

Report on Corporate Governance forming part of Directors' Report

A Brief Statement on Company's Philosophy on Code of Corporate Governance

The philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organization with the primary objective of enhancing shareholders' value while being a responsible corporate citizen. The Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision-making power vested in the executive management are used with care and responsibility to meet shareholders' and stakeholders' aspirations. The Company is committed to attain the highest standards of Corporate Governance.

Board of Directors:

The total strength of the Board as on 31st March, 2011, was thirteen Directors as detailed herein below:

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

Board Meetings:

During the year, six Board Meetings were held on 27th April, 2nd June, 29th July, 25th October, 21st November, 2010, and 18th January, 2011. The attendance of each Director in the Board Meetings and the last Annual General Meeting is detailed herein below:

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

PETRONET LNG LIMITED

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

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

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

Note: -

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

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

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

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

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

(In Rupees)

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

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

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

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

PETRONET LNG LIMITED

Terms of appointment of Whole-time Directors

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

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

The initial tenure of Whole-time Director(s) is for a period of five years w.e.f. their respective date of appointment. However, the tenure of Whole-time Directors may further be extended by re-appointing them, subject to approval by Members in the Annual General Meeting.

The appointment of Whole-time Directors is subject to termination by a three-month notice in writing by either party.

Audit Committee

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

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

All the Members of Audit Committee are Non-executive Directors and two out of the two Members are Independent Directors, namely, Shri D. P. Roy and Shri P. K. Chadha. The quorum of the Audit Committee is two members.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The Company Secretary is the Secretary of the Audit Committee.

Detail of Meetings of Audit Committee held during the year

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

Brief Terms of Reference of Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any Government body or to the investors or the public; the company's system of internal controls regarding finance, accounting and legal compliances that Management and the Board have established.

The terms of reference of Audit Committee include inter-alia the following:

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

- Reviewing with management the quarterly/ half-yearly and the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by Management.
 - The going-concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange(s) and Legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with Promoters or the Management, or relatives etc. that may have potential conflict with the interest of the Company at large.
- Reviewing with the management, statutory and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where they are suspected of any fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors about the scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the lenders, shareholders (in case of non-payment of declared dividends) and other creditors.

Shareholders / Investors Grievance Committee

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

1. Shri D. P. Roy, Chairman
2. Shri S. V. Narasimhan, Member
3. Shri A. Sengupta, Member
4. Shri C. S. Mani, Member

Company Secretary is the Compliance Officer of the Company.

Detail of Meeting(s) of Shareholders / Investors Grievance Committee

Date of Meeting	Members	Meeting attended
18.01.2011	Shri D. P. Roy	Yes
	Shri S. V. Narasimhan	Yes
	Shri A. Sengupta	Yes
	Shri C. S. Mani	Yes

Details of Complaints received and redressed during the year ended 31st March, 2011

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

PETRONET LNG LIMITED

Share Transfer Committee

Share Transfer Committee was constituted to deal with the cases like re-materialization of shares, transfer, transposition & splitting of shares in physical mode. Share Transfer Committee consists exclusively Whole-time Directors, namely;

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

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

Remuneration Committee

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

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

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

Risk Assessment & Minimisation Procedure

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. A Risk Management Committee consisting Whole-time Directors periodically reviews the procedures to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter-alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation, monitoring plan and comprehensive reporting system.

Legal Compliance Reporting

As required under Clause 49 of Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

Annual General Meetings (AGMs)

The details of last three Annual General Meetings are as mentioned below:

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

Extraordinary General Meeting(s) (EGMs)

During the year, no Extraordinary General Meeting of the Members of the Company was held.

Disclosure

During the year, no material transactions with the Directors or the Management, their subsidiaries or relatives etc. have taken place, which have potential conflict with the interest of the Company.

Compliance

There has been no non-compliance of the provisions/requirements of Stock Exchanges/SEBI. No penalties/strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter relating to Capital Market.

Means of Communication

The Company has its web site having updated details about the Company, its project status, shareholding pattern on quarterly basis, etc. The financial results are being posted on the Company's web site, i.e. www.petronetlng.com. The Company also has an exclusive e-mail ID i.e. investors@petronetlng.com for investors to contact the Company in case of any information and grievances. The financial results were also published in national daily newspapers in terms of Listing Agreement.

General Shareholders Information

Annual General Meeting (AGM)

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

Dividend Payment Date

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

Financial Calendar

Petronet LNG Ltd. follows the financial year from April to March. The Un-audited Financial Results for the first three quarters and the Audited Financial Results for the year ended 31st March, 2011, were taken on record and approved by the Board in its meeting(s) held on the following dates:

Quarter Ended	Date of Board Meeting
April-June, 2010	29th July, 2010
July-September, 2010	25th October, 2010
October-December, 2010	18th January, 2011
Year Ended	
31st March, 2011	26th April, 2011

Listing on Stock Exchange(s)

Name of Stock Exchanges	Stock Code
The Stock Exchange, Mumbai (BSE)	532522
The National Stock Exchange of India Limited (NSE)	PETRONET

Market Price Data: High and Low during each month in last financial year

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

PETRONET LNG LIMITED
DISTRIBUTION SCHEDULE AS ON 31.03.2011

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

Shareholding Pattern of the Company as on 31.03.2011

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

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

Name	No. of Shares Held	% of Shareholding
Promoters' Holding		
Bharat Petroleum Corporation Ltd.	9,37,50,000	12.50
GAIL (India) Ltd.	9,37,50,000	12.50
Indian Oil Corporation Ltd.	9,37,50,000	12.50
Oil & Natural Gas Corporation Ltd.	9,37,50,000	12.50
Non-promoters' Holding		
GDF International	7,50,00,000	10.00
Asian Development Bank	3,90,00,000	5.20

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

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

Code of Conduct for Board Members & Senior Management Personnel

The Board of Directors of the Company approved Code of Conduct for Board Members & Senior Management Personnel and the same was made effective from 1st April, 2006. Copy of the same has also been hosted/ placed at the web site of the Company. All the Board Members and Senior Management Personnel have affirmed compliances with the said Code for the year ended 31st March, 2011.

CEO/CFO Certification

A certificate from the Managing Director & CEO and Director (Finance & Commercial) on the financial Statements of the Company in terms of Clause 49 of Listing Agreement was placed before the Board, who took the same on record.

Related Party Transactions

The details of all significant transactions with related parties are periodically placed before Audit Committee.

Secretarial Audit

A qualified practicing Company Secretary carried out a Secretarial Audit on quarterly basis to reconcile the total Share Capital with National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with total number of shares in physical forms and total number of dematerialized shares held with NSDL & CDSL.

Status of Corporate Governance Voluntary Guidelines 2009

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


PETRONET LNG LIMITED

Major Plant / Unit Location(s)

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

Address for Correspondence

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

Auditors' Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreements

To the Shareholders of Petronet LNG Limited

1. We have examined the compliance of conditions of Corporate Governance by Petronet LNG Limited ("the Company") for the year ended March 31st, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

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

Place : New Delhi
Date : 1st June, 2011