location(s)

Dahej Plant Location :	Kochi LNG Project Site :
LNG Terminal, Dahej	Survey No. 347,
GIDC Industrial Estate,	Puthuvypu (Puthuypeeen SEZ)
Plot No 7/A, Dahej Talukavagra	P.O. 682508, Kochi, KERALA
Distt. Bharuch, GUJARAT	Tel: 0484-2500068
Tel : 02641-253182/257004-257007	
Fax: 02641-253184	

Address for Correspondence

Registered & Corporate Office:	Registrar & Share Transfer Agent :
Petronet LNG Limited	M/s Karvy Computershare Pvt. Limited
World Trade Centre, First Floor,	Plot No. 17 to 24, Vittal Rao Nagar,
Babar Road, Barakhamba Lane,	Madhapur, HYDERABAD - 500081
NEW DELHI - 110 001	Tele: 040-23312454,23320751/52
Tel: 011- 23413616, 23411411	Fax: 040-23311968,23323049
Fax: 011- 23414271	Email: mailmanager@karvy.com
Email: investors@petronetlng.com	

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, 2011, 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
ICAI Firm Regn. No. 109208W

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

Place : New Delhi
Date : 1st June, 2011

PETRONET LNG LIMITED**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, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 our 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 for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of those books;
 - (c) The Balance Sheet, 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 31.03.2011 from being appointed as directors of the Company under section 274(1)(g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the significant accounting policies and 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, 2011;
 - 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 (as amended) 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 of the books and records of the Company 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 regular intervals. 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 covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditors Report) Order are not applicable.
 - e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(e) to (g) of the Companies (Auditors Report) Order are not applicable.



- iv In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
- 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 or any other relevant provisions and the Rules framed there under.
- 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 information and explanations given to us and records of the Company examined by us, in our opinion, 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, 2011, 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, 2011 in respect of sales tax / income tax / custom duty / wealth tax / service tax.
- x The Company has no accumulated losses as at 31st March 2011 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. There are no debentures outstanding in the books of accounts at any time 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 except that an amount of Rs. 249.15 crores pending utilization is temporarily held in short term investment.
- xvii According to information and explanations given to us, the cash flow statement examined by us and on overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term investments.
- 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 As the Company has no outstanding debentures during the year, question of creating securities or charge does not arise.
- xx The Company has not raised any money through public issue of securities during the year and therefore, 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
ICAI Firm Regn. No. 109208W
(Ajay Gupta)
Partner
Membership No. 90104

Place : New Delhi
Date : 26th April, 2011



PETRONET LNG LIMITED

Balance Sheet as at 31st March 2011

(Rupees in lacs)			
SOURCES OF FUNDS	Schedule	As at 31.03.2011	As at 31.03.2010
Shareholders' Funds			
a) Share Capital	1	75,000.00	75,000.00
b) Reserves and Surplus	2	193,015.53	148,487.81
		268,015.53	223,487.81
Loan Funds			
a) Secured Loans	3	303,557.76	229,977.18
b) Unsecured Loans - Short Term			
- Other than Banks		-	20,004.25
- Banks		18,056.00	-
Deferred Tax Liability (net)		34,800.00	32,620.00
TOTAL		624,429.29	506,089.24
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	4	355,373.24	354,951.20
b) Less Depreciation		85,129.32	66,665.21
c) Net Block		270,243.92	288,285.99
d) Capital work in progress (at cost)	5	220,287.39	131,835.93
		490,531.31	420,121.92
Investments			
	6	116,488.49	53,862.02
Current Assets, Loans and Advances			
a) Inventories	7	24,797.95	22,226.44
b) Sundry Debtors	8	84,716.89	50,348.22
c) Cash & Bank Balances	9	15,402.10	34,049.61
d) Other Current Assets	10	467.86	307.88
e) Loans & Advances	11	13,360.89	15,228.22
		138,745.69	122,160.37
Less : Current Liabilities and Provisions	12		
a) Current Liabilities		103,480.62	74,487.04
b) Provisions		17,855.58	15,568.03
		121,336.20	90,055.07
Net Current Assets		17,409.49	32,105.30
TOTAL		624,429.29	506,089.24
Significant Accounting Policies	17		
Notes on Accounts	18		

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

Annexure to our review 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/-
Dr. A. K. Balyan
Managing Director & CEO

Sd/-
A. Sengupta
Director - Finance & Commercial

Place : New Delhi
Date : 26th April, 2011

Sd/-
R. K. Garg
Company Secretary

Profit and Loss Account for the year ended 31st March 2011

(Rupees in lacs)

INCOME	Schedule	For the year ended 31.03.2011	For the year ended 31.03.2010
Sales		1,310,574.67	1,060,293.65
Services (TDS Rs. 200.81 lacs (previous year Rs. 104.76 lacs))		9,153.84	4,615.13
Other Income	13	6,795.64	9,783.02
		<u>1,326,524.15</u>	<u>1,074,691.80</u>
EXPENDITURE			
Raw Material Consumed		1,180,120.49	966,476.18
Personnel Expenses	14	3,056.27	2,043.66
Operating and Other Expenses	15	14,925.12	11,743.54
Finance Charges	16	19,313.09	18,392.87
Depreciation	4	18,467.65	16,085.81
		<u>1,235,882.62</u>	<u>1,014,742.06</u>
Profit / (Loss) before taxation		90,641.53	59,949.74
Less: Tax Expense			
Current Tax		26,500.00	14,100.00
Deferred Tax Liability		2,180.00	5,400.00
Profit after taxation		<u>61,961.53</u>	<u>40,449.74</u>
Add: Profit brought forward from last year		<u>118,941.31</u>	<u>99,596.96</u>
		180,902.84	140,046.70
Less: Appropriations			
Transfer to General Reserve		11,000.00	5,800.00
Dividend/Proposed Dividend		15,000.37	13,125.42
Income Tax on Dividend/Proposed Dividend		2,433.44	2,179.97
Profit carried to Balance Sheet		<u>152,469.03</u>	<u>118,941.31</u>

Basic/Diluted Earnings per share (face value of Rs. 10/- each) 8.26 5.39

Significant Accounting Policies 17
Notes on Accounts 18

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

Annexure to our review 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/-
Dr. A. K. Balyan
Managing Director & CEO

Sd/-
A. Sengupta
Director - Finance & Commercial

Place : New Delhi
Date : 26th April, 2011

Sd/-
R. K. Garg
Company Secretary


PETRONET LNG LIMITED

		(Rupees in lacs)	
Cash Flow Statement for the year ended 31st March 2011		2010-11	2009-10
A	Cash Flow arising Operating Activities		
	Net Profit before Taxes	90,641.53	59,949.74
	Adjustment for		
	Depreciation	18,467.65	16,085.81
	Interest on term loan	18,070.09	17,396.02
	Income on Investment (profit)	-	(43.90)
	Interest Income	(1,386.29)	(2,848.94)
	Dividend income on current investment	(2,469.31)	(1,667.93)
	(Profit) / Loss on Sale of Fixed Assets	8.44	56.69
	Operating Profit before Working Capital Changes	123,332.11	88,927.49
	Adjustment for Working Capital changes		
	(Increase) / Decrease in Inventories	(2,571.52)	16,331.35
	(Increase) / Decrease Trade & Other receivables	(34,368.67)	16,766.81
	(Increase) / Decrease Other Current assets	(159.99)	1,375.61
	(Increase) / Decrease Loans & Advances	(2,841.14)	(5,094.39)
	Increase / (Decrease) Current liabilities and provisions	29,152.64	884.92
	Net Cash from Working Capital changes	(10,788.68)	30,264.30
	Cash flow from Operating Activities	112,543.43	119,191.79
	Income Tax (Paid) / refund	(21,791.49)	(16,402.18)
	Net Cash flow from Operating Activities	90,751.94	102,789.61
B	Cash Flow on Investing Activities		
	Purchase of fixed assets and change in Capital Work in Progress	(88,888.67)	(104,720.95)
	Sale/Adjustment of Fixed Assets	3.18	17.08
	Purchase of Investment - other than Mutual Funds	(562.00)	(8,554.00)
	Purchase of Investment - Mutual Funds	(981,213.72)	(707,312.00)
	Sale/Adjustment of Investments (mutual funds)	919,149.25	692,474.09
	Interest income	1,386.29	2,848.94
	Dividend income on current investment	2,469.31	1,667.93
	Net Cash from Investing Activities	(147,656.36)	(123,578.91)
C	Net cash flow on financing activities		
	Drawdown of secured long term loan	93,570.69	-
	Repayment of Secured Long Term loans	-	(18,192.58)
	Secured short term loan taken / (Repayment)	(20,000.00)	20,000.00
	Unsecured short term loan taken / (Repayment)	(1,944.00)	20,000.00
	Interest on term loan	(18,064.45)	(17,391.77)
	Dividend Paid	(13,125.37)	(13,125.42)
	Dividend Distribution tax paid	(2,179.96)	(2,230.66)
	Net cash flow from financing activities	38,256.91	(10,940.43)
	Net Increase / (decrease) in cash or cash equivalents	(18,647.51)	(31,729.73)
	Opening Cash and cash equivalents	34,049.61	65,779.34
	Closing Cash and cash equivalents	15,402.10	34,049.61

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

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

Sd/-
Ajay Gupta
Partner
Membership No 90104
Place : New Delhi
Date : 26th April, 2011

Sd/-
Dr. A. K. Balyan
Managing Director & CEO

 Sd/-
R. K. Garg
Company Secretary

Sd/-
A. Sengupta
Director - Finance & Commercial

PETRONET LNG LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees in lacs)	
	As at 31.03.2011	As at 31.03.2010
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
	<u>75,000.00</u>	<u>75,000.00</u>
Schedule 2 : Reserves and Surplus		
General Reserve		
Balance as per last balance sheet	14,000.00	8,200.00
Add: Transfer from Profit & Loss Account	11,000.00	5,800.00
	<u>25,000.00</u>	<u>14,000.00</u>
Securities Premium Account	15,546.50	15,546.50
Profit & Loss Account	152,469.03	118,941.31
	<u>193,015.53</u>	<u>148,487.81</u>
Schedule 3 : Secured Loans (see notes below)		
*Term Loans from :		
-Banks	147,501.57	129,207.38
-Others	156,056.19	80,769.80
**Short term loans from bank	-	20,000.00
	<u>303,557.76</u>	<u>229,977.18</u>

Note :

* Secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets.

** Secured by way of hypothecation on the entire stocks, book debts and other moveable assets of the Company by way of subservient charge.

Schedule 4 : Fixed Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2010	Additions	Deductions	As on 31.03.2011	Upto 31.03.2010	For the year	Written back	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Tangible Assets:										
Leasehold Land	775.64	-	-	775.64	278.33	25.83	-	304.16	471.48	497.31
Buildings	13,845.38	105.07	-	13,950.45	1,521.30	394.38	-	1,915.68	12,034.77	12,324.08
Plant & Machinery	338,432.86	173.50	-	338,606.36	63,726.14	17,884.91	-	81,611.05	256,995.31	274,706.72
Equipment & Appliances	1,003.62	71.39	5.08	1,069.93	635.73	103.86	0.86	738.73	331.20	367.89
Furniture & Fixtures	312.67	72.58	10.09	375.16	90.15	28.22	2.68	115.69	259.47	222.52
Speed Boat	68.45	-	-	68.45	5.09	4.84	-	9.93	58.52	63.36
Vehicles	136.94	14.67	-	151.61	46.41	13.85	-	60.26	91.35	90.53
Intangible Assets:										
Licenses/Softwares	375.64	-	-	375.64	362.06	11.76	-	373.82	1.82	13.58
TOTAL	354,951.20	437.21	15.17	355,373.24	66,665.21	18,467.65	3.54	85,129.32	270,243.92	288,285.99
Previous Year	197,482.16	157,583.48	114.44	354,951.20	50,620.07	16,085.81	40.67	66,665.21	288,285.99	146,862.09

Note:

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


PETRONET LNG LIMITED

	(Rupees in lacs)	
	As at 31.03.2011	As at 31.03.2010
SCHEDULE 5 : Capital work in progress		
Kochi Project:		
- Mobilisation Advances	9,397.75	19,498.66
- Engineering / project construction	187,689.50	103,706.99
- Interest and Finance Charges (see note 11)	11,982.08	3,431.89
- Buildings	737.74	-
Dahej Expansion Project:		
- Mobilisation Advances	5,330.41	-
Others	5,149.91	5,198.39
	220,287.39	131,835.93

SCHEDULE 6 : Investments
Unquoted
Trade

Long Term (at cost)		
7,33,35,000 Equity Shares (previous year 6,77,15,000) of Rs. 10 each, fully paid up in Adani Petronet (Dahej) Port Pvt. Ltd *	7,333.50	6,771.50
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

Non Trade

- Central Govt. Securities (Long Term) (at cost)(Face value Rs. 5000 lacs)	4,988.00	4,988.00
- Unit of Mutual Funds (Current) (at lower of cost and fair value)	104,166.86	42,102.39
(Net assets value as on 31.03.2011 is Rs. 104,344.75 lacs (previous year Rs. 42,102.39 lacs)	116,488.49	53,862.02

* 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.

** Pledged with Sumitomo Mitsui Banking Corporation

Notes:

Investments purchased and sold during the year-

(Rupees in lacs)						
MUTUAL FUND	OPTION	AS ON 01.04.2010	PURCHASE DURING THE YEAR	SOLD DURING THE YEAR	AS ON 31.03.2011	NO. OF UNITS AS ON 31.03.2011
LIC Mutual Fund	Debt (Liquid -Dividend)	-	3,83,429	3,83,429	-	
DSP Black Rock Mutual Fund	Debt (Liquid -Dividend)	-	5,332	5,332	-	
Kotak Mutual Fund	Debt (Liquid -Dividend)	5,037	51,258	56,295	-	
ICICI Prudential Mutual Fund	Debt (Liquid -Dividend)	5,059	1,23,917	1,08,708	20,268	20,24,84,208
Birla Mutual Fund	Debt (Liquid -Dividend)	-	29,564	29,564	-	
Principal Mutual Fund	Debt (Liquid -Dividend)	15,003	1,30,189	1,25,058	20,134	20,12,12,845
Taurus Mutual Fund	Debt (Liquid -Dividend)	-	15,053	15,053	-	
Reliance Mutual Fund	Debt (Liquid -Dividend)	-	88,192	88,192	-	
Reliance Mutual Fund	Debt (Growth option)	2,000	-	-	2,000	2,00,00,000
TATA Mutual Fund	Debt (Liquid -Dividend)	-	8,814	8,814	-	
IDFC Mutual Fund	Debt (Liquid -Dividend)	-	5,009	5,009	-	
UTI Mutual Fund	Debt (Liquid -Dividend)	-	1,80,476	1,52,869	27,606	26,54,032
Fortis Mutual Fund	Debt (Liquid -Dividend)	-	44,321	44,321	-	
L & T Mutual Fund	Debt (Liquid -Dividend)	10,003	17	10,020	-	
SBI Mutual Fund	Debt (Liquid -Dividend)	-	59,190	59,190	-	
SBI Mutual Fund	Debt (Growth option)	-	1,000	-	1,000	1,00,00,000
Baroda Pioneer Mutual Fund	Debt (Liquid -Dividend)	5,001	1,42,803	1,27,288	20,516	20,50,050
Sundaram Mutual Fund	Debt (Liquid -Dividend)	-	27,723	15,081	12,642	12,59,55,740
Canara Rebeco Mutual Fund	Debt (Liquid -Dividend)	-	40,346	40,346	-	



PETRONET LNG LIMITED

	(Rupees in lacs)	
	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
SCHEDULE 7 : Inventories (lower of cost or net realisable value)		
Raw Material	13,834.94	13,775.91
Raw Material in Transit	8,942.89	6,704.60
Stores and spares	2,001.50	1,732.23
Stores and spares in Transit	18.62	13.70
	<u>24,797.95</u>	<u>22,226.44</u>
SCHEDULE 8 : Sundry Debtors (Unsecured - Considered good)		
Outstanding for a period exceeding six months	-	-
Other Debts	84,716.89	50,348.22
	<u>84,716.89</u>	<u>50,348.22</u>
SCHEDULE 9 : Cash and Bank balances		
Cash in Hand	0.64	0.69
Balance with Scheduled Banks:		
- In Current Accounts	88.96	336.43
- In Short Term Deposits	12,862.50	31,262.49
Term Deposits with others	2,450.00	2,450.00
	<u>15,402.10</u>	<u>34,049.61</u>
SCHEDULE 10 : Other Current Assets (Unsecured - Considered Good)		
Interest accrued		
- on Bank Deposits	34.52	53.14
- others	433.34	254.74
	<u>467.86</u>	<u>307.88</u>
SCHEDULE 11 : Loans and Advances (Unsecured- Considered Good unless otherwise stated)		
Loans		
Employees	47.89	62.67
Others	1,082.78	1,030.87
Advances recoverable in cash or in kind or for value to be received	9,467.24	6,680.80
Advance payment of tax/TDS/MAT Credit (net of provisions)	1,816.22	6,524.68
Deposits with :		
Government Authorities	925.60	908.39
Others	21.16	20.81
	<u>13,360.89</u>	<u>15,228.22</u>
SCHEDULE 12 : Current Liabilities and Provisions		
a. Current Liabilities		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	-	-
Others	83,168.03	60,425.89
Security Deposits	12.46	16.32
Due to Promoter Companies	180.78	179.61
Interest accrued but not due	8.24	-
Book overdraft	48.39	-
Other Liabilities	20,062.72	13,865.22
Sub total	<u>103,480.62</u>	<u>74,487.04</u>

**PETRONET LNG LIMITED**

		(Rupees in lacs)	
		<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
b. Provisions:			
Leave encashment and gratuity		422.20	263.13
Proposed Dividend		15,000.00	13,125.00
Tax on Proposed Dividend		2,433.38	2,179.90
Sub total	(B)	<u>17,855.58</u>	<u>15,568.03</u>
Total	(A+B)	<u>121,336.20</u>	<u>90,055.07</u>
SCHEDULE 13 : Other Income			
		For the year	For the year
		ended 31.03.2011	ended 31.03.2010
Interest:			
- on bank deposits *		812.10	2,561.97
- on investments (non trade)		303.50	220.04
- others*		270.68	66.93
- on income tax refunds		1,167.16	-
Profit on disposal of current investments		-	43.90
Dividend (on current investments) (non trade)		2,469.31	1,667.93
Provision written back		54.37	2.64
Foreign Exchange fluctuations (net)		1,402.90	5,188.46
Miscellaneous Income		315.62	31.15
		<u>6,795.64</u>	<u>9,783.02</u>
* Tax deducted at source on above		104.73	779.47
SCHEDULE 14 : Personnel Expenses			
Salaries and Wages*		2,635.42	1,759.09
Contribution to Provident and Other Funds		345.78	201.66
Staff Welfare Expenses		75.07	82.91
		<u>3,056.27</u>	<u>2,043.66</u>
*includes Commission to the Whole-time Directors Rs. 44.38 lacs (previous year Rs. 31.11 lacs)			
SCHEDULE 15 : Operating and Other Expenses			
Consumption of stores and spare parts		829.55	655.73
Power & Fuel		6,508.90	4,799.89
Repair & Maintenance			
Machinery		365.34	231.61
Building		209.50	136.36
Others		89.56	58.13
Rent		584.18	393.82
Rates & taxes		727.90	349.73
Insurance		1,406.59	1,508.67
Travelling & Conveyance		680.93	598.78
Legal, Professional & Consultancy Charges		659.76	1,043.50
Technical Assistance Services		49.08	177.42
Directors' Sitting fees		16.00	10.90
Directors' Commission (other than whole time directors)		10.00	-
Charity & Donation		26.45	104.13
Loss on sale/write off of Fixed Assets (net)		8.44	56.69
Wealth Tax		0.50	0.50
Interest - Others (Statutory Payments)		4.02	3.74
Road development expenses		452.71	-
Other Expenses		2,295.71	1,613.94
		<u>14,925.12</u>	<u>11,743.54</u>
SCHEDULE 16: Finance Charges			
Interest on Long Term Loans		18,009.88	17,396.02
Interest on Short Term Loans		60.21	-
Bank Charges		1,243.00	996.85
		<u>19,313.09</u>	<u>18,392.87</u>

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 ready to use 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. 5,000 is provided on straight line method in accordance with the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

(c) Assets costing upto Rs. 5000/- are depreciated fully in the year of purchase / capitalization.

Intangible Assets -

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

5. Investments

(a) Long term investments are carried at cost after deducting provision, where the decline in value is considered as other than temporary in nature.

(b) Current investments are valued at lower of cost or fair value.

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 when risk and reward stand 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 recognised, when the right to receive the dividend is established.

**PETRONET LNG LIMITED****8. Foreign Currency Transactions**

- (a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on year end date.
- (c) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost.
- (d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the 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. 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 (net of any income on the temporary investments of those borrowings) attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost till the 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 / virtual 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.

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. 22,09,95.65 lacs. (Previous year Rs. 19,61,96.99 lacs).

2. Contingent Liabilities

- a. Letters of Credit / Bank Guarantees Rs.20,91,80.20 lacs. (Previous year Rs. 13,20,91.02 lacs)
- b. The Collector of Electricity Duty, Gandhinagar (Gujarat) had issued notices classifying the business activities 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 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 two writ petitions, which is pending before the Gujarat High Court. Meanwhile Company continues to make payment of Electricity Duty @15% on the basis of the stay order granted by the High Court.

The High Court has clubbed similar matters pending before it and is being tried together. Court has so far concluded the arguments of all the Petitioners and is now listed for the arguments of GEB .The total contingent liability till March 31,2011 calculated on the differential payable (25% for “HTP-II A” as classified by GEB and what is actually paid by Company on “HTP-I” rate ie 15%) is Rs. 13,87.34 lacs (Previous year Rs.13,36.69 lacs).

- c. The Company has filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act ,1958, the Company is required to pay stamp duty @ Re.1 per Rs.1000/ or part thereof of the value mentioned in the Delivery Order of the goods imported through ports in Gujarat. The Honorable High Court of Gujarat vide its order dated February 24, 2010 has upheld the plea of the Company and quashed the notice issued by the Stamp Authorities. The Stamp Authorities have filed an appeal on 14.12.2010, well beyond the limitation period for filing appeal. Delay is condoned by the Court and appeal is pending for hearing. The contingent liability from the effective date of amendment i.e. April 1, 2006 till March 31, 2011 on the CIF value is estimated to be Rs.3,708.52 Lacs. (Previous year till March 31, 2010 Rs. 2,589.13 lacs)

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

- d. Advances recoverable in cash or in kind or for value to be received (Schedule 11) includes service tax of Rs. 40.05 crores on vessel hire charges (including interest of Rs.2.97 crore) paid under protest for the period from 16th May 2008 to 30th September 2009 under section 65(105)(zzzzj) of the Finance Act, 1994 (as amended) - Supply of Tangible Goods for Use. Based on the opinion of the tax consultants, the Company is of the view that the demand is not tenable and the Company has filed a refund claim for the same with the Service tax Department. Further, in the event of non refund of claim, the Company has counter claim of the amount from the Off takers with interest. Thus, no provision is considered necessary by the management.
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. Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said Act are not ascertainable.

5. Employee Benefits (AS - 15 revised)

Following information are based on report of Actuary.

Defined benefit plans as at 31.03.2011

The principal assumptions used in actuarial valuation are as below	2010-11	2009-10
- Discount rate	8.00%	8.00%
- Expected rate of future salary increase	5.50%	5.50%
- Mortality	LIC (1994-96)	LIC (1994-96)

PETRONET LNG LIMITED

Rupees in lacs

Particulars	2010-11		2009-10	
	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
<u>Change in present value of obligations</u>				
- Present value of obligations as at 01.04.2010	1,03.14	1,59.99	82.60	1,30.39
- Interest cost	8.25	12.80	6.61	10.43
- Current service cost	30.98	47.61	20.26	33.77
- Benefits paid	(9.65)	(34.54)	(5.24)	(12.91)
- Actuarial (gain) / loss on Obligations	39.41	64.21	(1.09)	(1.69)
- Present value of obligations as at 31.03.2011	1,72.13	2,50.07	1,03.14	1,59.99
Changes in fair value of plan assets	Not Applicable		Not Applicable	
<u>Liability recognized in the Balance Sheet</u>				
- Present value of obligations as at 31.03.2011	1,72.13	2,50.07	1,03.14	1,59.99
- Fair value of plan assets as at the end of the year	-	-	-	-
- Unfunded status	1,72.13	2,50.07	1,03.14	1,59.99
- Unrecognised Actuarial (Gain) / Loss	-	-	-	-
- Net (Assets) / Liability recognized in Balance Sheet	1,72.13	2,50.07	1,03.14	1,59.99
<u>Expenses recognized in Profit and Loss Account</u>				
- Current service cost -	30.98	47.61	20.26	33.77
- Past service cost	-	-	-	-
- Interest cost	8.25	12.80	6.61	10.43
- Expected return on plan assets	-	-	-	-
- Net Actuarial (Gain) / Loss recognized during the year	39.41	64.21	(1.09)	(1.69)
- Amount capitalised	(4.63)	(6.07)	(0.33)	(0.66)
- Total Expense recognized in Profit and Loss Account	74.01	118.55	25.45	41.85
<u>Defined Contribution Plan -</u>				
Amount recognized as an expense in respect of defined contribution plans are as under				
Contribution to Govt. Provident Fund		1,27.31		82.76
Contribution to Superannuation Fund		1,44.45		93.47

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 (KMP)

P Dasgupta (Managing Director & CEO) (Till 30th June 2010)
 A K Balyan (Managing Director & CEO) (Since 16th July 2010)
 Amitava Sengupta (Director – Finance & Commercial)
 C S Mani (Director – Technical)

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

PETRONET LNG LIMITED
Rupees in lacs

S. No.	Nature of Transaction	Name of the Party (Relationship)	2010-11	2009-10	
1.	Sale of RLNG	IOCL (Promoter)	37,24,73.90	26,77,99.22	
		BPCL (Promoter)	12,89,02.66	11,40,57.61	
		GAIL (Promoter)	72,53,54.06	54,55,04.93	
		TOTAL	1, 22,67,30.62	92,73,61.76	
2.	Regasification services	GAIL (Promoter)	36,50.36	8,30.75	
		3. Payment of Rent and related services	IOCL (Promoter)	4,61.37	3,01.49
			4. Remuneration to staff on deputation	BPCL (Promoter)	5.71
		IOCL (Promoter)		-	0.46
TOTAL	5.71	27.55			
5.	Remuneration paid to Key Managerial Personnel (See Note 14)	Dr. A K Balyan	36.69	-	
		P. Dasgupta	51.96	58.12	
		Amitava Sengupta	60.05	42.46	
		C. S .Mani	57.54	42.19	
		TOTAL	2,06.24	1,42.77	
6.	Amount Receivable at the year end	IOCL (Promoter) -	2,19,45.05	1,69,41.45	
		BPCL (Promoter)	73,56.04	44,64.57	
		GAIL (Promoter)	4,35,99.26	2,89,66.47	
		TOTAL	7,29,00.35	5,03,72.49	
7.	Amount Payable at the year end	IOCL (Promoter)	82.62	45.37	
		BPCL (Promoter)	-	5.63	
		ONGC (Promoter)	1,88.14	1,85.18	
		TOTAL	2,70.76	2,36.18	

8. Earning per share (EPS) (AS – 20)
Rupees in Lacs

Particulars	2010-11	2009-10
Net Profit / (Loss) after current and deferred tax	6,19,61.53	4,04,49.74
Weighted average number of equity shares of Rs10/- each	75,00,00,044	75,00,00,044
EPS (Rs.) - Basic and Diluted	8.26	5.39

9. Deferred Tax Assets & Liabilities (AS – 22)

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

Rupees in lacs

Particulars	As on 31.03.2011	Current Year	As on 31.03.2010
Deferred Tax Liability			
Difference between carrying amount of fixed assets in the financial statements and the income tax computation	3,49,40.00	22,30.00	3,27,10.00
Deferred Tax Asset			
Leave Encashment / Gratuity	1,40.00	50.00	90.00
Net Deferred Tax Assets/ (liability)	(3,48,00.00)	(21,80.00)	(3,26,20.00)

PETRONET LNG LIMITED
10. 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 26% Equity in APPPL. Development of the port is in progress. The disclosure as per AS-27 is as follows

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	
Country of Incorporation	:	India	
Financial interest		2010-11 (Unaudited)	2009-10 (Audited)
Proportion of Ownership Interest	:	26%	26%
Company's share of Assets	:	Rs. 2,20,37.25 lacs	Rs. 1,19,50.98 lacs
Liabilities	:	Rs. 136,63.62 lacs	Rs. 47,63.48 lacs
Income	:	Rs. 6,36.53 lacs	Nil
Expense	:	Rs. 7,03.74 lacs	Rs. 28.07 lacs

11. In terms of para 10 of Accounting Standard 16 "Borrowing Costs" Rupees 21,72.86 lacs (previous year Nil) has been reduced from the Interest and Finance Charges (Schedule 5 – Capital Work in Progress) being income on temporary surplus invested out of borrowings related to Capital Expenditures.
12. In respect of external commercial borrowing of USD 150.00 million from International Finance Corporation, Washington D.C., USA outstanding as on 31st March, 2011, the Company has entered into derivative contracts to hedge the loan including interest. This has the effect of freezing the rupee equivalent of this liability as reflected under the Secured Loans (Schedule No. 3). Thus there is no impact in the Profit & Loss account, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the Profit & Loss account.
13. There is no impairment loss of any asset that has occurred in terms of AS – 28.

14. Remuneration to Managing and Whole-time Directors
Rupees in lacs

Particulars	2010-11	2009-10
Salaries and Allowances	119.37	96.94
Contribution to Provident fund and Gratuity	13.65	5.02
Other benefits and perquisites	28.84	9.70
	1,61.86	1,11.66
Commission for the year 2009-10	-	31.11
Commission for the year 2010-11	44.38	-
Total	2,06.24	1,42.77

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.

15. Computation of Commission payable to Directors
Rupees in lacs

Particulars	2010-11	2009-10
Profit before Taxation	9,06,41.53	5,99,49.74
Add : Director's Sitting Fee	16.00	10.90
Remuneration to Managing and Whole-time Directors	1,61.86	1,11.66
Director's Commission (for the year 2009-10)	-	31.11
Director's Commission (for the year 2010-11)	54.38	-
Less : Profit on sale of Investments	-	(43.90)
Net Profit for calculating Directors Commission	9,08,73.77	6,00,59.51
Commission @ 1% on above	9,08.74	6,00.59
(As per Shareholders resolution dated 14 th June 2007)		
Commission payable	54.38	31.11

16. Foreign currency exposure of the Company
Rupees in lacs

Particulars	Currency	2010-11	2009-10
<u>Unhedged foreign currency exposure (In millions)</u>			
- Import of raw material	USD	116.30	83.16
- Others – Payable	USD	0.46	0.01
	EURO	0.02	0.02
- Payable to EPC Contractor	USD	7.07	25.70
	EURO	0.66	0.46
	JPY	11,30.86	396.29
- Shareholder Loan (Receivable)	USD	2.45	2.31

17. Remuneration to Auditors
Rupees in lacs

Particulars	2010-11	2009-10
Audit Fee	7.72	6.07
Limited review fees	4.14	3.31
Tax audit fee	2.21	1.38
Fee for certification	13.40	10.86
Others	1.66	3.03
Reimbursement of expenses	1.80	0.88
Total	30.93	25.53

Note: Fees is inclusive of service tax.

18. Capital Work in Progress at Kochi Project includes following expenses
Rupees in lacs

Particulars	2010-11	2009-10
Salaries and Wages	2,78.56	79.67
Contribution to Provident and Other Funds	37.56	11.34
Staff Welfare Expenses	5.66	1.60
Power & Fuel	10.45	2.61
Repairs & Maintenance – Others	2.11	1.75
Rent	5,67.56	4,60.91
Rates & Taxes	1,36.83	-
Insurance	4,29.78	2,91.66
Travelling & Conveyance	1,75.04	76.85
Legal, Professional and Consultancy Charges	24,13.22	23,08.76

19. Additional information as required under para 4 of part II to Schedule VI of the Companies Act, 1956
Rupees in lacs

Particulars	2010-11	2009-10
a) Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity (Certified by the management and not verified by the auditors, being a technical matter)	10.00 MMTPA	10.00 MMTPA
Actual Production	8.64 MMTPA	7.84 MMTPA

PETRONET LNG LIMITED

Particulars	2010-11		2009-10	
	Quantity in TBTU's	Amount (Rs. in Lacs)	Quantity in TBTU's	Amount (Rs. in Lacs)
b) Opening Stock of LNG	5.89	1,37,75.91	10.19	3,69,38.06
Purchases of LNG	4,13.14	1,18,01,79.52	3,85.61	95,29,70.70
Sales of RLNG	4,12.21	1,31,05,74.67	3,84.41	1,06,02,93.65
Internal Consumption	2.55	1,48,80.15	5.50	1,56,08.84
Closing Stock of LNG	4.27	1,38,34.94	5.89	1,37,75.91
c) Raw Material (LNG) Consumed	414.76	1,18,01,20.49	388.56	96,64,76.18

Rupees in lacs

Particulars	2010-11	2009-10
d) <u>Value of Imports on CIF basis</u>		
Raw Material (LNG)	11,19,386.47	89,72,57.84
Components and spare parts	201.75	256.96
Capital Goods	112,85.20	1,64,53.86
e) <u>Expenditure in Foreign Currency (on cash basis)</u>		
Foreign Travel	129.45	129.47
Professional / Consultant / Technical Fees	1,37,58.19	1,29,72.91
Others (including insurance and financing charges)	25,71.98	37,25.85
f) <u>Earnings in Foreign Currency</u>		
Interest Income	62.87	66.93
g) <u>Dividend remitted in foreign currency to Non Residents</u>		
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		
- Final dividend for the year 2009-10	13,12.50	-
- Final dividend for the year 2008-09	-	13,12.50
In respect of other non residents, the remittance is made to the mandatee bank in India in rupees.		

(h) Value of imported and indigenous Raw Material and Spare parts consumed**Rupees in lacs**

Particulars	2010-11		2009-10	
	%	Amount	%	Amount
<u>Raw Material</u>				
Imported	100.00	1,18,01,20.49	100.00	96,64,76.18
Others	Nil	Nil	Nil	Nil
<u>Spare Parts</u>				
Imported	14.71	1,20.22	22.29	1,44.32
Others	85.29	6,96.81	77.71	5,03.16

20. The Company has claimed deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its Tax Returns. However, provision for income tax has been made without considering the aforesaid deductions.

21. 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
Sd/-
Ajay Gupta
Partner
Membership No. 90104
Place : New Delhi
Date : 26th April, 2011
For and on behalf of Petronet LNG Limited
Sd/-
Dr. A. K. Balyan
Managing Director & CEO
Sd/-
R. K. Garg
Company Secretary
Sd/-
A. Sengupta
Director - Finance & Commercial



Part - IV

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	55-93073	State Code	55
Balance Sheet Date	31.03.2011		

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	62,442,929	Total Assets	62,442,929
Sources of Funds			
Paid-up Capital	7,500,000	Reserves & Surplus	19,301,553
Secured Loans	30,355,776	Unsecured Loans	1,805,600
Deferred Tax Liability	3,480,000		
Application of Funds			
Net Fixed Assets	49,053,131	Investments	11,648,849
Net Current Assets	1,740,949	Misc. Expenditure	NIL
Accumulated Losses	-		

IV. Performance of the Company (Rs in Thousands)

Turnover	132,652,415	Total Expenditure	123,588,262
+ - Profit/Loss Before Tax	9,064,153	+ - Profit/Loss After Tax	6,196,153

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

Earnings per Share in Rs.	8.26	Dividend Rate %	20.00
---------------------------	------	-----------------	-------

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/-
Dr. A. K. Balyan
Managing Director & CEO

Sd/-
A. Sengupta
Director-Finance & Commercial

Place : New Delhi
Date : 26th April, 2011

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 13th (THIRTEENTH) ANNUAL GENERAL
MEETING of the Company to be held on Thursday, the 30th day of June, 2011 at 10:00 A.M. at Air Force Auditorium,
Subroto Park, Dhaula Kuan, New Delhi-110 010 and at any adjournment (s) thereof.

Signed this _____ day of _____ 2011

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 13th (THIRTEENTH) ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 30th day of June, 2011 at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110 010.

Signature of the shareholder(s) or proxy.

*Applicable for investor holding shares in electronic form.