

# Annual Report 2009-2010



PETRONET  
LNG  
LIMITED

**PETRONET LNG LIMITED**


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

Shri S. Sundareshan	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
Shri S. V. Narasimhan	Director
Dr. A. K. Balyan	Director
Mr. Dominique PELLOUX-PRAYER	Director
Shri Shantanu Chakraborty	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

**Statutory Auditors:**

M/s V. Sankar Aiyar & Company

**Bankers :**

Allahabad Bank  
 Asian Development Bank  
 Bank of America  
 Canara Bank  
 CITI Bank  
 Development Bank 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  
 Proparco  
 State Bank of Indore  
 State Bank of Patiala  
 State Bank of Hyderabad  
 State Bank of India  
 Standard Chartered Bank  
 Syndicate Bank  
 The Hongkong & Shanghai Banking Corporation Ltd.

**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

**Registered Office:**

World Trade Centre, 1st Floor, Babar Road,  
 Barakhamba Lane, New Delhi-110 001  
 Tel. : 011-23411411, 23472525  
 Fax : 011-23472550  
 Website: www.petronetlng.com

**LNG Terminal:**

GIDC Industrial Estate, Plot No.7/A,  
 Dahej, Talukavagra,  
 Distt. Bharuch-GUJARAT  
 Tel. : 02641- 257002 to 257007  
 Fax : 02641- 300310

**Kochi LNG Project Site:**

Survey No. 347,  
 Puthuvypu (Puthuypeeene SEZ)  
 P.O. 682508, Kochi  
 Tel.: 0484-2502259

**PETRONET LNG LIMITED**

**NOTICE OF 12<sup>TH</sup> ANNUAL GENERAL MEETING – 2010**

NOTICE is hereby given that the 12<sup>th</sup> (Twelfth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Thursday, the 24<sup>th</sup> day of June, 2010 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 31<sup>st</sup> March, 2010, Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010, together with Report of Directors and Statutory Auditors thereon.
2. To declare a dividend for the financial year ended 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Shri Ashok Sinha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. C. Tripathi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S. V. Narasimhan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr. A. K. Balyan, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. Dominique PELLOUX-PRAYER, who retires by rotation and being eligible, offers himself for re-appointment.
8. 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 Twelfth Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 7.00 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)**

9. **"RESOLVED THAT** Shri S. Sundareshan, 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 Shantanu Chakraborty, 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."

11. **"RESOLVED THAT** pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Members be and is hereby accorded to the Board of Directors to borrow such sums of money (including by way of debentures secured or unsecured, loans or otherwise), at any time or from time to time as may be required for the purpose of the business of the Company in excess of the aggregate of the paid up share capital of the Company and its free reserves i.e. to say, reserves not set apart for any specific purpose, subject to the condition that such borrowing together with the money which is already borrowed (apart from temporary loans obtained by the Company from its bankers/ other entities in the ordinary course of business) shall not at any time exceed Rs. 15,000 crores."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to borrowing as aforesaid."

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

12. **"RESOLVED THAT** consent of the Members be and is hereby accorded for substituting **Article No. 104 i.e. Number of Directors** of the Articles of Association of the Company by the following:

"Subject to the provisions of Section 252 of the Act, the Board shall consist of not less than 4 and not more than 16 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 accorded to increase the number of Directors from 15 to 16."

By Order of the Board  
For Petronet LNG Limited



(R. K. Garg)

Sr. V.P. - Finance & Company Secretary

**Place :** New Delhi  
**Date :** 18.05.2010



## PETRONET LNG LIMITED

### NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Item No. 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(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.
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 14<sup>th</sup> June, 2010 to 24<sup>th</sup> June, 2010 (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 28<sup>th</sup> June, 2010 to the Members or their Mandates whose name appear on the Company's Register of Members on

24<sup>th</sup> June, 2010 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 11<sup>th</sup> June, 2010.

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.
14. Any briefcase / bags / eatables will not be allowed to be taken inside the Auditorium.
15. Annual Listing Fee for the year 2010-11 has been paid to all Stock Exchanges wherein Shares of the Company are listed.
16. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of Board Resolution authorising 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: 8

M/s. V. Sankar Aiyar & Company, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the Eleventh Annual General Meeting held on 25<sup>th</sup> June, 2009 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. 7.00 lacs plus out of pocket expenses and applicable service tax.



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No 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 S. Sundareshan was appointed as Additional Director w.e.f. 17th February, 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 S. Sundareshan as Director of the Company. A brief resume of Shri S. Sundareshan 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 S. Sundareshan 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 Shantanu Chakraborty was appointed as Additional Director w.e.f. 2nd September, 2009 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 Shantanu Chakraborty as Director of the Company. A brief resume of Shri Shantanu Chakraborty 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 Shantanu Chakraborty 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**

The Members of the Company in the 9<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> June, 2007 accorded their approval to the Board of the Company to borrow up to Rs. 10,000 crores to meet the project and other expenses.

The Board has already approved the construction of 2<sup>nd</sup> LNG Jetty at Dahej Terminal. In addition, Company is

planning to set up Gas based Power plant at Dahej. To meet the financing requirement of construction of 2<sup>nd</sup> LNG Jetty and Power Plant at Dahej, the Company would need to borrow money from Banks/Financial Institutions in the years to come.

Since Company would need additional borrowing, it is proposed that the borrowing limits be increased from the present limit of Rs. 10,000 crores to Rs. 15,000 crores. In terms of the provisions of Section 293 (1) (d) of the Companies Act, 1956, approval of Shareholders is needed to enhance the borrowing limits by way of Ordinary Resolution.

Hence, your Directors recommend the resolution for approval of the Shareholders as an Ordinary Resolution.

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

**ITEM NO: 12**

In order to appoint an additional Independent Director to broad base the Board of the Company, it is proposed to alter the Articles of Association of the Company to increase the maximum number of Directors from 15 to 16. In terms of Section 31 of Companies Act, 1956, amendment in Articles of Association of the Company requires the approval of the Members of the Company by way of Special Resolution. Further, pursuant to provisions of Section 259 of Companies Act, 1956 approval of the Central Government is also required in addition to Members approval to increase the number of Directors beyond 12. In view of the above, your Directors recommend the resolution for approval of the Shareholders as a Special Resolution.

No 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 :** 18.05.2010

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

**Shri Ashok Sinha**

Presently, Shri Ashok Sinha is the Chairman & Managing Director of Bharat Petroleum Corporation Limited (BPCL). Earlier to his appointment as CMD, he was Director (Finance) of BPCL. Shri Sinha is a Graduate in Electric Engineering from IIT Kanpur and an MBA from the Indian Institute of Management, Bangalore with



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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. Shri Ashok Sinha is the nominee of BPCL on the Board of Petronet LNG Limited.

Shri Ashok Sinha 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
Bharat Renewal Energy Ltd.	Chairman
Matrix Bharat Marine Services Pte Ltd.	Chairman
Bharat Petro Resources Limited	Director

Shri Ashok Sinha holds Membership/Chairmanship in the following Company in terms of Clause 49 of the Listing Agreement:

Name of the Company	Name of the Committee(s)	Position Held
Bharat Petro Resources Limited	Audit Committee	Member

### Shri B.C. Tripathi

Shri B.C. Tripathi, Chairman & Managing Director of 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 26 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 as Director (Marketing) in GAIL, he has been actively involved in customer relations and servicing of major consumers in gas sector. Shri B.C. Tripathi is the nominee of GAIL on the Board of Petronet LNG Limited.

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

Name of the Companies	Position Held
GAIL (India) Limited	Chairman & Managing Director
Brahmaputra Cracker & Polymer Limited	Chairman
GAIL Gas Limited	Chairman
Indraprastha Gas Limited	Director

Shri B.C. Tripathi is not a Member/Chairman of Committees of Board of any other Company.

### Shri S. V. Narasimhan

Shri S. V. Narasimhan is Director (Finance) of Indian Oil Corporation Ltd. He is a Chartered Accountant and also an MBA from Faculty of Management Studies (FMS), Delhi. Prior to becoming Director in Indian Oil, he was the Managing Director of Chennai Petroleum Corporation Ltd. Shri Narasimhan has over three decades of experience in the Oil Industry and has served as Member of several specialist committees of the Government of India that drafted oil sector policies. Shri Narasimhan is also credited with assisting the Oil Cost Review Committee set up by the Government to formulate the basis for pricing of petroleum products. Shri Narasimhan is the nominee of IOCL on the Board of Petronet LNG Limited.

Shri S.V. Narasimhan holds Directorship / Chairmanship in the following other Companies:

Name of Companies	Position held
Lanka-IOC Ltd.	Chairman
Indian Oil Corporation Ltd.	Director

Shri S.V. Narasimhan holds Membership in the following Companies in terms of Clause 49 of the Listing Agreement:

Name of the Company	Name of the Committee(s)	Position Held
Indian Oil Corporation Limited	Remuneration Committee	Member
Indian Oil Corporation Limited	Shareholders' / Investors' Grievance Committee	Member

### 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 is the nominee of ONGC on the Board of Petronet LNG Limited.

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

Name of the Companies	Position Held
Petronet MHB Ltd.	Chairman
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 Company Ltd.	Director
ONGC Petro Additions Ltd.	Director

Dr. A. K. Balyan holds Membership in the following Company in terms of Clause 49 of the Listing Agreement:

Name of the Company	Name of the Committee(s)	Chairman / Member
Oil & Natural Gas Corporation Ltd.	Shareholders' / Investors' Grievance Committee	Member

**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 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 PELLOUX-PRAYER is the nominee of GDFI on the Board of Petronet LNG Limited.

Mr. Dominique holds Directorship / Chairmanship in the following other Companies:

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

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

**Shri S. Sundareshan**

Shri S. Sundareshan joined Indian Administrative Services (IAS) in 1976. Presently Shri S. Sundareshan is Secretary, Ministry of Petroleum & Natural Gas (MOP&NG). Shri S. Sundareshan has wide and vast experience of working at various senior level positions in Central / State Government like Chairman, Forward Market Commission, Government of India and Principal Secretary (Revenue) Government of Kerala etc. Shri Sundareshan was also incharge of Disinvestment programme of Government of India while working as Joint Secretary, Department of Economic Affairs, Ministry of Finance, Government of India.

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

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

**Shri Shantanu Chakraborty**

Shri Shantanu Chakraborty is a Graduate Engineer in Electrical & Electronics from BITS, Pilani and holds Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He is also an MBA (Finance) from New York University. Presently, Shri Shantanu Chakraborty is working as Sr. Investment Specialist (Infrastructure), Private Sector Operations, Asian Development Bank. He is responsible for structuring and arranging of debt financing for infrastructure projects across various sectors in Central Asia and India (oil & gas, telecom, power). Shri Shantanu Chakraborty has wide and vast experience of working at various senior level positions in reputed organizations like as Assistant Vice President (Project Finance), Helaba Bank, New York and as Investment Banking Associate, UBS Warburg LLC, New York etc. Shri Shantanu Chakraborty is the nominee of ADB on the Board of Petronet LNG Limited.

Shri Shantanu Chakraborty does not hold the position of Director/Chairman on the Board of any other Company.

Shri Shantanu Chakraborty is not a Member/Chairman of Committees of the Board of any other Company.



## PETRONET LNG LIMITED

### DIRECTORS' REPORT

#### Dear Shareholders,

The Directors have the pleasure of presenting the Twelfth Annual Report and the Audited Accounts of your Company for the year ended 31st March, 2010.

Your Company has emerged as a significant player in the Nation's pursuit for energy, within a very short time since its incorporation, and has been instrumental in shaping the growth of the natural gas sector in the Country by mitigating the deficit and short fall in gas availability. In the supply constrained Natural Gas market in India, your Company is the operator and owner of the country's first and largest LNG terminal at Dahej, and has operated the terminal at the highest international standards for the industry. In spite of Global slowdown, your Company has maintained a steady growth in its performance parameters.

#### FINANCIAL PERFORMANCE

In 2009-10, your Company made substantial gains in revenues. Turnover during the year under review was Rs. 10649.09 Crore against Rs. 8428.70 Crore in 2008-09. Gross margin, however, stood at Rs 1082.16 Crore against Rs 1129.58 Crore in the previous year. The net profit during the year was lower mainly on account of higher depreciation and interest due to capitalization of Dahej expansion. A summary of the comparative financial performance in fiscal 2009-10 and 2008-09 is given below:

Particulars	2009-10	2008-09
	(Rs. in crores)	
Turnover	10649.09	8428.70
Other Income	97.83	76.50
<b>Total Revenue</b>	<b>10746.92</b>	<b>8505.20</b>
Cost of Import of LNG	9664.76	7375.62
<b>Gross Margin</b>	<b>1082.16</b>	<b>1129.58</b>
Salary and Other Operating Expenses	137.87	151.80
Finance Charges	183.93	101.22
Depreciation	160.86	102.52
<b>Profit before Taxation</b>	<b>599.50</b>	<b>774.04</b>
Provision for Tax / Deferred Tax	195.00	255.60
<b>Profit after Taxation</b>	<b>404.50</b>	<b>518.44</b>
<b>Earning per Share (Rs. / Share)</b>	<b>5.39</b>	<b>6.91</b>

#### DIVIDEND

Keeping in view the consistent performance and financial position of the Company, the Directors are pleased to recommend a dividend of 17.50% on the paid-up share capital of the Company for the year ending 31st March, 2010.

#### OPERATIONS AT DAHEJ

During the financial year 2009-10, your Company has imported 124 LNG cargoes (including 31 spot cargoes) representing 7.46 MMTPA and 384.41 Trillion British Thermal Units of regasified LNG was sold. Your Company has also provided regasification services to 4 LNG Cargoes to Gujarat State Petroleum Corporation and 1 LNG Cargo to GAIL (India) Limited representing 15.2 Trillion British Thermal Units during the financial year 2009-10.

#### Expansion of Dahej Terminal

The expansion of the Dahej Terminal from 5 MMTPA to 10 MMTPA was completed this year with an incremental cost of Rs. 1569.99 crores. The expanded capacity was taken over for operations with effect from 15th July, 2009. The expanded capacity has additional flexibilities for enhanced capacity operations by way of additional vaporization unit utilizing waste heat. The entire work was completed without interfering with the productive capacity of the adjacent operating terminal with minimum shut down for tie-in of the new facilities. The Dahej expansion project has an excellent safety record of only one lost time incident with over 16.30 million man-hours worked.

#### Additional LNG Jetty at Dahej

The Company is in process of construction of a 2nd LNG berth (Jetty) in Dahej to mitigate associated risks of port operations, vis-à-vis the implications of disruption in unloading of LNG, in the

event the only jetty is immobilised. The additional LNG jetty would also enhance the capacity of the terminal to 12.5 MMTPA, jetty capacity being the current constraint. Bids for selection of EPC Contractor is in progress, and is likely to be awarded by the second quarter of the 2010-11.

#### Pilot Project for Supply of LNG in Cryogenic Vehicles

Your Company has successfully developed the pilot project for loading of LNG in cryogenic road tankers. During the year 542 tankers were loaded and supplied to customers in the State of Gujarat and Maharashtra. Many other customers have also evinced interest in getting LNG transported by cryogenic road tankers to fuel the captive generators.

#### 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 first phase of the project is scheduled for completion by July 2010. Piling work of the jetty has already been completed and the marine facilities for berthing of vessels are under completion. The onshore facilities such as conveyor systems and other equipment are nearing completion. The Solid Cargo Port would have facilities to import/export bulk products like Coal, Steel and Fertilizer.

#### SHIPPING ARRANGEMENT

The Third ship namely 'Aseem' having a capacity of 155,000 cbm was delivered on 16th November, 2009 at Samsung Shipyards, South Korea to transport additional 2.5 MMTPA of LNG from RasGas, Qatar. Now, your Company has three LNG tankers 'Disha', 'Raahi' and 'Aseem' on long-term charter hire basis to transport 7.5 MMTPA LNG from RasGas, Qatar to Dahej.

#### MARKET SCENARIO

With increased availability of domestic natural gas to 144 MMSCMD during the year under review from 82 MMSCMD, downstream infrastructure capacity has become the constraining factor, i.e. pipe-line capacity and conversion from other fuels to gas. However, with the commissioning of new pipelines in early 2011, the Dahej terminal would also get connected with some of the high potential markets. By 2012-13 many new pipelines, which are going to be part of the national pipeline grid, would be commissioned, and would further increase the demand of gas in the Country.

In the Southern region, new gas pipelines to be operational from 2012 along with PLL's Kochi LNG Terminal, will open the high-demand markets in Karnataka, Tamil Nadu and Kerala. This will also facilitate revival of NTPC's stranded Power plant near Kochi. The Company is also in an advanced stage of discussion for supply of RLNG to the new 1500 MW power plant in Delhi, which is likely to become operational in the 3rd Quarter of 2010.

#### LNG SOURCING

To cater to the Country's growing demand particularly from power and fertilizer sectors and full utilization of name plate capacity of Dahej LNG Terminal, your Company is engaged in sourcing additional volumes of LNG on long / medium term basis.

Your Company continued to maintain excellent relations with most of the Global LNG Suppliers for import of long-term as well as spot / short term LNG supplies. Your Company intends to broaden its sources of LNG and is in constant touch with various LNG suppliers, beyond the present 7.5 MMTPA from Qatar, for the expanded capacity of Dahej LNG Terminal as well as for the greenfield Kochi Terminal.

It is encouraging that your Company, during the financial year 2009-10, has executed a 20 years Sale & Purchase Agreement with Mobil Australia Resources Company Pty. Ltd., a subsidiary of Exxon Mobil Corporation for the supply of 1.44 MMTPA LNG from its Gorgon, Australia Project, with the potential for additional volumes for Company's LNG Terminal under construction at Kochi.

#### LNG TERMINAL AT KOCHI

Your Company has commenced construction of another greenfield LNG Receiving, Storage & Re-gasification 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 harbor, which is in the Puthuvypeen SEZ. The Concession Agreement and Lease Agreement for usage of water front and land respectively have been executed with Cochin Port Trust. 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. The tanks have been completed, in as much as roof raising of both the tanks had been completed by end of May, 2010. The award of EPC contracts for re-gasification, vaporization plant and marine facility have also been completed and both these contractors are also mobilized at site. Approximately, 2000 construction personnel are presently working at site. The terminal is expected to be mechanically completed as per schedule by December, 2011.

#### **FINANCING**

To meet the funding requirement of the Kochi project, your Company has opted for Balance Sheet / Asset based financing approach, at a debt equity ratio of 70:30. During the financial year 2009-10, your Company has completed the financial closure of Kochi project, and Loan Agreements were executed with the consortium of Indian Lenders (Rs. 1400 crores), International Finance Corporation (IFC) Washington (USD 200 million) and Proparco of France (USD 100 Million). Equity requirement for the project is being met through internal accruals.

During the financial year 2009-10, your Company took short-term bridge loans of Rs. 400 crores to take advantage of lower short-term financing rates.

#### **GAS BASED POWER PROJECT**

Your Company is planning to exploit its downstream synergy with gas based power generation business. This move is guided by the formidable challenges the Country is facing in meeting its growing energy needs with demand continuing to outstrip available and planned generation. Compared to per capita power consumption of approx. 17000 kWh in Canada, 7000 kWh in Germany and 2000 kWh in China, per capita consumption in India is just 900 kWh.

As the Company is in a unique position to provide quality energy to various users in a sustainable manner, it is planning to set-up a power plant of 1,200 MW capacity at Dahej contiguous to its existing LNG terminal. The Government of Gujarat has already allotted 50 hect. of land for the same. The Detailed Feasibility Report has already been prepared and is under review for making the final investment decision.

Your Company has an advantage of assured RLNG availability besides the distinct economic advantages of no VAT (currently), and transportation charges, over other users of RLNG as fuel. The proposed project will have an additional benefit of availability of "cold energy" extracted from LNG. The cold energy utilization will enable your Company to raise the plant capacity and consequently reduce cost of generation.

#### **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 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 Expansion & 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

- a) That your Company had followed the applicable accounting standards along with proper explanations relating to material departures in the preparation of the annual accounts;
- b) 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;
- c) 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
- d) That the accounts of your Company have been prepared on a going-concern basis.

#### **BOARD OF DIRECTORS**

During the year under review, Shri R. S. Pandey, Secretary, Ministry of Petroleum & Natural Gas, ceased as Chairman and Director owing to superannuation from the services of Government of India w.e.f. 31st January, 2010 and Shri S. Sundareshan, Secretary, Ministry of Petroleum & Natural Gas has been appointed as Chairman of the Company w.e.f. 17th February, 2010, Shri Seethapathy Chander ceased as Nominee Director of ADB w.e.f. 21st July, 2009 and Shri Shantanu Chakraborty has been appointed in his place as Nominee Director of ADB w.e.f. 2nd September, 2009.

#### **FOREIGN EXCHANGE EARNING AND OUTGO**

Your Company has incurred expenditure in foreign exchange to the extent of Rs.9307.97 Crores during the year under review. Foreign exchange earnings during the year was Rs. 0.67 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 2010-11, 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, 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 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

  
(S. Sundareshan)  
Chairman

Place : New Delhi  
Date : 18.05.2010

**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	5,811,729	Contractual	Appointed for a period of 5 years w.e.f. 1 <sup>st</sup> September, 2005	MD & CEO	Chartered Accountant Exp. - 37 years	02.01.2003	63 yrs.	70000	Chief Financial Officer, Essar Telecom, Essar Teleholdings Ltd.
A. Sengupta	4,245,764	Contractual	Appointed for a period of 5 years w.e.f. 27 <sup>th</sup> April, 2006	Director (F & C)	Chartered Accountant Exp. - 32 years	03.06.2002	57 yrs.	5750	GM-(Fin., Admn. & Png.), Indo Mobil Ltd.
C. S. Mani	4,219,080	Contractual	Appointed for a period of 5 years w.e.f. 1 <sup>st</sup> August, 2006	Director (Technical)	B. Tech. (Chem.) M.E. (Chem.) Exp. - 38 years.	01.08.2006	62 yrs.	50	ED-(Png. & Projects), Gujarat Alkalies & Chemicals Ltd.
R. K. Garg	2,622,704	Permanent	Appointed w.e.f. 27 <sup>th</sup> September, 2001.	Sr. V.P. Finance & Company Secretary	Company Secretary, Chartered Accountant Exp. - 31 years.	27.09.2001	54 yrs	5300	Secretary, Steel Authority of India Ltd.
Mannohan Ahuja	2,549,133	Permanent	Appointed w.e.f. 2 <sup>nd</sup> November, 1998	Sr. V.P. (Technical)	B.E. Chemical Engineering Exp. - 29 yrs	02.11.1998	50 yrs.	2500	Chief Engineer (Process), Protek Engineers, Malaysia, SDN, BHD
Rajender Singh	2,541,486	Permanent	Appointed w.e.f. 1 <sup>st</sup> December, 2005	Sr. V.P. (Dahej & Kochi)	B.Sc. (Eng.) Civil Exp. - 28 yrs	01.12.2005	51 yrs.	NIL	Chief Engineer (Civil), ONGC, Baroda