

# Management Discussion & Analysis



## Management Discussion and Analysis

### State of the Global and Indian Economy

The Indian Economy displayed steady economic growth despite global uncertainty around majority of the economies. India's GDP is estimated to have grown at 6.5 % in FY 2024-25, which is near to the average growth rate for India during the past 10 years.

As per IMF's World Economic Outlook, April 2025 update, the global GDP growth rate is estimated to be around 3.3% for 2024, while for 2025 and 2026, the forecast is estimated to be around 2.8% and 3% respectively. Rising trade tensions, policy and geo-political uncertainty, tariff policies and a decline in cross-border investments are expected to have a significant impact on global economic activity.

The global economic outlook presents a mixed picture across regions. The Euro Area, which has historically experienced modest growth, is projected to see a slight dip in 2025 before improving in 2026, reflecting gradual recovery amid post-pandemic adjustments and geopolitical changes. Overall, while the Asia-Pacific region continues to lead in growth, other regions such as North America and the Euro Area are navigating varied economic challenges and transitions in the years ahead. The GDP projections as per IMF World Economic Outlook 2025 for various regions is given in Table 1.

As per IMF World Economic Outlook 2025, India takes the pole position and remains a shining star, as IMF projects India's GDP to achieve a growth rate of 6.2% in FY 2025-26 and 6.3% in 2026-27 supported by manufacturing activity, strong domestic demand and private consumption, particularly in rural areas. Consistent public expenditure on building and upgrading infrastructure and connectivity, boosting the scalability and uptake of the digital economy, strengthening domestic green energy generation capabilities, and undertaking economic policies that foster inclusive social development will be at the forefront of India's long-term economic vision.

**Table 1: Real GDP growth projections as per IMF World Economic Outlook, April 2025**

(Real GDP, annual percent change)	PROJECTIONS		
	2024	2025	2026
World Output	3.3	2.8	3
Advanced Economies	1.8	1.4	1.5
United States	2.8	1.8	1.7
Euro Area	0.9	0.8	1.2
Germany	-0.2	0	0.9
France	1.1	0.6	1

(Real GDP, annual percent change)	PROJECTIONS		
	2024	2025	2026
Italy	0.7	0.4	0.8
Spain	3.2	2.5	1.8
Japan	0.1	0.6	0.6
United Kingdom	1.1	1.1	1.4
Canada	1.5	1.4	1.6
Other Advanced Economies	2.2	1.8	2
Emerging Market and Developing Economies	4.3	3.7	3.9
Emerging and Developing Asia	5.3	4.5	4.6
China	5	4	4
India	6.5	6.2	6.3
Emerging and Developing Europe	3.4	2.1	2.1
Russia	4.1	1.5	0.9
Latin America and the Caribbean	2.4	2	2.4
Brazil	3.4	2	2
Mexico	1.5	-0.3	1.4
Middle East and Central Asia	2.4	3	3.5
Saudi Arabia	1.3	3	3.7
Sub-Saharan Africa	4	3.8	4.2
Nigeria	3.4	3	2.7
South Africa	0.6	1	1.3
Memorandum			
Emerging Market and Middle Income Economies	4.3	3.7	3.8
Low-Income Developing Countries	4	4.2	5.2

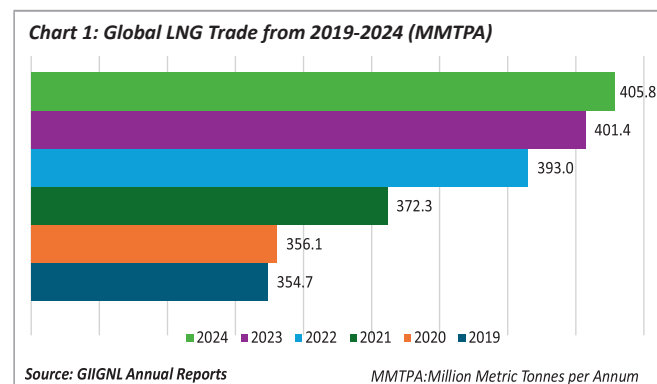
*Note: For India, data and forecasts are presented on a fiscal year basis with FY 2024/25 (starting in April 2024) shown in the 2024 column. India's growth projection are 6.5 percent in 2025 and 6.2 percent in 2026 based on calendar year*

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### Global LNG Market

Global LNG trade has maintained a stable trajectory, even amid sharply differing regional trends. While Asia saw robust growth driven by increasing demand in China and India, Europe recorded its steepest decline in LNG imports due to reduced gas usage. Nevertheless, the strong expansion in Asia, combined with solid performances in the Middle East and the Americas, counterbalanced Europe's downturn, resulting in an overall steady global LNG trade.

As per GIIGNL Annual Report 2025, Global LNG trade reached 405.8 Million Metric Tonnes (MMT) in Calendar Year 2024 (refer chart 1), which reflected 1% growth year-on-year (Y-O-Y).



In 2024, Europe experienced its largest ever decline in LNG imports where imports fell by 23 MMT, down 19% year-on-year to 98 MMT.

This decline was primarily due to a combination of structurally weakened industrial demand, especially from sectors like fertilizers, chemicals, steel etc. that never recovered post-2022 energy price spikes, and increased use of gas withdrawn from storage sites rather than relying to new imports. Simultaneously, power sector demand diminished due to greater renewable energy generation, particularly solar combined with wind delivering around 29% of total EU electricity output, and a rebound in nuclear output.

Asia continued to dominate global LNG consumption, accounting for nearly 70% of total market share. LNG imports to the region experienced strong growth in 2024, reaching 282 MMT—an increase of 21 MMT(+8%) compared to 2023 and surpassing the pre-crisis level of 273 MMT recorded in 2021. China, India and South & Southeast Asian countries led this incremental demand.

India recorded the highest ever LNG imports in 2024 rising by 5 MMT (+23%) to 27 MMT, driven by strong demand from industrial, manufacturing sectors and cooling demand owing to heat waves amid favorable spot LNG prices. The industrial sector significantly benefited from the low-price environment, with natural gas consumption increasing across critical segments such as fertilizer production, refining, petrochemicals, and other energy-intensive industries. Moreover, the favorable pricing made gas-based power generation more cost-effective compared to alternative fuels, further boosting import levels.

### Global LNG Exports

United States of America (USA) maintained its position as the world's leading LNG exporter in 2024, even though the

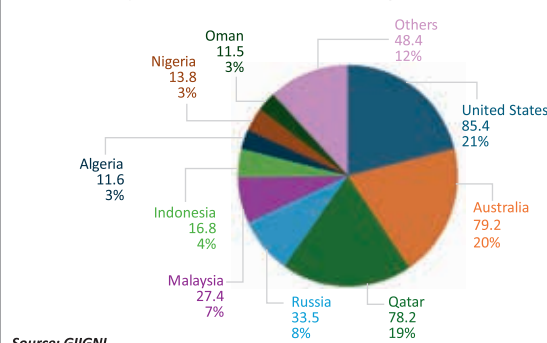
LNG exports remained almost flat at 85.4 MMT with 1% increment from 2023 levels (chart 3). The production boost of ~ 1.5 MMT from the completed debottlenecking project at Freeport LNG was offset by lower output at the Sabine Pass and Corpus Christi terminals, both of which underwent maintenance during the year.

Europe remained primary destination for US LNG volumes, however the exports from US to Europe have dropped significantly from 57 MMT in 2023 to 45 MMT in 2024.

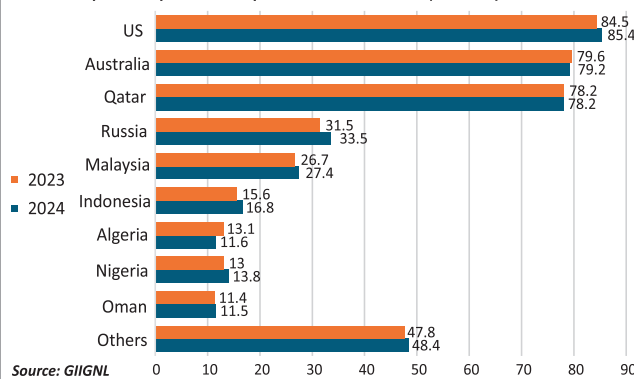
Australia (79.2 MMT) and Qatar (78.2 MMT) were the 2<sup>nd</sup> and 3<sup>rd</sup> largest exporter in 2024 respectively (chart 2).

The number of exporting countries increased to 22 in 2024 from 20 in 2023 with Mexico and Republic of Congo being the new entrants.

**Chart 2: LNG exports in 2024 (MMT and Percentage)**



**Chart 3: Top LNG Exporters Comparison - 2024 vs 2023 (MMTPA)**

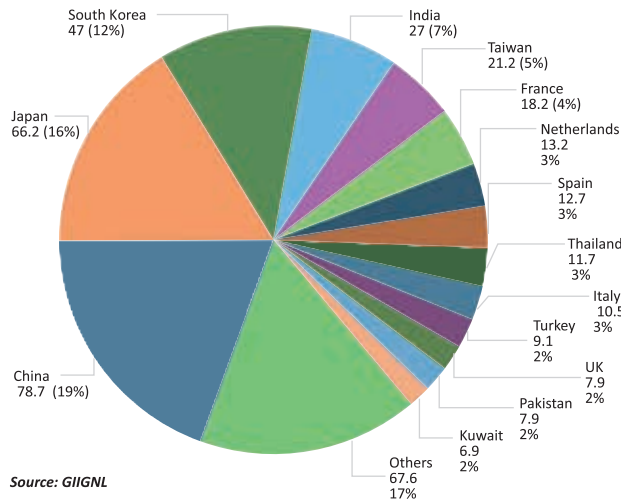


### Global LNG Imports:

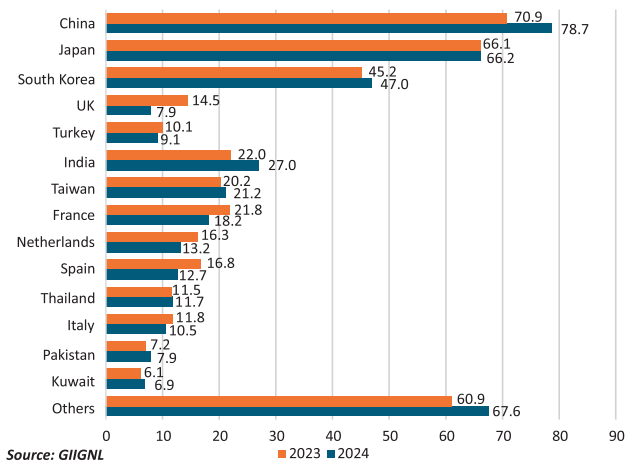
Basis GIIGNL, China maintained position as top LNG importer in 2024 with total imports reaching 78.7 MMT, which accounted for around 19% of global LNG demand. Japan stood at second position with 66.2 MMT, its share declining to around 16% of global LNG demand in 2024 against 16.5% in 2023. South Korea imported 47.0 MMT, which accounted for around 12% of the total LNG trade.

India maintained fourth position with 27 MMT of LNG imports accounting for 7% of the global LNG trade, followed by Taiwan, France, Netherlands, Spain, Thailand, Italy and Turkey as depicted in Chart 4. Top LNG importers comparison for year 2024 vs. 2023 is depicted at Chart 5. The number of importing markets rose to 49, with Egypt being the latest entrant.

**Chart 4: LNG imports in 2024 (MMT and Percentage)**



**Chart 5: Top LNG Importers Comparison - 2024 vs 2023 (MMTPA)**



### LNG Pricing:

LNG prices started the year 2024 on a weak note below the levels witnessed in 2023 amid a warm northern winter and high natural gas inventories. However, LNG prices rose steadily during second half of 2024. Lower global LNG spot prices in the first half of 2024 encouraged the price-sensitive buyers like India and China to enter the market buying more spot LNG volumes.

In 2024, Platts JKM (Japan Korea Marker) and WIM (West India Marker) averaged to \$11.91/MMBTU (Million Metric British Thermal Unit) and \$11.38/MMBTU, representing a 13.5% and 17.65% decline respectively compared to 2023 (chart 6 and 7).

With the improving balance of the gas market through demand and supply side management measures taken by Europe, Europe's gas price benchmark, TTF (Title Transfer Facility), maintained a downward trend and averaged \$10.96/MMBTU in 2024, with a 16.3% year-on-year decrease.

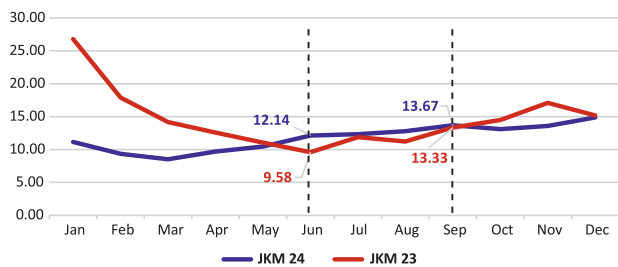
The lower prices were underpinned by:

- Sufficient gas inventories in Europe following strategic storage during 2023
- Decline in European LNG demand amid weakened industrial demand and strong renewable output
- Milder-than-expected northern winter conditions in key importing regions curtailed heating demand, exerting downward pressure on prices

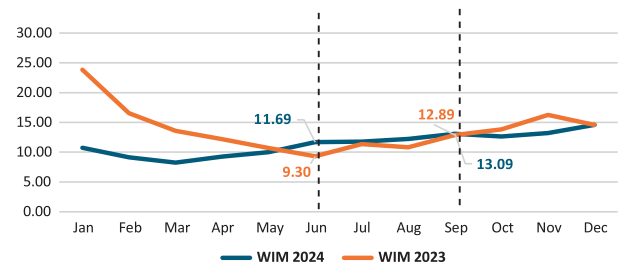
The end of 2024 also saw prices on an upward trend due to expiry of contracts for Russian gas flowing through Ukraine in December 2024.

The price spread between JKM and Platts Northwest Europe (NWE) narrowed to \$1.15/MMBTU in 2024 from \$1.59/MMBTU the previous year. Heightened European demand towards onset of winter pushed NWE prices above JKM in November, following Russia's suspension of gas supplies to Austria (chart8).

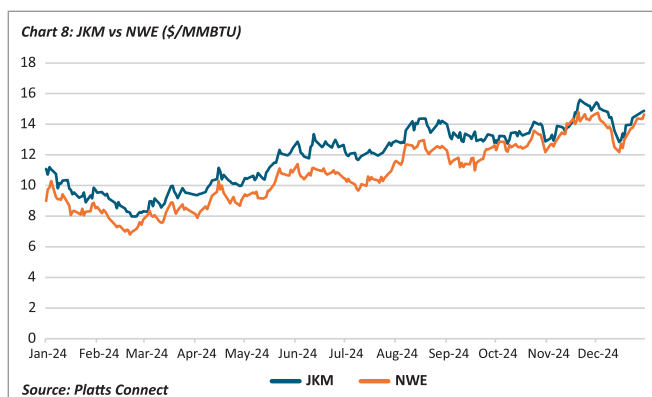
**Chart 6: JKM Monthly Average Price 2024 vs 2023 (\$/MMBTU)**



**Chart 7: WIM Monthly Average Price 2024 vs 2023 (\$/MMBTU)**







The global gas demand and supply is still finely balanced. However, any escalation in any of the geopolitical issues facing the energy market or any additional factor which impacts gas or LNG supply may lead to more volatility in prices.

### Global LNG Outlook for 2025 and beyond

The global LNG market is expected to remain tight in 2025, driven primarily by increased European demand due to lower post-winter gas storage and the halt of Russian supplies via Ukraine from January 2025. Europe may require additional LNG, reducing spot availability for Asia and intensifying competition between the two regions, especially during the summer.

However, new LNG supplies are going to come online more gradually starting towards end of 2025, primarily from North American region. Further as per IGU, major capacity wave is expected to arrive in 2026, with 53.7 MTPA mostly from North America (31.1 MTPA) and the Middle East (15.6 MTPA). Global liquefaction capacity, which is around 494 MTPA at the end of 2024, is expected to increase by around 170 MTPA between 2026 and 2028. Therefore from 2026 onwards, it is expected that the LNG market will become more balanced with regards to supply. This surge in LNG export capacity is likely to cause price reduction thereby sparking strong demand from price sensitive markets like India.

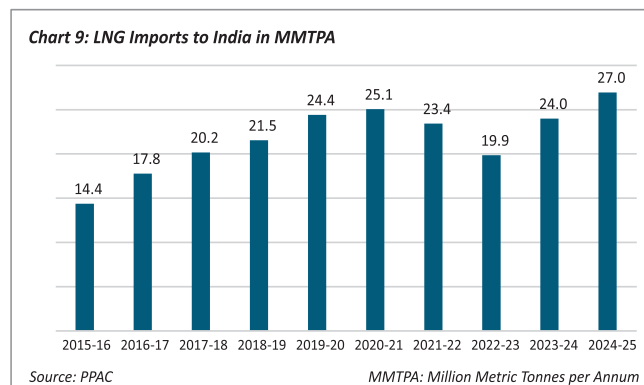
### Natural Gas and LNG in India

India's current share of primary energy consumption is around one third of world's average. Current energy consumption of India is around 6% of world's total primary energy consumption against population of around 18% (1.46 billion plus) of the world. Currently, natural gas comprises around 6% of India's energy mix, significantly lower than the global average of 23%.

As per PPAC, the total natural gas consumption in India in FY 2024-25 averaged around 195 MMSCMD as compared to around 188 MMSCMD in FY 2023-24, an increase of around 7 MMSCMD.

### India's LNG Imports

LNG imports in price sensitive Indian market increased to the highest level of 27.0 MMT in FY 2024-25 from 24.0 MMT in FY 2023-24. This notable growth was primarily driven by a surge in cooling demand during extensive summer heatwaves, which coincided with declining spot LNG prices, creating an especially favourable environment for increased imports. India's LNG imports increased by 3.0 MMT in FY 2024-25 compared to FY 2023-24, as illustrated in Chart 9.



## OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Developments such as usage of LNG as a fuel in transportation sector especially Department of Promotion of Industry and Internal Trade (DPIIT) notification dated 05<sup>th</sup> June 2025 amending Static and Mobile Pressure Vessels (SMPV) Rules permitting use of spark ignition (LNG fueled) vehicles for transportation of inflammable materials, infrastructure, industrial, city gas distribution network, power generation facilities, refineries, fertilizer units and allied products and services are expected to provide much boost to gas demand in India in the coming years. As India moves forward to a gas-based economy, LNG is bound to play a major role to cater the growing gas demand in India.

### Uptick in Long term LNG contracting

In India, Natural Gas is majorly consumed in Fertilizers, Refineries, Petro-chemicals, Industries and City Gas. These sectors require reliability of supply and affordable price at predictable & competitive terms vis a vis alternative fuel.

India's growing gas market can be better developed through long-term contracts, which offer more stability and energy security than volatile spot supplies.

India currently has around 22 MMTPA of active long-term LNG contracts. In 2024, Petronet LNG Limited (PLL) had renewed its contract for 7.5 MMTPA LNG with QatarEnergy for 20 year period starting from 2028 till 2048. Further, various Indian companies who are marketers and consumers

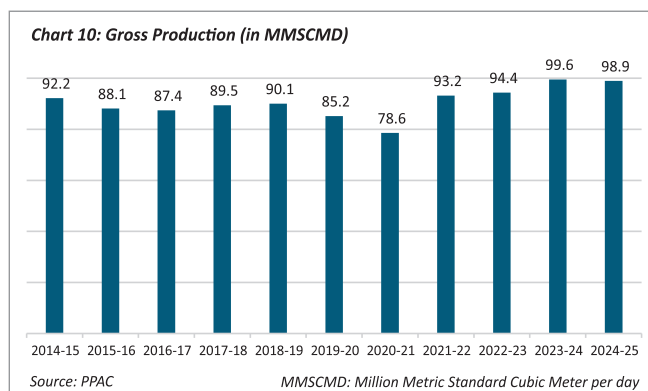
like GAIL (India) Limited (GAIL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Gujarat State Petroleum Corporation (GSPC), Torrent Power Limited etc. have signed new term LNG deals totalling to around 6 MMTPA in the recent years, under which most of the volumes will start in 2026 and 2027. The above contracts provide immense opportunity for PLL for handling additional volumes at its terminals under Regasification Agreements with various users like GAIL, IOCL, BPCL, GSPC and Torrent.

### Gross production of Domestic Natural Gas

Chart 10 shows that the domestic gross production of 99.6 MMSCMD in FY 2023-24 decreased to 98.9 MMSCMD in FY 2024-25, registering a marginal decline of 0.89 % or 0.7 MMSCMD.

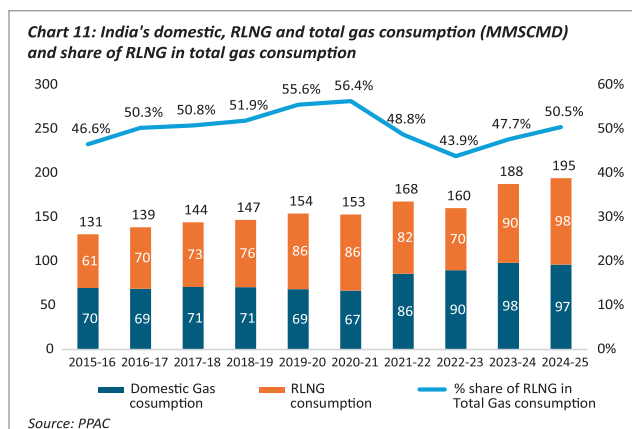
As can be seen from Chart, owing to various initiatives of Government of India, Domestic natural gas production has been on an increasing trend from FY 2020-21 onwards. However, it is expected that offshore (and overall) gas supply growth will be tapered by plateauing output from the new finds and declining production from legacy assets.

As India's domestic natural gas production is projected to see only marginal growth until 2030, LNG imports would be crucial to bridging the gap and ensuring that the country meets its future gas demand.



### Gas Consumption

India's total natural gas consumption, share of RLNG in gas consumption and sector wise gas consumption is depicted at chart 11 and Table 2 respectively. The share of RLNG in India's gas consumption stood at around 50.5% in the FY 2024-25. In FY 2024-25, India witnessed rebound in RLNG (Regasified LNG) consumption, fuelled by increase in demand from Power Sector and a pickup in industrial usage amid favorable spot LNG prices.



**Table 2: Average sector wise gas consumption**

Average Sectoral consumption (MMSCMD) 2024-25				
Sector	RLNG	Domestic Gas	Total	% Share of sector total in gas consumption
Fertilizer	48	8	56	29%
Power	7	17	24	12%
CGD	14	28	42	21%
Refinery	12	4	16	8%
Petrochemical	6	3	9	5%
Others	11	37	48	25%
<b>Total</b>	<b>98</b>	<b>97</b>	<b>195</b>	<b>100%</b>

### Gas Infrastructure Development

The Government of India has been focusing on expanding the country's natural gas infrastructure, including the development of pipeline networks, LNG Regasification terminals, and city gas distribution (CGD) networks.

One important component of the integral gas infrastructure in India is the Regasification Terminals. Since India is a gas deficit country and relies heavily on LNG imports, Regasification Terminals play an important role in the country's gas development plans. Currently India has 52.7 MMTPA of regas capacity. Additionally, capacity of Dahej terminal of PLL is under expansion by 5 MMTPA. PLL is also planning to set up a land based 5 MMTPA terminal in Gopalpur, Odisha. Further, few more land-based terminals and FSRUs, are in various stages of expansion, planning and implementation, with a potential to add another 15-20 MMTPA capacity. With these developments, the total regasification capacity of India is expected to increase from 52.7 MMTPA to around 72 MMTPA.

Completion of these planned capacities and expansions will require additional pipeline infrastructure and major capital investments. Further, in order to achieve GOI's vision of 15% share of Natural Gas in the energy basket of India by the year 2030, the Country would require around 150 MMTPA of LNG re-gas infrastructure at an average capacity utilization of 80%. Thus, the creation of additional capacity of around 80 MMTPA would be required.

India's natural gas pipeline network has expanded from 15,340 km in 2014 to approximately 25,429 km by March 2025. Also, another 10,459 Kms of natural gas pipeline is under development. With the completion of these pipelines, the National Gas Grid would connect all major gas markets and supply regions in India.

Further, PLL's Kochi terminal is connected to various customers through GAIL's Kochi- Kootanad- Mangalore Gas section of KKBMPPL Pipeline. Upon completion of Coimbatore - Salem -Krishnagiri Pipeline section (approx. 250 Kms) of Kochi- Kootanad- Bangalore- Mangalore Gas Pipeline (KKBMPPL), PLL Kochi LNG Terminal will get integrated with the National Gas Grid of India, wherein natural gas from PLL's Kochi LNG terminal can be supplied to customers along the National Gas Grid enabling improved capacity utilization.

Additionally, the government in an ambitious drive through the Petroleum and Natural Gas Regulatory Board (PNGRB), has undertaken development of City Gas Distribution (CGD) and authorized 307 Geographical Areas for development of CGD infrastructure with a potential coverage of almost 100% of country's mainland area.

With such accelerated progress in the City Gas Distribution network, access to cleaner cooking fuel to households, other industrial and commercial facilities, as well as fuel for transportation, will become more rapid.

As on end of March 2025, the total number of Piped Natural Gas connections for residential use and CNG Stations for CNG vehicles stood at around 1.5 Crore and ~8000 respectively.

The development of these infrastructure projects would enhance the accessibility and availability of natural gas across different regions of India and consequently consumption of natural gas would increase rapidly.

### **Government Policies and Initiatives to increase the share of Natural Gas -**

The government has implemented several policy measures to boost gas usage in the Indian economy, from accelerating gas infrastructure development to reforming exploration and production and pricing policies, and incentivizing greater investment in the oil and gas sector.

#### **• Exploration and Production**

In order to encourage an increase in domestic oil and gas production in the country, the Government of India has carried out a series of reforms in recent few years in the Exploration and Production sector of India which include Hydrocarbon Exploration and Licensing Policy (HELP), Discovered Small Field (DSF) Policy, Open Acreage Licensing Policy (OALP), policy to promote and incentivize Enhanced Oil Recoveries (EOR), policy framework for exploration and exploitation of Coal Bed Methane (CBM) from areas under Coal Mining Lease and early monetization of CBM. India is aggressively expanding its efforts in the domestic exploration and production (E&P) sector. With 2.5 lakh square km of offshore acreage open for exploration under OALP round 10 and being close to discovering a Guyana-scale oilfield in the Andaman Sea, India is in the midst of one of the most ambitious plans to enhance the efforts to drill for more and further enhance hydrocarbon exploration in the country.

#### **• Gas Pricing Reforms & Pipeline unified Tariffs**

In order to minimise the impact of rising Natural Gas prices, the Government has approved the revised domestic natural gas pricing guidelines. Under the revised guidelines, the price of natural gas, from nomination fields of Oil and Natural Gas Corporation (ONGC) / Oil India Limited (OIL), New Exploration Licensing Policy (NELP) blocks, and pre-NELP blocks, where the Production Sharing Contracts (PSCs) provide for Government approval of prices, is determined as 10% of the monthly average of the Indian Crude Basket and is notified monthly. For gas produced by ONGC and OIL from their nomination blocks, the Administered Price Mechanism (APM) price is subject to a floor of \$4.0/MMBTU and a ceiling of \$6.5/MMBTU. The ceiling price was fixed for initial two years i.e. 2023-24 and 2024-25 and then will be increased yearly by \$ 0.25/MMBTU. This has led to price stability for consumers.

The introduction of a unified tariff system has resulted in making gas affordable in far-flung demand centres and is expected to provide a substantial push to gas demand and transition from other fuels. In line with the Government's objective of 'One Nation, One Grid, One Tariff', the new tariff regime will particularly benefit consumers in far-flung areas, where transportation charges were previously higher under the old additive tariff structure.

#### **Major risks**

The major threats and risks associated with development of natural gas market in India include delay in start-up of

new LNG projects, substantial increase in domestic gas production, though for a shorter duration (production to plateau by 2030 and then decline), delay in connectivity of pipelines with LNG terminal, any adverse regulation/policy, delay in implementation of GST on natural gas sector, geopolitical risks and disruptions in LNG supply chain which could create turbulence in international LNG prices.

## SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The financial year 2024-25 was marked by modest supply growth and shifting trade dynamics. While geopolitical uncertainties, including the Russia-Ukraine conflict and Middle East tensions, continued to impact the global oil and gas supply chain, global LNG trade rose to 405.8 MMT in 2024, against 401.4 MMT in 2023.

LNG prices remained stable in early 2024, driven by lower European demand and higher imports by China and India, which benefited from competitive spot prices. However, tighter market fundamentals and supply risks coupled by the complete curtailment of Russian gas supply to Europe through Ukraine w.e.f. 01 January 2025, and Europe's winter demand and lower storage levels in Europe kept the market tight in early 2025.

Despite this, India's natural gas consumption grew annually by around 3.5%, reaching around 195 MMSCMD in FY 2024-25, with LNG imports growing from 24.0 MMTPA to 27.0 MMTPA, reflecting the country's growing reliance on imports and resulting in increased utilization of Dahej and Kochi LNG Terminals of your company.

### Major Business Initiatives by Petronet LNG Limited (PLL)

Your company executed definitive agreements with Deepak Phenolics Limited (DPL), a wholly owned subsidiary of Deepak Nitrite Limited for the long-term sale and purchase of propylene and hydrogen on 06<sup>th</sup> February 2025. Under this landmark agreement, your company will supply 250 KTA of propylene and 11 KTA of hydrogen from its petrochemical complex in Dahej to DPL over a 15-year period.

Your company executed a LNG Regasification agreement with Performance Chemiserve Limited (PCL), a wholly owned subsidiary of Deepak Mining Solutions Limited (DMSL), which is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) on 10<sup>th</sup> July, 2025. Under this agreement, DFPCL Group will import around 0.5 MMTPA LNG, at PLL's Dahej terminal for storage and regasification over a tenure of 5.5 years starting between May to July 2026 and ending on 31<sup>st</sup> December 2031. This agreement will generate revenue

of about Rs. 1200 crore for PLL, with an upside potential to generate an additional revenue of upto 20%, over the contract duration.

Your company is in discussion with leading Indian refineries and petrochemical companies to explore the rail-based supply of ethane from upcoming petrochemicals complex at Dahej utilising the services of CONCOR's railway siding at Dahej. Preliminary assessment points to robust techno-economic viability, positioning the project as India's first large-scale liquid-ethane movement by rail. Following the detailed feasibility, a final investment decision will be obtained in the coming year. Successful execution will open a significant new revenue stream, strengthen customer partnerships and reinforce PLL's role in enabling cleaner, flexible energy logistics across the country.

Your company is also under discussion with leading global energy solutions partners to explore a group-captive, hybrid renewable-power solution for Dahej. Parties will explore establishing the RE hybrid power plant for ~150 MW power required for the petrochemical complex slated for 2028, unlocking substantial long-term savings while advancing our ESG agenda. In parallel, the collaboration is evaluating best-practices in propane-sourcing and hedging frameworks to enhance feedstock cost predictability.

Your company is also in the process of selecting the right partner for supplying the RE hybrid power to meet its existing ~30 MW demand by setting up power plant in group captive mode.

## OUTLOOK

### Indian Natural Gas Sector

India's natural gas demand is projected to grow steadily, supported by rapid infrastructure development, urbanization, industrial growth, improvements in standard of living, strong manufacturing demand and proactive government policies promoting cleaner energy sources.

With India's commitment to achieve net zero emissions by 2070 and in line with the Hon'ble Prime Minister's vision of developing a gas-based economy by increasing the share of natural gas from 6% to 15% by 2030, natural gas is expected to hold a larger share in the country's future energy mix.

Various steps taken by the Government in this direction include expansion of National Gas Grid Pipeline & City Gas Distribution (CGD) network, setting up of Liquefied Natural Gas (LNG) Terminals, allocation of domestic gas to Compressed Natural Gas (Transport) / Piped Natural Gas (Domestic) CNG(T) / PNG(D) as priority sector, allowing marketing and pricing freedom with a ceiling price to gas





produced from high pressure / high temperature areas, deep water & ultra-deep water and from coal seams etc. These initiatives will further push demand for gas in India and expand the market for gas.

The forecast as of now for domestic supply through exploration and production in India is not very optimistic and any increase in demand for gas will have to be met by LNG imports. As per International Energy Agency (IEA), India's LNG imports are projected to increase substantially representing an annual growth of around 11%.

Due to a new wave of LNG supply coming mainly from US and Qatar, the LNG market is expected to loosen and shift to a buyers market from 2026 onwards, leading to a more competitive price of LNG as compared to liquid fuels. This shift in the LNG market balance will be more favourable to Indian gas buyers and support accelerating growth in gas consumption.

Furthermore, due to the variable nature of renewables like solar and wind, natural gas is expected to play an increasingly critical role in power generation in order to stabilize the power transmission grid.

In India's energy transition pathway, Natural Gas / LNG will remain essential as a transition fuel over the next four to five decades, providing energy security while also enabling progress toward decarbonization.

### Indian Petrochemical Sector

India's petrochemical demand has grown steadily for two decades and is expected to maintain strong momentum over the next 15–20 years. Historically, consumption has outpaced GDP growth by 1.3–1.5 times, making India one of the most attractive petrochemical markets worldwide.

The chemical and petrochemical industry is projected to grow from \$300 billion in 2025 to \$1 trillion by 2040. With annual consumption between 25 to 30 million tonnes, India's per capita consumption is significantly lower than developed nations, indicating strong future demand. Petrochemical capacity is projected to rise from around 30 to 46 million tonnes by 2030. This expansion aligns with India's ambition to become a global chemicals manufacturing hub and reduce import dependency.

### Polypropylene

Over the years, polypropylene (PP) has gained popularity in all spheres of day-to-day usage to niche applications. The

primary consumption of PP is concentrated in the packaging, automotive and construction sectors. The packaging industry remains the largest end user, representing a substantial portion of global consumption, driven by the increasing demand for lightweight and durable materials, which are essential for modern packaging solutions.

Huge potential exists in India to increase its per capita consumption of PP, which is approximately 4.5 kilograms compared to 20-25 kilograms (as per S&P Global) for developed nations such as the United States and Europe. With the Indian economy projected to grow at a steady rate, as well as a growing middle-class population, per capita consumption of PP is expected to double in the next decade. Part of this demand will be captured by Petronet LNG Limited's Petrochemical project.

India's PP market reflects strong growth and strategic potential. As per the statistics published by Gol's Department of Chemicals & Petrochemical, in FY 2023–24, domestic production of PP stood at 5.37 MMTPA, while consumption of PP (including co-polymer) reached 6.74 MMTPA, creating a supply-demand gap of approximately 1.37 MMTPA, largely met through imports. The industry's installed capacity utilization during FY 2023-24 was notably high at 108.9%, indicating robust demand outlook. With a growth from 6.12 MMTPA in FY 2022-23 to 6.74 MMTPA in FY 2023-24 i.e. ~ 10% increase in consumption of PP (including co-polymer), the sector is poised for steady expansion, offering promising opportunities for domestic production and investment.

### Human Resources

Your Company believes that every employee has extraordinary potential and unlocking any such untapped talent through meaningful intervention is the company's path to excellence. To sustain robust transitions and pave the way for dynamic performances, your Company rely on a talented pool of people who are determined to foster excellence through a performance-driven work culture. Your Company has always given emphasis on people development, employee engagement and continuous learning thereby enabling employees to always remain poised to fulfil professional as well as organisational objectives. As on 31<sup>st</sup> March 2025 there were 579 employees including 3 Wholtime Directors.

Industrial Relation environment is always congenial and since inception there are zero instances of disharmony at any of Company's work locations.

## Operational Performance

The operational performance of your Company for the year 2024-25 is as follows:

Particulars	2024-25		2023-24	
	Quantity (TBTU)	Revenue from operations (Rs. crore)	Quantity (TBTU)	Revenue from operations (Rs. crore)
Sale of RLNG	464	47,823.62	476	49,378.99
Regasification services	470	2,854.15	443	2,548.04
Other operating revenue				
Use or Pay charges	-	117.27	-	610
Others		184.52		191.40

Revenue from operations on account of sale of RLNG in FY 2024-25 was Rs. 47,823.62 crore as against Rs. 49,378.99 crore in FY 2023-24, reflecting a decline of 3.15%, primarily due to fall in LNG prices. Total quantities sold in FY 2024-25 were 464 TBTUs as against 476 TBTUs in FY 2023-24.

The Company's revenue from regasification services in FY 2024-25 was Rs. 2,854.15 crore as compared to Rs. 2,548.04 crore in FY 2023-24, showing a surge of 12% on account of increase in volume from 443 TBTUs in FY 2023-24 to 470 TBTUs in FY 2024-25.

## Financial Performance

Particulars	FY 2024-25	FY 2023-24	Change Increase/ (Decrease)
Revenue from operations	50,979.56	52,728.43	(3.32%)
Profit before tax (PBT)	5,275.18	4,757.03	10.89%
Profit after tax (PAT)	3,926.37	3,536.20	11.03%

## Financial Parameter

Particulars	FY 2024-25	FY 2023-24
Capex	1,584.28	797.12
Reserves and Surplus	17,882.38	15,462.80
Net worth	19,382.38	16,962.80

## Ratio Analysis

Particulars	2024-25	2023-24
Trade receivables turnover ratio= Net sales divided by average trade receivables	14.79	14.12
Inventory turnover ratio= Net sales divided by average Inventory	38.19	40.27
Debt Equity Ratio*	NA	NA
Interest Coverage Ratio*	NA	NA
Current Ratio= Current assets divided by Current Liabilities	3.74	3.10
Operating Profit Margin Ratio=Earnings before interest and taxes(EBIT) divided by Net Sales	10.85%	9.57%
Net profit Margin ratio= Net profit after tax divided by Net sales	7.70%	6.71%

Particulars	2024-25	2023-24
Return on Networth ratio= Net profit after tax divided by Average shareholder's equity	21.61%	22.17%
Return on Capital employed = Earnings before interest and taxes(EBIT) divided by Capital Employed	24.45%	24.51%

\*As there is no long-term debt, the ratios are NA

During FY 2024-25, your Company achieved turnover of Rs. 50,979.56 Crore as against Rs. 52,728.43 Crore in FY 2023-24. Your Company registered highest ever PBT and PAT of Rs 5,275.18 Crore and Rs 3,926.37 Crore for the FY 2024-25 as against PBT and PAT of Rs 4,757.03 Crore and Rs 3,536.20 Crore in FY 2023-24. Your Company was able to achieve robust financial results riding on higher capacity utilization, stable LNG prices and achieving efficiency and optimization in its operations.

Riding on the robust financial results, the net worth of your Company has increased from Rs.16,962.80 Crore as on 31<sup>st</sup> March 2024 to Rs. 19,382.38 Crore as on 31<sup>st</sup> March 2025, registering a growth of around 14.26%, post disbursement of dividend of Rs. 10 per share to the shareholders.

With the increase in PAT by 11.03% and growth in Net-worth by 14.26%, the Return on Capital Employed (RoCE) and Return on Net-Worth (RoE) have largely remained at the same level.

### ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has a robust system of the Internal Financial Controls (IFC) and its monitoring. The IFC framework and the Risk Matrix (RCM) for various business processes are in place and are reviewed consistently by the management and Audit Committee. Independent professional agency is engaged for IFC testing. The IFC system ensures compliance

of all applicable laws and regulations, optimum utilization and safeguard of the Company's assets and accuracy / completeness of financial records/reports.

### CAUTIONARY STATEMENT

Statements in the Board's Report and Management Discussion & Analysis, describing the Company's objectives, strategies, projections and estimates, expectations, etc. may be 'forward looking statements' and progressive within the meaning of the applicable laws and regulations. By their nature, forward-looking statements require your Company to make assumptions and are subject to inherent risks and uncertainties. Forward looking statements which involve several underlying identified/non identified risks and uncertainties that could cause actual results to differ materially from the expectations. Critical factors that could influence the Company's operations include global and domestic demand and supply conditions, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also likely to change accordingly. These forward-looking statements represent only your Company's current intentions, beliefs and expectations. Your Company assumes no obligation to revise or update any forward-looking statement, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on the forward-looking statements.



Panoramic View of Kochi LNG Terminal