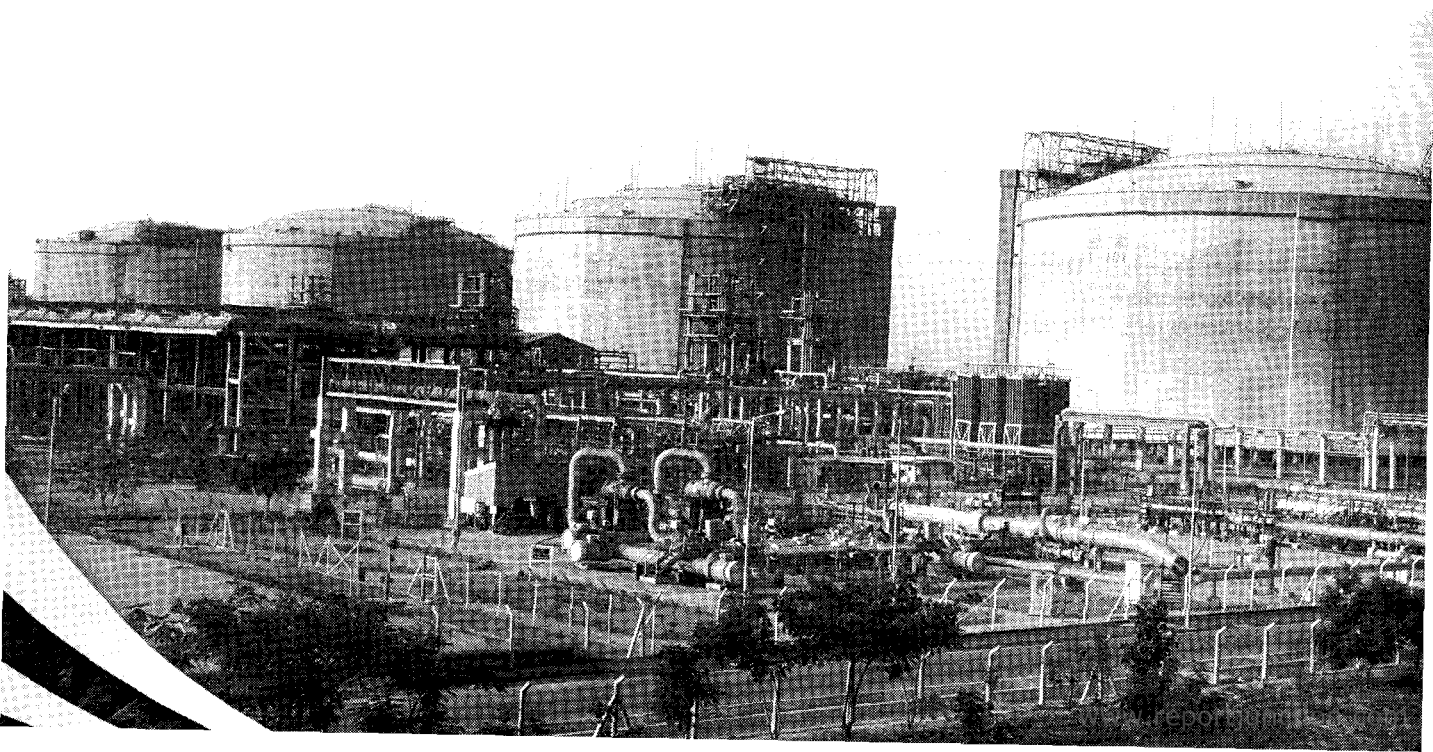




Petronet LNG Limited

Annual Report 2008-2009



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

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

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Sr. Vice President – Finance & Company Secretary

Shri R. K. Garg

Bankers :

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

Statutory Auditors:

M/s V. Sankar Aiyar & Company

Registered Office:

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

Registrar & Share Transfer Agent:

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

LNG Terminal:

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

Kochi LNG Project Site:

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



PETRONET LNG LIMITED

NOTICE OF 11TH ANNUAL GENERAL MEETING – 2009

NOTICE is hereby given that the 11th (Eleventh) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 25th day of June, 2009 at 10:00 A.M. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110 010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2009, Profit & Loss Accounts for the year ended 31st March, 2009, together with Report of Directors and Statutory Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2009.
3. To appoint a Director in place of Shri D. P. Roy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P. K. Chadha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri J. L. Zutshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri D. J. Pandian, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s V. Sankar Aiyar & Company, Chartered Accountants, New Delhi, the retiring Auditors of the Company, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of the Eleventh Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 5.50 lacs plus out of pocket expenses and applicable service tax.”

SPECIAL BUSINESS

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

8. **“RESOLVED THAT** Shri Seethapathy Chander, Nominee of Asian Development Bank (ADB), who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of

Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

9. **“RESOLVED THAT** Shri R. S. Pandey, who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”
10. **“RESOLVED THAT** Mr. Dominique PELLOUX - PRAYER, Nominee Director of GDF International, who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”
11. **“RESOLVED THAT** Dr. A. K. Balyan, Nominee Director of Oil & Natural Gas Corporation Ltd. (ONGC), who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”
12. **“RESOLVED THAT** Mr. B. C. Tripathi, Nominee Director of GAIL (India) Ltd., who has been appointed as an Additional Director of the Company by Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

By Order of the Board
For Petronet LNG Limited

(R. K. Garg)

Sr. V.P. - Finance & Company Secretary

Place : New Delhi

Date : 15th May, 2009



PETRONET LNG LIMITED

NOTES:

- 1 The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Item No. 7, 8, 9, 10, 11 & 12 set out above is annexed hereto.
- 2 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL.**
- 3 The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
- 4 All documents referred to the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday and Sunday between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
- 5 Members / Proxies should bring the Attendance Slip duly filled for attending the Meeting.
- 6 Members are requested to bring their copies of the Annual Report to the Meeting.
- 7 Members holding Shares in physical mode are requested to notify the change in their Address / Bank Account to M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
- 8 Members holding shares in De-mat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).
- 9 Members must quote their Folio Number / De-mat Account No. in all correspondence with the Company/ R&T Agent.
- 10 No gift will be distributed at the Annual General Meeting.
- 11 The Register of Members and Share Transfer Books of the Company will remain closed from 15th June, 2009 to 25th June, 2009 (both days inclusive). The dividend on equity shares, as recommended by the Board of Directors, subject to the approval of Members in the Annual General Meeting, will be paid on and after 29th June, 2009 to the Members or their Mandates whose name appear on the Company's Register of Members on 25th June, 2009 in respect of physical Shares and in respect of Dematerialized Shares, the dividend will be payable to the beneficial owner of the shares whose name appear in the statement of beneficial ownership furnished by NSDL and CDSL at close of business hours on 15th June, 2009.
- 12 In order to avail the facility of Electronic Clearing System (ECS) for receiving direct credit of dividend to his / their respective account with Bank(s), the Members holding equity shares in Physical Mode are requested to provide their Bank Account No., Name and Address of the Bank / Branch to M/s Karvy Computershare Pvt. Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081, the Registrar & Share Transfer Agent (R & T Agent) of the Company.

- 13 Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
- 14 Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
- 15 Annual Listing Fee for the year 2009-10 has been paid to all Stock Exchanges wherein Shares of the Company are Listed.
- 16 Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf in the Meeting.

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

ITEM NO: 7

M/s. V. Sankar Aiyar & Company, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the Tenth Annual General Meeting held on 4th June, 2008 in terms of Section 224A of the Companies Act, 1956, the Auditors shall hold office till the conclusion of the ensuing Annual General Meeting. Further, in terms of the provisions of Section 224A of the Companies Act, 1956, the appointment / re-appointment of Auditors will be made in the Annual General Meeting by passing a Special Resolution, if 25% or more of the paid up share capital of the Company is being held by Public Financial Institution(s) or a Government Company or Companies or the Central or the State Government. As more than 25% of the paid up share capital of the Company is being held by the Government Companies, therefore, the Directors of the Company recommend the appointment of M/s V. Sankar Aiyar & Company, Chartered Accountants, as Auditors of the Company by passing a Special Resolution at a remuneration of Rs. 5.50 lacs plus out of pocket expenses and applicable service tax.

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

ITEM NO: 8

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of section 260 of the Companies Act, 1956, Shri Seethapathy Chander was appointed as Additional Director w.e.f. 16th July, 2008 on the Board of the Company as nominee of Asian Development Bank (ADB). Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Shareholder proposing the name of Shri Seethapathy Chander as Director of the Company. A brief resume of Shri Seethapathy Chander as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders. Shri Seethapathy Chander is interested in the resolution to the extent of his appointment as Director.

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



PETRONET LNG LIMITED

ITEM NO: 9

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of section 260 of the Companies Act, 1956, Shri R. S. Pandey was appointed as Additional Director w.e.f. 25th August, 2008 on the Board of the Company. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Shareholder proposing the name of Shri R. S. Pandey as Director of the Company. A brief resume of Shri R. S. Pandey as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders. Shri R. S. Pandey is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 10

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of section 260 of the Companies Act, 1956, Mr. Dominique PELLOUX - PRAYER was appointed as Additional Director w.e.f. 20th October, 2008 on the Board of the Company as nominee of GDF International. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Shareholder proposing the name of Mr. Dominique PELLOUX - PRAYER as Director of the Company. A brief resume of Mr. Dominique PELLOUX - PRAYER as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders. Mr. Dominique PELLOUX - PRAYER is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 11

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of section 260 of the Companies Act, 1956, Dr. A. K. Balyan was appointed as Additional Director w.e.f. 20th February, 2009 on the Board of the Company as nominee of Oil & Natural Gas Corporation Ltd. (ONGC). Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder proposing the name of Dr. A. K. Balyan as Director of the Company. A brief resume of Dr. A. K. Balyan as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders. Dr. A. K. Balyan is interested in the resolution to the extent of his appointment as Director.

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

ITEM NO: 12

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of section 260 of the Companies Act,

1956, Shri B. C. Tripathi was appointed as Additional Director w.e.f. 25th April, 2009 on the Board of the Company as nominee of GAIL (India) Ltd. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder proposing the name of Shri B. C. Tripathi as Director of the Company. A brief resume of Shri B. C. Tripathi as required in terms of Clause 49 of the Listing Agreement is enclosed with the notice. The Board recommends that he may be appointed as Director liable to retire by rotation. Your Directors recommend the resolution for approval of the Shareholders. Shri B. C. Tripathi is interested in the resolution to the extent of his appointment as Director.

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

By Order of the Board
For Petronet LNG Limited


(R. K. Garg)

Sr. V.P. – Finance & Company Secretary

Place : New Delhi

Date : 15th May, 2009

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

Shri D. P. Roy

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

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

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

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



PETRONET LNG LIMITED

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

Shri P. K. Chadha

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

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

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

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

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

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

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

Shri J. L. Zutshi

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

Mr. Zutshi holds Directorship in the following other Companies:

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

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

Shri D. J. Pandian

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

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

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

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

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

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

Shri Seethapathy Chander

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

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

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



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PETRONET LNG LIMITED

Shri R. S. Pandey

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

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

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

Mr. Dominique PELLOUX-PRAYER

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

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

Mr. Dominique holds Directorship in the following other Companies.

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

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

Dr. A. K. Balyan

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

Roles and Responsibilities to be benchmarked with global best practices.

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

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

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

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

Shri B.C. Tripathi

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

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

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

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

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


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PETRONET LNG LIMITED

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL PERFORMANCE

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

Particulars

Rs. in Crores

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

DIVIDEND

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

OPERATIONS AT DAHEJ

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

Expansion of Dahej Terminal

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

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

SHIPPING ARRANGEMENT

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

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

Pilot Project for Supply of LNG in Cryogenic Vehicles

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

SOLID CARGO PORT AT DAHEJ

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

LNG TERMINAL AT KOCHI

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



PETRONET LNG LIMITED

LNG SOURCING

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

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

Participation in ventures to secure equity LNG

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

FINANCING

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

DEPOSITS

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

EMPLOYEE PARTICULARS

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

INDUSTRIAL RELATIONS

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That your Company had followed the applicable accounting standards along with proper explanations relating to material departures in the preparation of the annual accounts;
- That your Company had selected such accounting policies and applied those consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account of the Company for that period;
- That your Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- That the accounts of your Company have been prepared on a going-concern basis.

BOARD OF DIRECTORS

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

FOREIGN EXCHANGE EARNING AND OUTGO

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

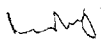
AUDITORS

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors


(R.S. Pandey)
Chairman

Place : New Delhi

Date : 15th May, 2009

Annexure to Directors' Report

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

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

Notes :

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

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