

# ANNUAL REPORT 2003-2004



**PETRONET  
LNG  
LIMITED**

**Petronet LNG Limited**



## Board of Directors

Sh. B.K. Chaturvedi	Chairman (upto 14.6.2004)
Sh. S.C. Tripathi	Chairman (from 29.7.2004)
Sh. Suresh C. Mathur	CEO & Managing Director
Sh. Sham Sunder	Director (Technical)
Sh. Prosad Dasgupta	Director (Finance)
Sh. Y.B. Sinha	Director
Sh. Ashok Sinha	Director
Sh. B.S. Negi	Director
Sh. N.K. Nayyar	Director
Sh. Jacques Gautier	Director
Sh. Arun Duggal	Director (w.e.f. 13.3.2004)
Sh. Arvind Varma	Director (w.e.f. 28.5.2004)
Sh. D.P. Roy	Director (w.e.f. 28.5.2004)

### Company Secretary & V.P. (Finance)

R.K. Garg

### Statutory Auditors:

M/s. V. Sankar Aiyar & Company

### Registered Office:

World Trade Centre, 1st Floor, Babar Road  
Barakhamba Lane, New Delhi 110 001  
Tel.: 91-11-23411411, 91-11-23413616  
Fax: 91-11-23414271, 91-11-23414839  
Website: www.petronetng.com

### Bankers

Allhabad Bank  
Canara Bank  
Federal Bank  
ICICI Bank Limited  
IDFC Ltd.  
Indian Overseas Bank  
Jammu & Kashmir Bank  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of Indore  
State Bank of Patiala  
State Bank of Hyderabad  
State Bank of India  
Syndicate Bank

### LNG Terminal

GIDC Industrial Estate, Plot No. 7/A, Dahej, Talukavagra  
Distt. Bharuch (GUJARAT)  
Tel.: 0264-257249  
Fax: 0264-257252

### Registrar & Share Transfer Agent

M/s KARVY Computershare Pvt. Ltd.  
KARVY House  
46, Avenue 4, Street No. 1  
Banjara Hills  
Hyderabad  
Tel.: 040-23312454/23320251  
Fax: 040-23311968

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## PETRONET LNG LIMITED

### NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 2<sup>nd</sup> Day of September, 2004 at 10:00 A.M at NDMC Indoor Stadium, Talkatora Garden, New Delhi -110 001 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2004, Statement of Expenses for the year ended 31<sup>st</sup> March, 2004 together with Report of Directors' and Statutory Auditors thereon.
2. To appoint a Director in place of Shri Ashok Sinha, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Jacques Gautier, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors, fix their remuneration and in connection there with, to pass with or without modification the following resolution as **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s V. Sankar Aiyar & Company, Chartered Accountants, New Delhi, the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of the Sixth Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 2 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 resolutions as **Ordinary Resolution(s)**:

5. **"RESOLVED THAT** Shri S.C. Tripathi who was appointed as an Additional Director of the Company by the Board of Directors pursuant to 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."
6. **"RESOLVED THAT** Shri Arun Duggal who was appointed as an Additional Director of the Company by the Board of Directors pursuant to 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."

7. **"RESOLVED THAT** Shri D. P. Roy who was appointed as an Additional Director of the Company by the Board of Directors pursuant to 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."
8. **"RESOLVED THAT** Shri Arvind Varma who was appointed as an Additional Director of the Company by the Board of Directors pursuant to 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. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as **Special Resolution(s)**:

**"RESOLVED THAT** consent of the Members be and is hereby accorded for substituting the Article namely "Number of Directors" of the Articles of Association of the Company by the following new Article:

"Subject to the provisions of Section 252 of the Act, and approval of Central Government, in terms of Section 259 of the Act, the Board shall consist of not less than 4 and not more than 15 Directors including a Director, if any, nominated by any financial institution(s) pursuant to the terms of any financing documents entered into by the Company with such financial institutions."

**FURTHER RESOLVED THAT** subject to the approval of the Central Government, consent of the Members be and is hereby also accorded to increase the number of Directors from 12 to 15".

By Order of the Board  
For Petronet LNG Limited

(R. K. Garg)  
Company Secretary &  
V. P. (Finance)

Place : New Delhi  
Date : July 29, 2004



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### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING THE PROXY FORM IS ATTACHED AT THE END OF ANNUAL REPORT.**
2. The Explanatory Statement pursuant to Section 173 of The Companies Act, 1956 in respect of Item No(s) 4 to 9 is annexed hereto.
3. All documents referred to the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
5. Only Members carrying the attendance slips or holders of valid proxies registered with the Company will be eligible to attend the meeting.
6. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
7. Members are requested to notify their change of address through their Depository Participants (DPs) as the trading of shares of the Company is compulsorily in De-mat Form.
8. M/s KARVY Computershare Pvt Limited are acting as Registrar and Share Transfer Agent of the Company for carrying out its entire Share related activities viz. Dematerialisation/Rematerialisation/ Split/Consolidation of Shares etc. Shareholders are requested to make all future correspondence related to above activities with M/s KARVY at the following address:  
  
M/s KARVY Computershare Pvt. Limited  
KARVY House, 46, Avenue 4, Street No 1  
Banjara Hills, Hyderabad  
Tel: 040- 23312454/23320251  
Fax: 040-23311968
9. **Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.**
10. **No Brief case / Bags / Eatables will be allowed to be taken inside the Auditorium.**

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

#### ITEM NO: 4

M/s V. Sankar Aiyar & Company; Chartered Accountants, were appointed as the Statutory Auditors of the company in the Fifth annual General Meeting held on 12<sup>th</sup> June, 2003. In terms of Section 224 of the Companies Act, 1956, the Auditors shall hold office till the conclusion of the ensuing Annual General Meeting. Further, in terms of provisions of Section 224A of the Companies Act, 1956, the appointment/reappointment 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 Central or 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 remuneration of Rs.2 lacs plus out of pocket expenses and applicable service tax.

#### ITEM NO: 5

Pursuant to Article 113 A of Articles of Association of The Company and in terms of Section 260 of the Companies Act, 1956 Shri S.C.Tripathi, Secretary, Ministry of Petroleum & Natural Gas was appointed as Additional Director on the Board of the Company and pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of the ensuing Annual General Meeting. 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 S.C.Tripathi is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

#### ITEM NO: 6

Pursuant to Article 113 A of Articles of Association of the Company and in terms of Section 260 of The Companies Act, 1956 Shri Arun Duggal, Nominee of Asian Development Bank (ADB) was appointed as Additional Director on the Board of the Company and pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of the ensuing Annual General Meeting. The Board recommends that he may be appointed as Director liable to retire by rotation.



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Your Directors recommend the resolution for approval of the Shareholders.

Shri Arun Duggal 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: 7

Pursuant to Article 113 A of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 Shri D. P. Roy was appointed as Additional Director 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 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. P. Roy 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: 8

Pursuant to provisions of Article 113 A of Articles of Association of The Company and in terms of Section 260 of the Companies Act, 1956 Shri Arvind Varma was appointed as Additional Director 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 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 Arvind Varma 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

In order to co-opt Independent Directors on the Board to meet the requirement of Clause 49 of the Listing Agreement, it is proposed to alter the Articles of Association of the Company to have maximum number of Directors up to 15. In terms of provisions of Section 31 of the Companies Act, 1956, amendment in the Articles of Association of the Company require the approval of the Members of the Company by way of Special Resolution. Further, pursuant to provisions of Section 259 of the Companies Act, 1956 approval of the Central Government is also required to increase the number of Directors beyond 12.

In view of the above, your Directors recommend the resolution for approval of the Shareholders as Special Resolution.

None of the Director of the Company is in any way concerned or interested in the proposed resolution.

By order of the Board

For Petronet LNG Limited

(R. K. Garg)

Company Secretary &  
V. P. (Finance)

Place : New Delhi  
Date : July 29, 2004

## BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

### 1. Shri Ashok Sinha

Shri Ashok Sinha is the Director (Finance) of Bharat Petroleum Corporation Limited since November 1995. Shri Sinha is Graduate in Electric Engineering from IIT Kanpur and MBA from the Indian Institute of Management, Bangalore with Specialization in Finance.

During his association with BPCL, he has handled key responsibilities in the areas of Corporate affairs, Planning, Information Technology and Retail Marketing and has vast experience in Oil business. He has been conferred with India, CFO Award-2001 for information and Knowledge Management by the Economic Intelligence Unit (EIU) India and American Express. He has also received award from TMG (Technology Media Group) for Customer Management.

Shri Ashok Sinha holds Directorship in the following other Companies:  
Bharat Petroleum Corporation Limited  
Kochi Refineries Limited  
Numaligarh Refinery Limited  
Bharat Oman Refineries Limited  
Bharat Shell Limited.

Shri Ashok Sinha is also Member/Chairman in the Committees of the following other Companies in which he is Director:

Name of the Company	Name of the Committee(s)	Membership/ Chairmanship
Bharat Petroleum Corporation Limited	Investors Grievance Committee	Member
Bharat Shell Ltd.	Audit Committee Remuneration Committee	Member Member
Bharat Oman Refineries Ltd.	Audit Committee Remuneration Committee	Member Member





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### 2. Mr. Jacques Gautier

Mr. Jacques Gautier is the head of Engineering department Gaz de France. He Graduated as Mechanical Engineer from Ecole Centrale des Arts et Manufacturers de Paris in 1975 and joined Electricite de France and was involved for 12 years in engineering and supervision of construction of various Nuclear Power Plants. Since 1989, when he joined Gaz de France, he has accumulated wide experience in the Natural Gas industry on operational aspects in the Transmission Division as well as international NG Project studies and development in the International Development Division.

Mr. Jacques Gautier does not hold Directorship in any other Company and is also not a Member/Chairman of Committees of Board of any other Company.

### 3. Shri S.C.Tripathi

Shri S.C.Tripathi, Secretary, Ministry of Petroleum & Natural Gas, Government of India, holds degree in Master of Science (Physics). He is also Law Graduate. He joined Indian Administrative Service (IAS) in 1968. During his tenure in Indian Administrative Services, he has held a number of senior administrative positions in Uttar Pradesh and Central Government.

Shri Tripathi does not hold Directorship in any other Company and is also not a Member/Chairman of Committees of Board of any other Company.

### 4. Shri Arun Duggal

Shri Arun Duggal has been nominated as Director on the Board of PLL by Asian Development Bank (ADB). He has wide experience in Banking sector. He has a Bachelor's degree in Mechanical Engineering from IIT, Delhi and a post graduate diploma in Management from IIM, Ahmedabad. Mr. Duggal has over 20 years experience with Bank of America and held senior positions including Managing Director and CEO of Bank of America Asia, Hongkong. He was also Chief Financial Officer of HCL Technologies Limited. Currently he is Vice-Chairman of International Asset Reconstruction Company engaged in advising, investing and managing non-performing loan portfolios.

Shri Arun Duggal holds the Directorship in the following other Companies :-

Patni Computers Limited  
Zuari Industries Limited

International Asset Reconstruction Company (Pvt) Ltd. (IARC)  
International Market Assessment India (Pvt) Ltd. (IMA)

Shri Arun Duggal is also Member/Chairman in the Committees of the following other Companies in which he is Director :

Name of the Company	Name of the Committee(s)	Membership/Chairmanship
Zuari Industries Ltd	Audit Committee	Member
Patni Computers Ltd.	Audit Committee	Chairman
	Investors Grievance Committee	Chairman

### 5. Shri D. P. Roy

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

Shri D. P. Roy holds the office of Managing Director in Pegasus Asset Reconstruction Pvt. Limited. He is not a Member/Chairman of Committees of Board of any other Company

### 6. Shri Arvind Varma

Shri Arvind Varma, Ex- Secretary, Govt. of India is Postgraduate in History. He joined Indian Administrative Services (IAS) in 1963 (Uttar Pradesh Cadre). He served as Secretary, Department of Chemicals and Petrochemicals, Department of Mines, Ministry of Personnel, Public Grievances & Pensions, Ministry of Coal and Special Secretary, Ministry of Home Affairs. In addition, he also held various positions under the Govt. of UP like Secretary Vigilance, Institutional Finance, Irrigation and Power, Administrative Reforms etc. He also served as Chairman of Up Jal Nigam and UP State Textile Corporation.

Shri Arvind Varma does not hold Directorship in any other Company.

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



## PETRONET LNG LIMITED

### DIRECTORS' REPORT

#### To The Members

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Statement of Accounts of your Company for the year ended 31<sup>st</sup> March, 2004.

The year 2003-04 was marked by several achievements and accomplishments by your Company.

#### LNG TERMINAL AT DAHEJ

Your Company successfully commissioned India's first LNG Receiving and Regasification Terminal at Dahej. The plant was dedicated to the Nation by the Union Minister of Petroleum & Natural Gas on 9<sup>th</sup> February, 2004.

The first LNG tanker was received at Dahej on 30<sup>th</sup> January, 2004. With this, India joined an elite club of nations utilizing LNG. The facilities completed include two full containment type LNG Storage tanks each having capacity of 1,60,000 cubic meter, regasification facilities, a captive power plant, utilities and offsite facilities. The LNG port facilities include approx. 2.5 km long jetty and necessary equipment to unload LNG from LNG Tankers. Your Company has implemented the project within budget and schedule. The current status of Dahej project is as under :

#### a) EPC Contract

The LNG terminal at Dahej has been executed through a lump sum turnkey EPC Contract by a Consortium of Companies led by M/s. Ishikawajima Harima - Heavy Industries Corporation Limited (IHI), Japan. The other members of the Consortium are M/s. Ballast Nedam International BV-Netherlands. M/s Toyo Engineering India Limited, M/s Toyo Engineering Corporation, Japan, M/s Itochu Corporation, Japan and M/s Mitsui Company Limited, Japan. IHI is one of the most reputed construction companies in the world in the field of LNG regasification terminals.

After achieving the receipt of first LNG at Dahej and the mechanical completion of the terminal facilities, the EPC Contractor has proceeded with the commissioning activities. The send out of regasified LNG from the terminal commenced from 29<sup>th</sup> February 2004 by purging and pressure build-up of GAIL pipeline. Subsequently, the 72 hrs run test for the send out facilities at 60% capacity of 5 MMTPA, prerequisite for start of

commercial supply of LNG was completed on 6<sup>th</sup> April, 2004 and commercial operations commenced on 9<sup>th</sup> April, 2004. The commissioning of the pipeline evacuating LNG from Dahej was carried out in the interim period.

The EPC Contractor has successfully demonstrated performance availability test at design capacity.

#### b) Project Management Consultant

M/s Foster Wheeler Energy Limited, UK continues to perform the services of the Project Management Consultant (PMC). The PMC is responsible for regular review, monitoring and execution of the project as per the EPC Contract. The PMC is assisting the Company and its Project Management Team in implementation of the project. With the project activities tapering-off after successful commissioning, demobilisation of most of the PMC engineers from project site has been effected.

#### c) Project Management Team

A Project Management Team is in place for management of execution of EPC contract. In view of the rich experience of ONGC in executing big turnkey projects, the PMT has been drawn from ONGC. This team is deployed at Dahej site, besides at Vadodra.

#### d) Shipping Arrangement

Your Company has executed two Shipping Time Charter Agreements with a Consortium led by M/s Mitsui OSK Lines Limited of Japan for time chartering of two LNG vessels of 138,000 cu. m. capacity each for transportation of LNG from Ras Laffan Liquefied Gas Company, Qatar to Dahej LNG Terminal in Gujarat for a period of 25 years. The consortium led by M/s Mitsui OSK Lines Limited awarded the ship building contracts to M/s Daewoo Ship Building and Marine Engineering Company, Korea for construction of the LNG Tankers.

The first LNG tanker 1 named 'Disha' was delivered at Daewoo Ship Yard in South Korea on 9<sup>th</sup> January, 2004. The ship loaded the first LNG cargo from Ras Gas on 26<sup>th</sup> January, 2004 enroute to Dahej. Now, LNG cargoes are being received at Dahej regularly.

The construction of second LNG tanker named 'RAHI' is in progress. The progress is ahead of



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schedule. As of March, 2004 actual progress is 77.9% against the plan of 72.2%.

### e) Shipping Consultant

M/s. Marine Services GmbH of Germany continues to perform the services of Shipping Consultant for plan approval of various drawings and monitoring of construction of the LNG Tankers.

The Shipping Consultant has deputed team of engineers for review and monitoring of design and construction of LNG tankers.

### f) Port Operator

Your Company has selected the consortium of PSA Marine Pte Ltd., Singapore and Ocean Sparkle Ltd., India for providing the services of Port Operator at Dahej. The Port Operator is providing tugs, marine crafts and crew at port and is responsible for safe berthing of LNG tankers at LNG jetty and other related marine services.

The Port Operator has formed a Special Purpose Company (SPC) under the name "Sealion Sparkle Port and Terminal Services (Dahej) Limited" for providing the services. Port operator has mobilised required manpower, tugs and boats at site. The berthing operations are being carried out.

### g) Concession Agreement with Gujarat Maritime Board (GMB)

The LNG Concession Agreement with GMB for the LNG port has been finalised. The draft agreement is under approval of the Government of Gujarat.

## MARKETING AND TRANSPORTATION

Your Company has entered long term Gas Sales Purchase Agreements (GSPA) for twenty-five years with three offtakers i.e. GAIL, IOC and BPCL in the ratio of 60:30:10 respectively. The three off takers have started taking the entire re-gasified LNG for further sale to the end users. The entire regasified LNG is being transported by GAIL from Dahej through their pipeline linked to HBJ pipeline of GAIL.

## LNG TERMINAL AT KOCHI

Your Company is planning to set up LNG Receiving and Regasification Terminal at Kochi of 2.5 MMTPA nominal capacity. The terminal mainly consists of two Storage Tanks each of 110,000 cu. m. capacity, vaporisation system and utilities and off site facilities. LNG port facilities include construction of jetty, extension of breakwater, dredging etc.

Cochin Port Trust at Puthuvypean Island in outer Cochin Harbour has allocated 40 hectare of land. The Non-Objection Certificate (NOC) from Kerala State Pollution Board has been obtained and clearance from the Ministry of Environment & Forests, Government of India has been obtained. Clearance from various offices, statutory authorities has also been received.

The pre-qualification process for selection of EPC Contractor has been completed. However, as Kerala State has no existing gas based industries, PLL has therefore decided to execute the project once the demand for at least 60% capacity is tied up.

## FINANCIAL HIGHLIGHTS

### Tie-Up of Equity Capital

During the year under review, your Company has successfully accomplished the Initial Public Offer (IPO) of equity shares in the domestic market. The Company offered 260,979,900 equity shares at a price of Rs. 15 per share for cash aggregating to Rs. 3,914.70 Million. The issue was oversubscribed by 4 times. The Promoters of your Company and GDF International were also allotted part of their equity shares at the price offered to Public. Asian Development Bank, (ADB) had also participated in the equity capital and allotment of 39 million equity shares was made to ADB. The entire equity is now tied-up and the Post Issue paid up Share Capital of the Company is Rs. 750 crores. The Shares of the company are now listed at National Stock Exchange and at The Stock Exchange, Mumbai and are being traded in De-mat Form.

### Drawl from Short-Term Loans

Your Company continued to make drawls under the short-term loans at a very competitive interest rate of 7.5% p.a. during the year. The detail of total outstanding loans as on 31<sup>st</sup> March, 2004 was as under –

• Secured Loan (Guaranteed by the Promoters)	Rs. 1,024 crores
• Unsecured Loan	Rs. 235 crores
<b>Total</b>	<b>Rs. 1,259 crores</b>

The short-term loans will be repaid after drawl of the long-term project loans.

### Long-term debt tie-up

The Company has tied-up long term Loans amounting to Rs. 1,804 crores for Dahej project. All the financing agreements with the lenders have been signed and the loans are expected to be available for drawl shortly





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after meeting of the remaining Conditions Precedents to the draw of the loans.

### Project Expenditure's

The Company being in the project implementation stage upto 31<sup>st</sup> March, 2004, there is no Profit & Loss account for the year 2003-04, but only a Statement of Pre-operative Expenditures and a Balance Sheet as on 31<sup>st</sup> March, 2004. Expenses incurred during the year 2003-04 are in the nature of pre-operative expenses pending allocation and the same are being reflected in the Balance Sheet. A summary of the expenses incurred during the year along with the cumulative expenditures incurred up to 31<sup>st</sup> March, 2004 is given below:

Particulars	Amount in Rs. crores	
	During the year	Up to 31st March, 2004
1. Capital work in progress comprising payments under EPC contract, construction works at Dahej and Vadodara offices, interest/project finance expenses and advances for capital expenditures	421.00	1,487.24
2. Deposits & Advances	4.35	17.39
3. LNG Inventories	100.31	100.31
4. Fixed Assets	1.46	12.09
5. Exp. on surveys & studies, project management consultancy services and other consulting services relating to Dahej and Cochin projects, solid cargo port, shipping, port operation and shipbuilding, electricity transmission line etc.	17.24	92.37
6. Purchase of LNG for commissioning	145.93	145.93
7. Sale of test gas and inventory	(98.81)	(98.81)
8. Other Administrative & Misc. Expenses	55.46	119.49
<b>Total</b>	<b>646.94</b>	<b>1,876.01</b>

### DIVIDEND

During the year under review, the Project of your Company was under implementation stage, hence recommendation of Dividend does not arise.

### DEPOSITS

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

### EMPLOYEE'S PARTICULARS

None of the employees of your Company is drawing remuneration exceeding limits laid down under the provisions of Section 217(2A) of The Companies Act, 1956 read with The Companies (particulars of employees) Rules 1975.

### HUMAN RELATIONS

Your Company continued to enjoy cordial relations amongst all its employees. In the pursuit of creating its own Management cadre your company recruited executives at various levels including various senior management positions during the year.

### INDUSTRIAL RELATIONS

During the year, your Company maintained harmonious and cordial industrial relations. 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 objectives of energy conservation and technology absorption. Your Company's engineers have been completely involved with the Consultants and the Contractors in all the phases of design and construction of the Project in order to ensure high degree of optimization of 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 them consistently and made judgement and estimates that are reasonable and