

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

Shri K. D. Tripathi	Chairman
Shri Prabhat Singh	Managing Director & CEO
Shri R. K. Garg	Director (Finance)
Shri Rajender Singh	Director (Technical)
Shri D. K. Sarraf	Director
Shri S. Varadarajan	Director
Shri Debasis Sen	Director
Shri Subir Purkayastha	Director
Mr. Philip Olivier	Director
Shri Arun Kumar Misra	Director
Shri Sushil Kumar Gupta	Director
Dr. Jyoti Kiran Shukla	Director

**Bankers and Financial Institutions**

Axis Bank Ltd.  
Asian Development Bank  
Bank of Baroda  
Bank of Tokyo – Mitsubishi UFJ  
BNP Paribas  
Canara Bank  
Citi Bank N.A.  
Credit Agricole Corporate and Investment Bank  
DBS Bank Ltd.  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
International Finance Corporation  
SA Proparco  
State Bank of India  
State Bank of Patiala  
The Hongkong & Shanghai Banking Corporation Ltd.

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**Company Secretary**

Shri K. C. Sharma

**Statutory Auditors**

M/s T. R. Chadha & Co. LLP.

**Cost Auditor**

M/s K.L. Jaisingh & Co.

**Secretarial Auditor**

M/s A.N. Kukreja & Co.

**Debenture Trustee**

SBICAP Trustee Company Ltd.

**Registrar & Share Transfer Agent**

M/s Karvy Computershare Pvt. Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
Tele: 040- 67162222, Fax: 040- 23420814  
Toll Free No.:1800-345-4001  
Email: inward@karvy.com

**Registered Office**

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

**Dahej LNG Terminal**

GIDC Industrial Estate, Plot No.7/A,  
Dahej,  
Taluka: Vagra, Distt. Bharuch  
Gujarat - 392130  
Tel. : 02641- 300300/301/305  
Fax : 02641- 300306/300310

**Kochi LNG Terminal**

Survey No. 347,  
Puthuvypu (Puthuypeen SEZ)  
P.O. 682508, Kochi  
Kerala  
Tel. : 0484-2502259/60  
Fax : 0484-2502264

**PETRONET LNG LIMITED  
NEW DELHI**

Regd. Office: 1<sup>st</sup> Floor, World Trade Centre,  
Barakhamba Lane, Babar Road, New Delhi- 110 001  
Tele: +91 11 23411411, 23472525 Fax: +91 11 23472550  
Email: investors@petronetlng.com, Website: www.petronetlng.com  
CIN: L74899DL1998PLC093073

**NOTICE OF 18TH ANNUAL GENERAL MEETING – 2016**

**N**OTICE is hereby given that the 18th (Eighteenth) Annual General Meeting of the Members of Petronet LNG Limited (PLL) will be held on Wednesday, the 21st day of September, 2016 at 10:00 A.M. at Manekshaw Centre, Khyber Lines, Delhi Cantonment, New Delhi, 110010 to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt Financial Statements and Report of Board of Directors and Auditors thereon for the financial year ended 31st March, 2016.
2. To declare a dividend for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Shri D. K. Sarraf (DIN 00147870) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Philip Olivier (DIN 06937286) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors, fix their remuneration and in connection therewith, to pass with or without modification(s) the following resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made there under M/s T. R. Chadha & Co. LLP, Chartered Accountants (Regn. No.006711N), New Delhi, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of ₹ 12 Lakh (Rupees Twelve Lakh) 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)-**

6. **“RESOLVED THAT** pursuant to provisions of Article 106 of Articles of Association and Section 149,

152, 160 and other applicable provisions, If any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Other Rules, if any, Shri Subir Purkayastha (DIN 06850526), Nominee Director of GAIL, who has been appointed on 1st December, 2015 as Additional Director of the Company by Board of Directors under Section 161 of Companies Act, 2013 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, be and is hereby appointed as Director of the Company liable to retire by rotation.”

7. **“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and Other Rules, if any, remuneration of ₹ 99,990/- plus out of pocket expenses and applicable service tax to M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182), New Delhi, Cost Auditor of the Company for the financial year 2016-17, as recommended by the Audit Committee and approved by the Board, be and is hereby ratified.”
8. **“RESOLVED THAT** pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof for the time being in force), Rules made thereunder and Related Party Transactions Policy of the Company, approval of the Members of the Company be and is hereby accorded to the Board of Directors for contracts/arrangements/transactions entered/to be entered with the related parties i.e. Promoter(s)/ Associate(s)/Joint Venture(s) (viz IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd. etc.) during the financial year 2016-17 for supply of goods or service in the Ordinary Course of Business and on Arm's Length Basis, which may exceed the materiality threshold limit i.e. exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.



**PETRONET LNG LIMITED**

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things and give all such directions as it may in its absolute discretion deem necessary, expedient or desirable, in order to give effect to this resolution."

9. **"RESOLVED THAT** pursuant to the provisions of Section 197, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, consent of the Members of the Company be and is hereby accorded for the payment and distribution of a sum not exceeding 1% per annum of the profits of the Company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013, by way of commission to and amongst the Directors of the Company such amount or proportions and in such manner and in all such respects as may be determined by the Board of Directors from time to time and such payments shall be made for a further period of five years commencing from Financial Year 2016-17.

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

10. **"RESOLVED THAT** pursuant to provisions of Article 111 of Articles of Association of the Company and Section 149, 152, 196, 197, Schedule V and all other applicable provisions, If any, of the Companies Act, 2013 and Rules made thereunder subject to the approval of the Central Government, if required and such alterations/modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members of the Company be and is hereby accorded to the extension of tenure of Shri R. K. Garg (DIN 00784953) as Director (Finance) for a further period of one year, w.e.f. 20th July, 2016 on the existing terms and conditions, with liberty to the Board of Directors to alter and vary the terms and conditions of extension and/or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

By Order of the Board  
For Petronet LNG Limited



(K. C. Sharma)  
Company Secretary

**Place :** New Delhi  
**Date :** 19th August, 2016

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Item No. 6, 7, 8, 9 and 10 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, INSTEAD OF HIMSELF/HERSELF 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. A PERSON APPOINTED AS PROXY SHALL ACT ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT, OF THE TOTAL SHARE OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.**
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. The Company had issued a Postal Ballot Notice dated 22nd December, 2015 for obtaining Shareholder's approval by way of Special Resolution(s) in respect of the following item:

Alteration of Object Clause in Memorandum of Association by incorporating the following new clause in its Main Object Clause –

**"To promote, organize or carry on business of consultancy services and training including consultancy and training in human resource capability building or any field of activity in which the Company is engaged in or connected therewith either on its own or through collaboration or Joint Venture."**

The Result of the Postal Ballot were declared on 12th February, 2016 and Special Resolution(s) as set out in the Postal Ballot Notice have been passed by the Members with an overwhelming majority as more than 90% of votes were casted in favour of Resolution(s) as per Scrutnizer's Report and the results of Postal ballot were also hosted at the website of the Company.

5. In case of Joint holders attending the Meeting, only such Joint holder, who is higher in the order of names will be entitled to vote.
  6. 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.
  7. Members/Proxies should bring the Attendance Slip duly filled for attending the Meeting.
  8. Members are requested to bring their copies of the Annual Report to the Meeting.
  9. Members holding Shares in physical mode are requested to notify the change in their Address/Bank Account/update e-mail ID to M/s Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
  10. Members holding shares in De-mat mode are requested to notify the change in their address/ Bank Account/update E-mail ID to their respective Depository Participant(s) (DPs).
  11. Members must quote their Folio Number/De-mat Account No. in all correspondence with the Company/ R&T Agent.
  12. **No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in term of Clause 14 of Secretarial Standard (SS) 2 pertaining to distribution of Gifts at Annual General meeting.**
  13. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2016 to 21st September, 2016 (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 3rd October, 2016 to the Members or their Mandates whose name appear on the Company's Register of Members on 14th September, 2016 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 14th September, 2016.
  14. 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 details to M/s Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, the Registrar & Share Transfer Agent (R & T Agent) of the Company.
  15. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
  16. Any briefcase/bags/eatables will not be allowed to be taken inside the Auditorium.
  17. Annual Listing Fee and Custody fee for the year 2016-17 have been paid to all Stock Exchanges, wherein Shares of the Company are Listed, as well as Custodian i.e. NSDL & CDSL respectively.
  18. 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.
- NOTE ON TRANSFER OF DIVIDEND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**
19. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the Company has deposited the amount lying in Unpaid/Unclaimed Dividend account for the financial year 2006-07, 2007-08 & 2008-09 to Investor Education and Protection Fund.
- E-voting Facility**
20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering a facility to its Members to cast their vote by electronic means in respect of the above mentioned businesses to be transacted at the Eighteenth Annual General Meeting.
- Notice of Annual General Meeting together with E-voting process has been sent to all the Shareholders separately. A Shareholder can apply for duplicate E-voting instruction Form together with AGM Notice through an **e-mail at [raju.sv@karvy.com](mailto:raju.sv@karvy.com)**, if so required.



**PETRONET LNG LIMITED**
**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**
**ITEM NO: 6**

Pursuant to the Article 113 A of the Articles of Association of the Company and in terms of Section 161 of the Companies Act, 2013 and Rules made thereunder, Shri Subir Purkayastha Nominee Director of GAIL, was appointed as Additional Director w.e.f. 1st December, 2015 on the Board of the Company and he holds office as Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013, from a Shareholder proposing the name of Shri Subir Purkayastha as Director of the Company.

A brief resume of Shri Subir Purkayastha as required in terms of Regulation 36 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed with the notice. Your Directors recommend the resolution for approval of the Shareholders.

Shri Subir Purkayastha is interested in the resolution to the extent of his appointment as Director.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 7**

M/s K. L. Jaisingh & Co., Cost Accountants (Regn. No. 00182), were appointed as the Cost Auditors of the Company by Board of Directors in its meeting held on 8th July, 2016 in terms of Section 148 of the Companies Act, 2013 for the financial year 2016-17.

Further, in terms of the provisions of Rule 14 (a) (ii) of Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors were recommended by the Audit Committee and approved by the Board of Directors and are to be ratified by the Shareholders. In view of the above, your Directors recommend the resolution for approval of Shareholders.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 8**

As per provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder and Related Party Transactions Policy of the

Company, all material Related Party Transactions shall require approval of the Shareholders of the Company and the Related Party shall abstain from voting on such resolutions.

Further, a transaction with a Related Party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, **exceeds ten percent of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company.

Further, in terms of provisions Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also the relevant Accounting Standard, the Promoter(s)/Associate(s)/Joint Venture(s) (viz. IOCL, BPCL, GAIL, ONGC, Adani Petronet (Dahej) Port Pvt. Ltd. etc. ) and KMPs qualify as Related Party(s) of the Company and the Company has existing and continuing contracts/arrangements in the Ordinary Course of Business and on Arm's Length Basis with the Related Parties which will continue to exist beyond 31st March, 2016 in addition to the new Contract(s)/transaction(s) to be entered into. It is difficult to specifically assess the total value of such transactions at this stage, however, it is expected that the aggregate value of all such transactions together would be beyond the threshold limit of materially as specified above.

Therefore, the approval of the Shareholders is being sought in respect of the proposed material transactions with related parties in a proactive manner.

Your Directors recommend the resolution for approval of the Shareholders of the Company.

The Directors or Key Managerial Personnel(s) or their relatives do not have any concern or interest, financial or otherwise, in passing of the said resolution.

**ITEM NO: 9**

In 13th Annual General Meeting, the Members of the Company accorded their approval that the Directors may be paid Commission upto 1% of Profit for a period of five years w.e.f. 2011-12 in such manner and in all such respects as may be determined by the Board of Directors from time to time. The period of five years has already been completed on 31st March, 2016. Therefore, it is proposed to extend the same for further period of five years.

Your Directors recommend the resolution for approval of the Shareholders as Ordinary Resolution as per requirement of Companies Act, 2013 and Rules made thereunder.

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

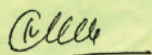
#### ITEM NO: 10

Shri R. K. Garg was appointed as Director (Finance) on 20th July, 2011, for a period of five years. The Board of Directors in its meeting held on 8th July, 2016, extended the tenure of Shri R. K. Garg for a further period of one year w.e.f. 20th July, 2016 on the existing terms and conditions as approved by the Shareholders in the 14th Annual General Meeting held on 4th July, 2012. As per the requirement of the Companies Act, 2013, the appointment or re-appointment of Whole-time Director is required to be approved by the Shareholders in the General Meeting. Your Directors recommend the resolution for approval of the Shareholders.

Shri R. K. Garg is interested in the resolution to the extent of extension of his appointment as Director (Finance).

No other Directors or Key Managerial Personnel(s) or their relatives have any concern or interest, financial or otherwise, in passing of the said resolution.

By Order of the Board  
For Petronet LNG Limited



Place : New Delhi  
Date : 19th August, 2016

(K. C. Sharma)  
Company Secretary

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

##### Shri D. K. Sarraf

Shri D. K. Sarraf is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC) and a nominee Director of ONGC on the Board of Petronet LNG Ltd. Shri D. K. Sarraf graduated in Commerce from the prestigious Shri Ram College of Commerce, Delhi University and holds a post graduate degree in Commerce from the same University. He is an Associate Member of the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India.

He has experience of over three decades in the oil and gas industry, having started his career in India's second largest upstream Oil Company – Oil India Limited and worked there till 1991. He joined ONGC in 1991 and handled various key assignments at corporate offices and became Director (Finance) in 2007.

In September 2011 Shri D.K. Sarraf was appointed as Managing Director of ONGC Videsh Ltd. (OVL). In March, 2014, he joins back ONGC once again and takes over as its Chairman & Managing Director.

In recognition of his excellence in financial management and contributions, he has been conferred with several accolades including the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011.

Shri D. K. Sarraf holds NIL share in the Company.

Shri D. K. Sarraf holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Oil and Natural Gas Corporation Limited	Chairman & Managing Director
ONGC Videsh Limited	Chairman
Mangalore Refinery and Petrochemicals Limited	Chairman
ONGC Petro Additions Limited	Chairman
ONGC Mangalore Petrochemicals Limited	Chairman
Mangalore SEZ Ltd.	Chairman
ONGC Tripura Power Company Limited	Chairman

Shri D. K. Sarraf is not a Member/Chairman of Committees of Board of Directors in any other Company.

##### Mr. Philip Olivier

Mr. Philip Olivier is the President of Engie (erstwhile GDF Suez) and a nominee Director of GDF International on the Board of Petronet LNG Limited.

Mr. Philip Olivier holds Electromechanical and Nuclear Engineering Degrees as well as Management Degrees from Gent and Fontainebleau. He has over 26 years of experience in the electricity and gas industry.

The first twelve years of his career, he spent working for Electrabel holding various positions in electricity and gas distribution operations. Since 1995 he has worked for SUEZ Energy International, contributing to its expansion worldwide, predominantly in electricity and gas distribution and transportation. From 2002 to 2007 he held the position of Chief Business Developer at Suez Global LNG Ltd. In 2007 he was appointed to the position of President & CEO of Suez Global LNG.

After the merger with Gaz de France, he became President of GDF SUEZ LNG, the business unit responsible for the management of all Group's LNG supply and vessel chartering contracts, for optimization of the Group's LNG portfolio, and for LNG business development including new markets, new supplies and investments in liquefaction plants.



## PETRONET LNG LIMITED

Mr. Philip Olivier holds NIL share in the Company.

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

Name of the Companies	Position Held
GDF SUEZ LNG SUPPLY SA (Luxemburg)	Chairman
MED LNG & GAS Ltd SA	Chairman
GNL SAINT - LAURENT INC (Canada)	Chairman
RABASKA INC (Canada)	Director
ENGIE E&P AUSTRALIA PTY LTD. (Australia)	Director

Mr. Philip Olivier is not a Member/Chairman of Committees of Board of Directors of any other Company.

### Shri Subir Purkayastha

Shri Subir Purkayastha is Director (Finance) in GAIL (India) Limited and a nominee Director of GAIL on the Board of Petronet LNG Ltd. Shri Subir Purkayastha is a Chartered Accountant and Company Secretary by professional qualification and having a rich experience of nearly 30 years in the areas of Corporate Finance and Treasury including Forex Risk Management, Capital Budgeting, Corporate Budgets, Corporate Accounts, Finalization of Long Term LNG and Gas Agreements, Liquefaction and Regasification Terminal Service Agreement, Shareholders Agreements and Joint Ventures Agreement etc.

Prior to his appointment as Director (Finance), he held the position of Executive Director (Finance & Accounts) in GAIL. He joined GAIL in 1985 as a Finance Officer and rose to the position of Director (Finance). Having joined in the early stages of the Company, he was part and parcel of the growth trajectory of the Company.

Shri Subir Purkayastha holds 100 shares in the Company.

Shri Subir Purkayastha holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
GAIL Global (Singapore) Pte. Ltd.	Chairman
GAIL China Gas Global Energy Holding Limited	Director
Brahmaputra Cracker & Polymer Ltd.	Director
GAIL Gas Ltd.	Director
GAIL (India) Ltd.	Director

Shri Subir Purkayastha is the Member/Chairman of Committees of Board of Directors of the following other Companies –

Name of the Companies	Name of Committee (s)	Position Held
GAIL Gas Ltd.	Audit Committee	Chairman
Brahmaputra Cracker & Polymer Ltd.	Audit Committee	Chairman

### Shri R. K. Garg

Shri R. K. Garg has taken over the charge of Director (Finance) of Petronet LNG Limited on 20th July, 2011. He possesses rich experience of over three decades in the areas of Finance, Commercial, Legal, Compliance etc. He is a Post Graduate in Commerce and Member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He joined the Company in its initial formative years in 2001 as Vice President (Finance) & Company Secretary and has been a part of the key senior management team involved in its strategic decisions, purchase and sales agreements, construction and financing of LNG terminals etc.

Shri Garg started his career with SAIL in the year 1979 as Junior Finance Officer and after working for over two decades in various disciplines in Finance and Corporate Planning, became the Company Secretary of SAIL. He moved from SAIL to Petronet LNG Limited in 2001.

Shri R. K. Garg holds 5300 shares in the Company.

Shri R. K. Garg holds Directorship/Chairmanship in the following other Companies:

Name of the Companies	Position Held
Adani Petronet (Dahej) Port Pvt. Ltd.	Director
India LNG Transport Co. (No. 3) Ltd., Malta	Director

Shri R. K. Garg is the Member/Chairman of Committees of Board of Directors of the following other Company-

Name of the Company	Name of Committee	Position Held
Adani Petronet (Dahej) Port Pvt. Ltd.	• Nomination and Remuneration Committee	Member
	• Corporate Social Responsibility Committee	Member

## DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, it is our privilege and honour to present the Eighteenth Annual Report and the Audited Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2016.

### PHYSICAL PERFORMANCE

The financial year 2015-16 saw the Company operate its Dahej Terminal at 111% capacity utilization inspite of the challenges faced in the long term supply agreements. The demand for LNG was robust, albeit at the current market prices, which led to a discussion and reworking of the pricing under the long term LNG Contract. The Company was successfully able to feed the market by processing LNG under spot/short term deals inspite of the reduction in volumes under the long term Contract.



Employee at work at Dahej Terminal.

During the financial year 2015-16, the Dahej Terminal handled 170 LNG Cargoes and supplied 566 TBTUs of RLNG. 2224 LNG Road Tankers were also loaded and dispatched.

The utilisation of Kochi Terminal remained extremely low in the absence of pipeline network for gas evacuation. 10 Cargoes (including reload) were handled at the Kochi Terminal during the full year.

### FINANCIAL PERFORMANCE

During the year, your Company achieved a turnover of ₹ 27,133 Crore as against ₹ 39,501 Crore in 2014-15. Inspite of an increase in quantity, the reduction of turnover in value term is primarily due to reduction in LNG prices and increase in regas service cargoes. The net profit during the year stood at ₹ 914 Crore as against ₹ 883 Crore

in the previous year. A summary of the comparative financial performance in the fiscal 2015-16 and 2014-15 is presented below:

(₹ in crore)

Particulars	2015-16	2014-15
Revenue from operations	27,133	39,501
Other Income	170	155
<b>Total Revenue</b>	<b>27,303</b>	<b>39,656</b>
Cost of LNG imports	25,076	37,611
<b>Gross Margin</b>	<b>2,227</b>	<b>2,045</b>
Salary & other operating expenses	466	452
Finance charges	239	293
Depreciation	322	315
<b>Profit before Tax</b>	<b>1,200</b>	<b>985</b>
Tax expenses, including deferred tax	286	102
Profit after Tax	914	883
Amount Transferred to Reserves:-		
General Reserve	92	89
Debenture Redemption Reserve	78	78
<b>Earnings (₹) per Share</b>	<b>12.19</b>	<b>11.77</b>

### DIVIDEND

Keeping in view the performance and dividend policy of the Company, the Directors are pleased to recommend a dividend of 25% on the paid-up share capital of the Company for the year ending 31<sup>st</sup> March, 2016.

### FINANCING OF PROJECTS

The Company managed its finances well during the financial year 2015-16. The strong cash flows helped your Company to fund the ongoing capital expenditure from its internal accruals without any need to draw on the credit lines approved by the banks and financial institutions.

Your Company continues to enjoy good rapport with the lending agencies.

The credit rating of your Company continues to remain unchanged both from domestic as well as international agencies.

### LNG SOURCING

Your Company has long-term supply contracts for LNG imports with RasGas, Qatar and Mobil Australia Resources Company (MARC), Australia for 7.5 MMTPA & 1.44 MMTPA respectively. While the LNG supplies from Qatar commenced in 2004, the Australian LNG from Gorgon is expected to hit the Indian shores by the end of 2016 or early 2017.



## PETRONET LNG LIMITED

Due to sharp decline in crude prices, the price of LNG under RasGas long term contract was on the higher side vis-a-vis other term LNG and spot LNG, leading to lower off-take by consumers. With a view to mitigate the impact of high priced LNG, your Company along-with off-takers GAIL, IOCL and BPCL, under the guidance of Ministry of Petroleum & Natural Gas, undertook the task of price restructuring with RasGas, Qatar. After a series of meetings,



Execution of LNG SPA between Rasgas, Qatar & PLL.



Execution of LNG SPA between Rasgas, Qatar & PLL.

a new pricing mechanism was agreed to between the parties. Your Company worked relentlessly to accomplish the goal within a pre-defined time frame and executed the amendments to the upstream and downstream sale and purchase agreements with the revised price formula. New prices have become effective w.e.f. January, 2016. In fact, such price restructuring under a long term contract is a very unique accomplishment, which your Company could achieve with its very own strong team as well as guidance from the Government. Such price reopening is very rarely done in the global LNG trade.



Execution of GSPA between PLL & GSPC.

In the middle of difficulty lies opportunity, as part of the price restructuring exercise your Company signed another long term deal with RasGas, Qatar for 1 MMTPA, for a period of about 12 years from 2016 to 2028. The volumes under this contract have been sold to GAIL, IOCL, BPCL and GSPC and supplies have started w.e.f. January, 2016.

Besides the long-term LNG contracts, your Company also buys LNG on spot and short-term basis from many international players. It is in touch with the major suppliers and producers to secure LNG at a competitive price for the Indian markets.

### EXPANSION OF DAHEJ TERMINAL

Your Company is further expanding the regasification capacity of its Dahej Terminal from 10 MMTPA to 15 MMTPA. As on 31<sup>st</sup> March, 2016, the expansion project



Expansion of Dahej Terminal from 10 MMTPA to 15 MMTPA.

achieved a progress of 94%. Subsequently, the expansion project is on track and in August, 2016, the Company has started commissioning activities of the project with certain incremental send-out of RLNG to its customers, though the full commissioning of the expanded facility would be completed in the last quarter of 2016.





Expansion of Dahej Terminal.

### **FURTHER EXPANISON OF DAHEJ TERMINAL**

Your Company is looking at further expansion of Dahej terminal from 15.00 MMTPA to 17.50 MMTPA with addition of one LNG Storage Tank and 2.5 MMTPA Regasification facilities. The Company is in the process of awarding EPC contracts for both Regasification facilities and LNG Storage Tank Project.

### **SHIPPING ARRANGEMENTS**

Three LNG ships, namely 'Disha', 'Raahi' and 'Aseem' carry the entire LNG volume from RasGas under a long-term contract to Dahej. Shipping Corporation of India (SCI) is an equity partner in the ship-owning companies and all three ships are manned, managed, maintained and operated by SCI. The ships operate on a long-term time charter basis.

During FY 2015-16, the overall shipping operations at Dahej LNG terminal have run smoothly and the jetty utilization has been very good without any downtime. However, due to low offtake under long-term contract for certain period during 2015-16, the ship(s) remained underutilized and consequently, the Company was not able to fully recover the charter hire payments under the long term contract as of now. Time Charter costs being pass-through cost to offtakers in the long run, the Company would be able to



LNG Ship "Raahi".

recover fully such costs which would not be recovered this year due to low LNG offtake.

Construction of a ship to carry LNG from Australia under a long-term agreement is in progress as per schedule. A consortium of companies, namely, MOL, NYK, K-Line and The Shipping Corporation of India (SCI), will jointly own this ship. PLL has a right to subscribe upto 26% equity in this LNG ship. The ship will be delivered to PLL in November 2016 and will be used primarily to transport LNG from Gorgon, Australia to Kochi.

As is the case with the first three ships, the fourth ship will also be manned, managed, maintained and operated by SCI.

### **LNG TERMINAL AT KOCHI**

During the year Kochi terminal operated at very minimul levels due to lack of evacuation pipelines to Bangalore and Mangalore. Only Phase I pipeline was operational and for most part of the year, BPCL-Kochi Refinery was the only major consumer.



LNG Terminal at Kochi.

The average capacity utilization during the year was only 3%. Some value added services like storage & reloading, GUCD (Gassing Up and Cooling Down) as well as LNG bunkering services were also provided during this year. There has been very little physical progress in KKB MPL Phase II pipeline activities in the year as the pipeline to connect to Bangalore via Tamil Nadu was under litigation and the pipeline to connect to Mangalore, which is to be laid entirely within Kerala by GAIL, is under re-tendering stage.

### **NEW BUSINESS INITIATIVES**

Having gained extensive experience in LNG handling capabilities, the Company is taking steps to develop a small scale LNG market in the Country. The initiatives undertaken by your Company towards this new concept are briefly explained below: