

Management Discussion & Analysis



MANAGEMENT DISCUSSION & ANALYSIS

State of the Global and Indian Economy

India's economy remained resilient in FY 2025–26 with IMF reporting the GDP growth rate at 7.6% , supported by strong domestic demand, public investment, and rising private sector participation. The IMF, in its World Economic Outlook report published in April 2026, projects India's GDP growth at 6.5% in FY 2026–27, driven by continued strength in manufacturing, infrastructure, and services. The long-term outlook is underpinned by sustained focus on infrastructure, digitalisation, energy transition, and inclusive growth, along with reforms to improve ease of doing business and industrial competitiveness, positioning India well in the evolving global economy.

Against this backdrop, the global economy entered a phase of heightened uncertainty during the conclusion of FY 2025–26, amid escalating geopolitical tensions and supply-side disruptions, particularly following the outbreak of conflict in the Middle East in early 2026. Despite a resilient growth trend in recent years, global economic activity witnessed headwinds from rising commodity prices, tightening financial conditions, and persistent policy uncertainties.

As per the IMF World Economic Outlook (April 2026), global GDP growth is estimated at 3.4% in 2025 and is projected to moderate to ~3.1% in 2026, with a marginal recovery to ~3.2% in 2027. The outlook is constrained by disruptions in energy markets, trade flows, and elevated geopolitical risks, which are weighing on global momentum. Further, in detrimental scenarios involving prolonged conflict and sustained energy disruptions, growth could decline further to around 2.5%, with inflation rising to 5.4%, underscoring significant downside risks. Meanwhile, global inflation, after easing, is expected to edge up to around 4.4% in 2026 due to higher energy and food prices before moderating. Trade growth has also slowed amid geopolitical tensions and ongoing supply chain adjustments.

The global economic outlook continues to present a divergent regional trajectory. Advanced economies are projected to grow at a relatively moderate pace, while emerging market and developing economies are expected to maintain stronger growth momentum, albeit with

increased susceptibility to external shocks. The Asia-Pacific region remains a key driver of global growth, supported by domestic demand and trade linkages, whereas the Euro Area and parts of North America are navigating slower recovery due to energy price volatility, weak manufacturing activity, and tighter financial conditions.

Industry Structure and Developments

1. Global LNG Market

Global LNG trade witnessed remarkable growth in Calendar Year (CY) 2025, driven by a sharp rebound in demand from Europe and new wave of Atlantic Basin supply. The year was marked by regionally diverse trends, with Europe emerging as the primary driver of growth, while Asian demand moderated due to structural and price-driven factors. Despite this divergence, the overall market expanded steadily, reflecting LNG's increasing role in ensuring global energy security and supply flexibility.

As per the GIIGNL Annual Report 2026, global LNG trade reached 427.9 Million Metric Tonnes (MMT) in CY 2025, registering a 5% year-on-year growth compared to CY 2024, supported by new liquefaction capacities, particularly in the United States and other Atlantic Basin projects. However, in the last quarter of FY 2025–26, the global LNG market shifted to a tighter and more volatile phase, due to geopolitical disruptions in the Middle East. The conflict and disruption of LNG flows through the Strait of Hormuz significantly impacted nearly 17% of global LNG supply, resulting in reduced cargo availability and increased price pressures.

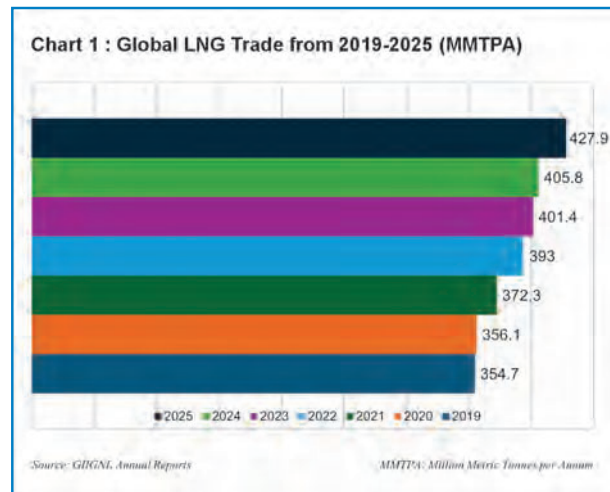
Despite ongoing disruptions in 2026, global LNG supply continues to be supported by increased production from the United States, Australia, and Nigeria, as per recent S&P LNG Market Briefing and Quarterly Outlook to 2030 (April 2026). However, exports from key Middle East producers, including Qatar and the UAE, were impacted during the period, exacerbating supply tightness.

On the demand side, CY 2025 was characterised by regional divergence with strong growth in Europe



and moderation in Asia, reflecting structural factors, availability of alternative supplies, and price sensitivity across markets. This divergence intensified in Q1 of CY 2026 with European LNG demand remaining robust due to low inventory levels and continued reliance on LNG as the primary marginal supply source while the Asian demand declined further. India experienced mixed trends during Q1 of CY 2026, with strong demand in early months followed by a sharp decline in March due to high prices and supply disruptions. Policy-driven gas allocation measures prioritising essential sectors further underscored the price sensitivity of LNG demand in the country.

Overall, while CY 2025 reflected a gradual rebalancing of global LNG markets, developments in early 2026 point to a temporary tightening driven by geopolitical disruptions and supply constraints. The evolving interplay of supply diversification, infrastructure expansion, and shifting regional demand continues to shape a more interconnected and responsive global LNG market.



2. Global LNG Exports

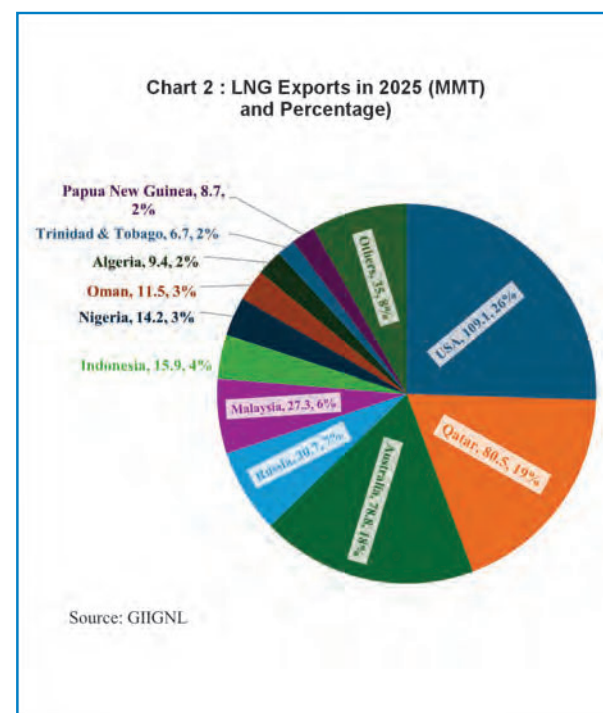
The global LNG supply landscape in CY 2025 was marked by strong growth led by the Atlantic Basin, particularly the United States, alongside new entrants and capacity additions across regions. The United States retained its position as the world's largest LNG exporter, with exports reaching around 109 MMT, supported by new liquefaction capacities such as Plaquemines LNG and Corpus Christi Stage 3. The Atlantic Basin recorded the highest growth, with

exports rising by approximately 12% year-on-year to about 176 MMT. Qatar and Australia remained key suppliers with stable output, while new exporters such as Mauritania and Canada added incremental volumes.

During Q1 of CY 2026, global LNG exports were impacted by disruptions in the Middle East, leading to a sharp reduction in cargo loadings from Qatar and the UAE. Exports from these regions declined significantly, particularly after February 2026, following the disruption of the Strait of Hormuz.

Despite these challenges, global supply continued to expand, supported by higher output from the United States and other Atlantic Basin producers, reinforcing their role as key balancing suppliers. This was reflected in increased North American cargo flows to Asia, as supply disruptions led to diversion of LNG toward Asian markets, highlighting the flexibility of US LNG. In contrast, some exporters, including Russia, Algeria, and Norway, faced constraints due to sanctions, maintenance, and upstream issues.

Overall, the global LNG export market is evolving toward greater supply diversification and flexibility. However, developments in early 2026 underscore its vulnerability to geopolitical disruptions and logistical constraints.





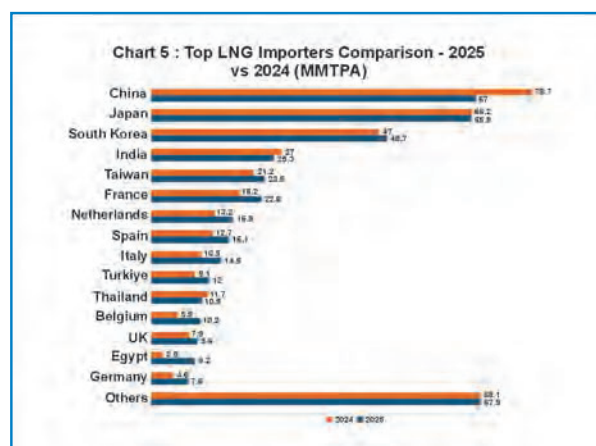
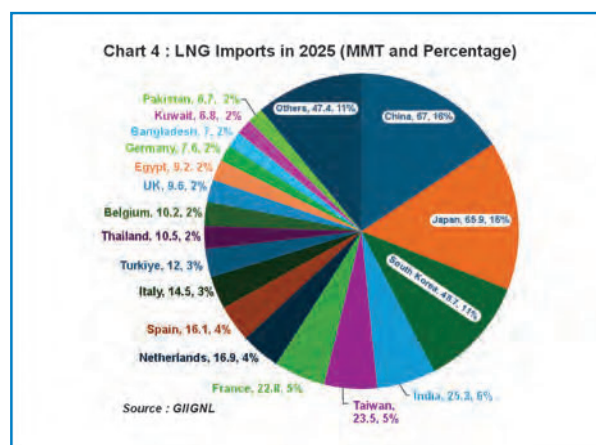
3. Global LNG Imports

As per the GIIGNL Annual Report 2026, Asia continued to dominate global LNG demand, accounting for approximately 63% of total imports. However, Asia also recorded a 4% year-on-year decline compared to CY 2024, with total imports falling to around 271 MMT. China remained the largest importer at around 67 MMT, followed by Japan (65.9 MMT) and South Korea (48.7 MMT). India retained its position as the fourth-largest importer, accounting for about 6% of global LNG trade. In contrast, European LNG imports rose sharply by 29% to 126.3 MMT. This surge was primarily driven by reduced availability of pipeline gas, especially following the cessation of Russian gas transit via Ukraine, coupled with lower storage levels at the start of the year and higher gas demand in the power sector. Gas consumption in Europe's power sector increased markedly amid lower renewable output and rising electricity demand, reinforcing LNG's role as the marginal source of supply.

The import moderation in Asia was mainly driven by reduced demand in China, where LNG imports declined significantly due to increased availability of pipeline gas and rising domestic production. Additionally, competition from alternative fuels and relatively high LNG prices impacted demand across several Asian markets. Within Asia, India's LNG imports declined to 25.3 MMT in CY 2025, down by 1.7 MMT (-6%) than CY 2024, mainly due to lower consumption in fertilizer and power sectors and reduced uptake from the refining sector.

In Q1 of CY 2026, LNG import trends showed increased regional divergence. European imports reached elevated levels, supported by low storage inventories and continued reliance on LNG as the marginal supply source. In contrast, Asian demand weakened, particularly in China, due to softer industrial activity, higher domestic production, and elevated spot LNG prices.

Overall, while the last three quarters of CY 2025 reflected gradual expansion and diversification, early 2026 indicates a phase of market tightening and demand adjustment, particularly in price-sensitive regions. The continued expansion of LNG infrastructure and importing markets reinforces LNG's role in the global energy mix, though near-term demand remains closely tied to price and supply conditions.



4. LNG Pricing

Gas prices in CY 2025 began on a relatively stable footing following the post crisis rebalancing observed in CY 2024, with global spot benchmarks remaining well below the extreme peaks of 2022 but still above



pre-2021 levels. Over the course of the year, prices exhibited moderate upward movement across major regions, supported by resilient demand and tightening market fundamentals. The European TTF spot price averaged around \$11.9/MMBTU, reflecting a 9% year on year increase, while Northeast Asian spot LNG prices averaged \$12.1/MMBTU, up by 3%. In contrast, the US Henry Hub price surged sharply by nearly 60% to around \$3.6/MMBTU, reaching a three year high, primarily driven by record LNG feedgas demand and stronger domestic consumption.

Price movements in CY 2025 were shaped by a combination of supply-demand rebalancing, weather conditions, and structural shifts in global gas markets. Periods of colder weather, particularly during the first quarter, supported price spikes amid supply constraints and storage withdrawals, while the second half of the year saw some easing due to ample LNG supply, high inventories, and weaker demand from price sensitive Asian markets. Europe continued to act as the primary price setter in the global LNG market, attracting flexible cargoes through competitive pricing, while Asia largely tracked these trends despite softer demand.

As per S&P LNG Market Briefing and Quarterly Outlook to 2030 (April 2026), trend extended into Q1 of CY 2026, when prices experienced heightened volatility driven by weather conditions and geopolitical developments. European hub and spot LNG prices rose sharply in late January as rapid depletion of gas storage during cold weather tightened supply conditions. Prices softened in February due to improved balances, before surging again in March following the escalation of conflict in the Middle East, which intensified supply concerns. As a result, price of gas delivered during January–March 2026 averaged around \$13.6/MMBTU at the TTF hub, significantly higher than \$10.3/MMBTU in the previous quarter. Charts 6 & 7 shows the monthly average price of Japan Korea Marker (JKM) and West India Marker (WIM) which clearly highlights the sharp spike in prices observed in the month of March 2026, owing to conflict in the Middle East.

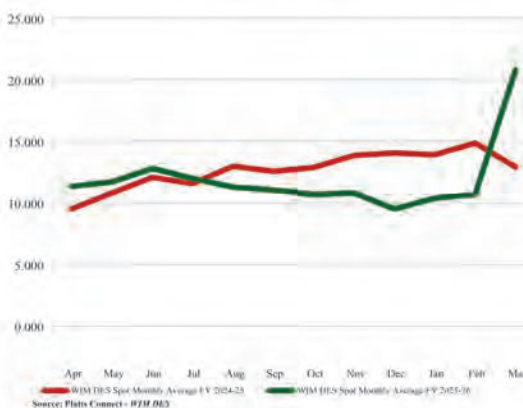
In April 2026, prices moderated from their March peaks but remained elevated compared to pre conflict levels, reflecting continued market uncertainty. The TTF Day-Ahead price fell to \$13.5/MMBTu on April 17, down

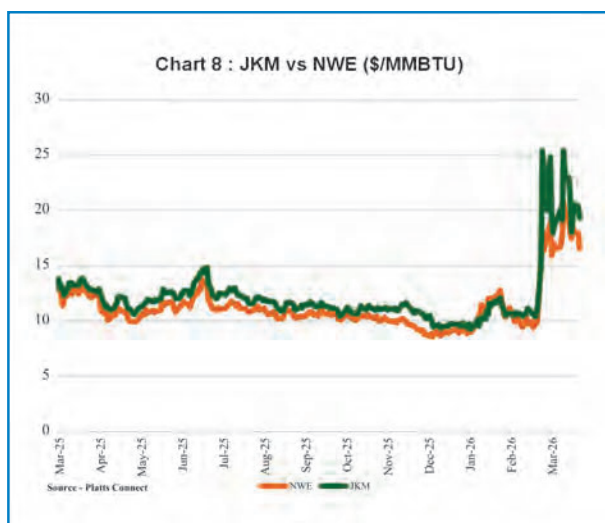
considerably from the March 19 peak of \$20.7/MMBTu. Similarly, the Platts JKM price fell to \$15.0/MMBTu on April 21, down from \$25.4/MMBTu on March 19, and as of April 27 is at \$17.7/MMBTu. Despite this correction, prices remained highly volatile and sentiment driven, with ongoing geopolitical risks, particularly the disruption of LNG flows through the Strait of Hormuz, continuing to dominate market dynamics. Notably, the US gas market remained largely insulated from these developments, with Henry Hub prices averaging around \$3.39/MMBTU during April.

**Chart 6 : JKM Monthly Average Price Comparison
FY 2025-26 v/s FY 2024-25 (\$/MMBTU)**



**Chart 7 : WIM Monthly Average Price FY 2025-26
vs FY 2024-25 (\$/MMBTU)**





5. Global LNG Outlook for 2026 and Beyond

As per the S&P LNG Market Briefing and Quarterly Outlook to 2030 (April, 2026) the global LNG market in the near term is expected to remain tight and volatile, driven by geopolitical disruptions, regional demand imbalances, and evolving supply dynamics. In CY 2026, the market has already entered a phase of heightened uncertainty following the Middle East conflict and disruption in LNG flows through the Strait of Hormuz, which has significantly impacted global LNG availability.

In the short term, Europe is expected to continue driving LNG demand, supported by relatively low storage levels and continued limitations on pipeline gas supply. The region is likely to maintain its strong pull-on global LNG cargoes, particularly during the summer injection season, thereby limiting spot cargo availability for Asia and intensifying inter-regional competition. The European Union (EU) gas storage levels touched at around 28% at the end of March 2026, lower than in the previous three years. Hence, meeting both summer 2026 demand and refilling storages to 80% will only be feasible through significant increase in LNG imports.

At the same time, Asian demand is expected to remain sensitive to price movements, with several markets witnessing demand curtailment or fuel switching in response to elevated LNG prices. Emerging and price-sensitive markets such as India and Pakistan have already implemented demand management measures

during periods of high prices and supply disruptions, highlighting the elasticity of demand in these regions.

On the supply side, new LNG capacity additions are expected to materialize gradually from late 2026 onwards, primarily led by North America, including projects such as Golden Pass LNG, Plaquemines expansion, and LNG Canada ramp-ups. Additional supply is also expected from Africa and other regions, supporting moderate growth in global LNG availability.

Looking ahead, the global LNG market is projected to transition into a phase of stronger supply growth from 2027 onwards, driven by the ongoing wave of liquefaction capacity expansion (like woodFibre LNG, Cedar LNG, Plaquemines, Calcasieu Pass 2, Port Arthur LNG Phase 1, Qatar Energy Expansions, Ruwais LNG, Marsa LNG etc.). This includes a significant increase in global export capacity, which is expected to outpace demand growth over the medium term.

As a result, market fundamentals are expected to shift from tightness in the short term to a more balanced and eventually oversupplied market later in the decade. Industry outlook indicates the emergence of excess liquefaction capacity from around 2029 onwards, which is likely to exert downward pressure on LNG prices.

6. Natural Gas and LNG in India

India's current share of per capita 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% (1.48 billion plus of the world). Natural gas comprises around 6% of India's energy mix, significantly lower than the global average of 23%.

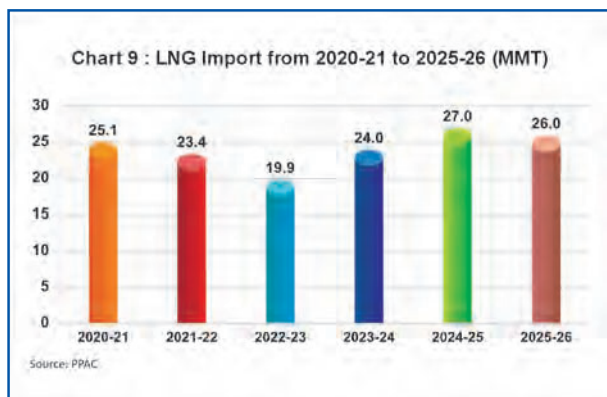
As per PPAC, total natural gas consumption in India in FY 2025-26 averaged around 189 MMSCMD as compared to around 195 MMSCMD in FY 2024-25, a decrease of around 6 MMSCMD. India witnessed a rise in natural gas consumption in the CGD (City Gas Distribution) segment and petrochemicals, while consumption declined in the fertilizer and power sectors.

7. India's LNG Imports

As per PPAC, LNG imports in the price-sensitive Indian



market decreased to around 26.0 MMT in FY 2025–26 from 27.0 MMT in FY 2024–25. As illustrated in Chart 9 below, India's LNG imports declined by 1.0 MMT in FY 2025–26 compared to FY 2024–25, as the Middle East crisis disrupted cargo arrivals via the Strait of Hormuz from Qatar and the UAE, with no shipments received in March 2026. The demand in key consumption sectors such as fertilizers and power, which together account for a significant share of India's gas usage, weakened and contributed to the decline.



Opportunities, Threats, Risks and Concerns

India's LNG demand outlook remains underpinned by strong structural drivers, supported by policy initiatives aimed at increasing the share of natural gas and expanding its usage across key sectors. Continued growth in City Gas Distribution networks, industrial consumption, and core sectors such as fertilizers, refineries, and power, along with new applications like LNG in transportation and small-scale distribution, is reinforcing demand fundamentals.

1. Shift in LNG Contracting Landscape

The Indian LNG market continues to witness a shift towards long-term and medium-term contracting to ensure supply reliability and price stability. Natural gas demand in India is concentrated in core sectors such as fertilizers, refineries, petrochemicals, industries and CGD, where availability of fuel at predictable and competitive prices is essential.

India currently has around 33 MMTPA of active LNG contracts. GAIL signed an LNG SPA with Vitol Asia in July 2025 (~1 MMTPA, 10 years from 2026), while GSPC signed LNG SPA with Uniper in February 2026 (up to 0.5 MTPA, 10 years from 2028), with QatarEnergy in

October 2025 (up to 1 MMTPA, 17 years from 2026) and with TotalEnergies in February 2025 (~0.4 MMTPA, 10 years from 2026). Additionally, in 2024, Your Company renewed its LNG contract with QatarEnergy for 7.5 MMTPA for a 20-year period (2028–2048). The strong momentum in long-term LNG contracting is driving growth in the LNG market, while supporting India's expanding industrial and CGD demand.

The evolving contracting landscape reflects:

- Increasing preference for long-term supply security
- Growing adoption of hybrid pricing structures
- Diversification of sourcing strategies

These developments provide improved visibility for LNG volumes and create opportunities for increased regasification demand at LNG terminals.

2. Gross production of Domestic Natural Gas

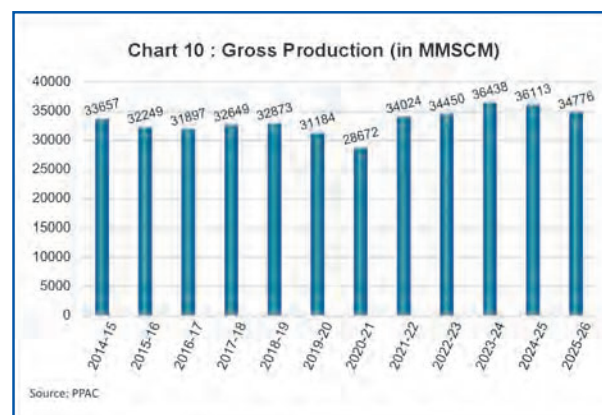


Chart 10 above shows that the domestic gross production of 36,113 MMSCM (98.94 MMSCMD) in FY 2024-25 decreased to 34,776 MMSCM (95.28 MMSCMD) in FY 2025-26, registering a drop of 3.70% (1,338 MMSCM).

India is witnessing a renewed surge in oil and gas exploration, particularly in offshore regions. However, offshore (and overall) gas supply growth will be tempered by plateauing output from the KG-D6 fields and declining production from legacy assets like ONGC's Mumbai offshore fields. As India's domestic natural gas production is projected to see only marginal growth until 2030, LNG imports will be crucial



to bridging the gap and ensuring that the country meets its future gas demand.

3. Gas Consumption

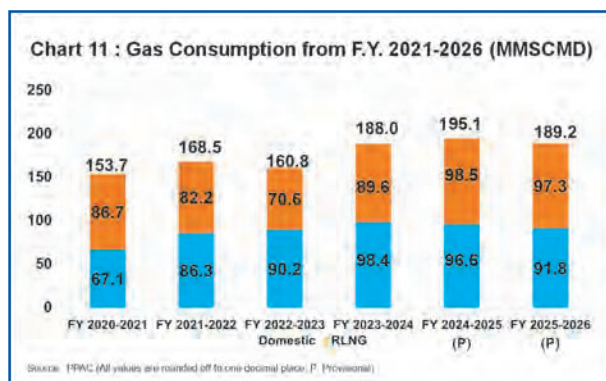


Table 1 – Average sector wise gas consumption for FY 2025-26 (In MMSCMD)

Sector	Total	RLNG	Domestic Gas	% Share of sector in total natural gas consumption
Fertilizer	53.8	45.9	7.9	28%
CGD	45.3	17.2	28.1	24%
Power	21.8	6.6	15.2	12%
Refinery	15.1	11.7	3.5	8%
Petrochemical	10.7	5.6	5.1	6%
Others	42.5	10.4	32.1	22%
Total	189.2	97.3	91.8	100%

Source : PPAC (All values are rounded off to one decimal place; P: Provisional)

India's total natural gas consumption, share of LNG in gas consumption and sector wise gas consumption is depicted at chart 11 and Table 1, respectively. The share of RLNG in India's gas consumption stood at around 51.5 % in the FY 2025-26. India witnessed a drop in domestic gas consumption but an increase in demand for RLNG in CGD and a slight decrease in demand from fertilizer and power sector.

4. Gas Infrastructure Development

The Government of India has been focusing on strengthening the country's natural gas infrastructure, including expansion of pipeline networks, LNG regasification terminals and CGD networks. As a

gas-deficit country, India relies significantly on LNG imports, making regasification infrastructure critical to meeting demand.

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 57.7 MMTPA of regas capacity. Additionally, around 15 MMTPA of LNG regasification capacity is expected to be added in India over the next few years. Further, few more land-based terminals and FSRUs, are in various stages of expansion, planning and implementation, with a potential to add another ~15 MMTPA capacity. With these developments, the total regasification capacity of India is expected to increase from 57.7 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 operational natural gas pipeline network has expanded from 15,340 km in 2014 to approximately 27,427 km by December 2025. Also, another 8,489 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, Your Company's Kochi terminal is connected to various customers through GAIL's Kochi- Koottanad-Mangalore Gas section of KKB MPL Pipeline. Upon completion of Coimbatore - Salem -Krishnagiri Pipeline section (approx. 250 Kms) of Kochi- Koottanad- Bangalore-Mangalore Gas Pipeline (KKB MPL), Kochi LNG Terminal will get integrated with the National Gas Grid of India, wherein natural gas from Your Company'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 2026, the total number of Piped Natural Gas connections for residential use and CNG Stations for CNG vehicles stood at around ~1.7 Crore and ~9000 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.

5. Policy and Regulatory Developments

a. Gas-Based Economy and Infrastructure Expansion

The Government of India continued to reinforce its vision of increasing the share of natural gas in the country's primary energy mix to 15% by 2030, supported by sustained policy initiatives aimed at strengthening energy security, expanding gas infrastructure, and promoting cleaner fuels. During FY 2025–26, emphasis remained on expansion of the National Gas Grid, acceleration of City Gas Distribution (CGD) networks, enhancement of LNG regasification infrastructure, and improvement in pipeline connectivity across geographically underserved regions. The policy direction continued to support higher natural gas penetration across industrial, transport, commercial, and domestic segments, thereby facilitating India's transition towards a lower-carbon energy economy.

b. Unified Tariff Reforms – “One Nation, One Grid, One Tariff”

A major regulatory development during the year was the continued rationalization of the Unified Tariff framework by the Petroleum and Natural Gas Regulatory Board (PNGRB) under the “One Nation, One Grid, One Tariff” initiative. The revised framework simplified the tariff

structure by reducing the number of unified tariff zones from “three” to “two”, thereby improving transparency, predictability, and affordability of gas transportation across the country. Further, the benefit of the lower Zone-1 tariff was extended nationwide for CNG and Domestic PNG consumers irrespective of distance from the gas source, with the objective of promoting wider adoption of cleaner fuels and reducing regional disparities in transportation costs. These reforms are expected to improve competitiveness of natural gas vis-à-vis alternate fuels and support growth in CGD demand across India.

c. Gas Allocation and Pricing Reforms

In order to minimize the impact of volatility in natural gas prices while ensuring affordability for priority sectors, the Government has continued with the revised domestic natural gas pricing framework during 2025–2026. Under this mechanism, the price of domestic natural gas is determined on a monthly basis at 10% of the Indian crude basket, thereby maintaining linkage with global energy trends while ensuring transparency. The ceiling mechanism continues to play a critical role in protecting end consumers, particularly in segments such as CNG and domestic PNG, by limiting excessive price escalation.

d. LNG Infrastructure Development and Energy Security

India continued to strengthen its LNG infrastructure ecosystem during FY 2025–26 through ongoing capacity additions, pipeline integration initiatives, and promotion of LNG-based applications across transport and industrial sectors. Notably, Your Company also completed the expansion of its regasification capacity at the Dahej Terminal from 17.5 MMTA to 22.5 MMTA in March 2026, further enhancing the country's import and regasification capabilities. Policy support for LNG infrastructure remained robust, including continued allowance of 100% Foreign Direct Investment (FDI) under the automatic route for eligible energy infrastructure projects.



e. Natural Gas (Supply Regulation) Order, 2026

In response to disruptions in LNG supplies caused by geopolitical tensions in West Asia—particularly impacting cargo movement through the Strait of Hormuz- the Government of India notified the Natural Gas (Supply Regulation) Order, 2026 on March 9, 2026, under the Essential Commodities Act. This measure was aimed at ensuring equitable distribution and preventing supply shocks in critical sectors amid instances of force majeure declared by global suppliers and an estimated disruption of significant gas volumes.

The order introduced a structured prioritization framework for gas allocation based on past consumption patterns. Priority Sector I includes domestic PNG households, CNG for transport, LPG production, and essential pipeline operations was assured up to 100% of its average consumption over the previous six months to safeguard cooking fuel availability and transport continuity. Fertilizer plants were allocated around 70% supply, while industrial and commercial consumers connected to the grid and CGD networks were provided about 80%, with supply adjustments managed by GAIL and PPAC through a pooled allocation mechanism. The Government of India withdrew the Natural Gas (Supply Regulation) Order, 2026, vide notification issued on July 4, 2026, following the expected resumption of LNG shipments through the Strait of Hormuz after the easing of geopolitical tensions in West Asia.

f. Guidelines for Handling of Boil-off Gas (BOG) at SS LNG Stations

In September 2025, PNGRB issued guidelines for handling Boil-off Gas (BOG) at Small-Scale LNG (SS LNG) stations to improve operational efficiency and support the expansion of LNG infrastructure in India. The guidelines encourage operators to minimize BOG generation through efficient technologies, utilize BOG for captive purposes such as power generation, and facilitate marketing of surplus gas to CGD entities under the prescribed pricing framework, thereby promoting sustainability and effective utilization of LNG resources.

6. Risks and Concerns

Despite favourable outlook, the LNG sector remains exposed to certain risks and uncertainties which may impact market development and operations. Key risks include:

- Volatility in international LNG prices
- Foreign exchange risks, particularly USD-INR fluctuations
- Geopolitical uncertainties impacting LNG supply chains
- Delay in development of gas infrastructure and pipeline connectivity
- Regulatory uncertainties, including delay in GST implementation
- Competition from renewable energy and alternate fuels

Additionally, wider spread between long-term contract prices and spot LNG prices may also impact demand dynamics.

7. Risk Mitigation and Outlook

Your Company mitigates these risks through a balanced approach involving long-term and short-term contracting, back-to-back agreements, diversified sourcing, spot sales/ purchase and strong customer relationships.

With continued policy support, expansion of infrastructure and increasing adoption of LNG across sectors, demand for natural gas in India is expected to grow steadily. Your Company, with its robust infrastructure and established market presence, remains well positioned to capitalize on emerging opportunities and support India's transition towards a gas-based economy.

Segment - wise or Product - wise Performance

Structurally the LNG market was entering a phase of supply expansion, with global LNG trade reaching a record level of ~428 million tonnes in 2025, up from ~406 million tonnes



in 2024, driven primarily by strong European demand and continued growth in Atlantic Basin supply.

However, during 2025-2026 market fundamentals tightened due to the complete phase-out of Russian pipeline gas to Europe and disruptions to Middle East supply chains in March, including risks associated with the Strait of Hormuz. These factors, combined with lower European gas storage levels, sustained strong European LNG import demand kept global markets relatively tight and volatile.

Against this backdrop, India's natural gas consumption remained broadly stable, with average demand levels around 189 MMSCMD. However, LNG imports declined to 26.0 MMT in FY 2025-26 from 27 MMT in FY 2024-25, reflecting softer demand across key consuming sectors. The decline was primarily driven by reduced consumption in the fertilizer (~4% decline), power (~10% decline) and refining (~5% decline) sectors while there was an increase in consumption in CGD (~9%) resulting in an overall moderation in gas usage.

Despite the short-term decline, India's LNG import profile remains structurally resilient, with continued reliance on imports supported by expanding regasification infrastructure and steady utilization of Dahej terminal and highest ever utilization of Kochi terminal of Your Company.

Major Business Initiatives by Petronet LNG Limited (PLL)

Your Company entered into a 5.5-year Regasification Agreement with Performance Chemiserve Limited (PCL), a wholly owned subsidiary of Deepak Mining Solutions Limited (DMSL), which in turn is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL), on July 10, 2025. Under this arrangement, Your Company will receive, store, and regasify approximately 25.6 TBTUs of LNG annually at its Dahej terminal, post an initial ramp-up period during calendar year 2026, with the agreement valid until December 31, 2031. The regasified gas will be primarily utilised at DFPCL group's manufacturing units at Taloja.

Your Company entered into a Binding Term Sheet with Oil and Natural Gas Corporation Limited (ONGC) for Ethane Unloading, Storage and Handling (USH) services on December 03, 2025. Under this long-term arrangement, ONGC shall reserve approximately 600 KTPA of ethane

handling capacity at your company's upcoming USH facilities at Dahej for a period of 15 years, with operations commencing from FY 2028-29.

Your Company also executed a Master Regasification Agreement (MRA) with Oil and Natural Gas Corporation Limited (ONGC) on January 27, 2026. Under this agreement, Your Company will provide LNG receipt, storage and regasification services to ONGC, primarily at the Dahej LNG Terminal, thereby strengthening long-term collaboration and enhancing terminal utilization.

Your Company further signed a Master Agreement with Mahanagar Gas Limited (MGL) for the sale of Regasified LNG on January 27, 2026. Under this agreement, based on MGL's requirements, Your Company shall procure LNG cargoes through its empanelled global suppliers and, upon confirmation and fulfillment of payment security conditions, supply RLNG to MGL. This agreement is expected to increase the utilisation of Your Company's Dahej LNG Terminal.

Your Company is engaged in active discussions with existing capacity holders as well as other potential customers to enhance the utilization of the Dahej LNG Terminal. In view of increasing competition from both existing and upcoming LNG terminals, steps are being taken to optimize capacity bookings and improve overall throughput at the terminal.

Outlook

1. Indian Natural Gas Sector

India's natural gas sector is entering a phase of gradual but structurally driven expansion, supported by the country's evolving energy needs and its transition toward cleaner fuel alternatives. Rising income levels, increasing industrialization, and changing consumption patterns are expected to sustain long-term growth in energy demand, creating a favorable environment for higher natural gas adoption. As urbanization accelerates and infrastructure continues to improve, natural gas is expected to play an increasingly important role as a cleaner and efficient fuel across industries, mobility, and households.

The policy landscape continues to evolve in support of wider gas adoption. Expansion of pipeline infrastructure has improved connectivity between



supply hubs and demand centers, while the ongoing development of the City Gas Distribution (CGD) network is enabling deeper penetration into new geographies. Government initiatives aimed at enhancing ease of access, improving pricing mechanisms, and rationalizing transportation tariffs are contributing to a more integrated and transparent gas market. Additionally, increasing emphasis on gas-based mobility and industrial fuel switching is creating new avenues of demand growth.

However, domestic natural gas production in India has declined in recent years due to maturing fields and limited addition of new upstream capacity. This has constrained the availability of indigenous supply and widened the demand-supply gap, resulting in a growing structural dependence on LNG imports. While efforts to revive domestic production continue, the near- to medium-term outlook suggests that incremental demand will largely be met through imported LNG.

India's deeper integration with global LNG markets presents both opportunities and risks. Access to a diversified pool of suppliers enhances supply security but also exposes the domestic market to international price volatility and geopolitical disruptions. Recent uncertainties in global shipping routes and supply chains have highlighted the importance of procurement flexibility and supply diversification. Price fluctuations in global LNG markets continue to influence consumption patterns in India, particularly in price-sensitive sectors such as fertilizers, power, and small-scale industries.

To support growing import dependence, India is expanding its regasification infrastructure, with new LNG terminals and capacity expansions improving overall system capability. Enhancing pipeline connectivity and improving terminal utilization remain key focus areas. Nonetheless, demand responsiveness to pricing remains a defining feature of the market, with consumption often moderating during periods of elevated LNG prices.

Looking ahead, the global LNG market is expected to experience a significant increase in supply, driven by new liquefaction projects in regions such as the United

States and Qatar. This additional capacity is likely to ease supply tightness and contribute to relatively more stable and competitive pricing over the medium term. For India, such a development could support stronger LNG uptake, particularly in sectors where affordability has historically constrained demand.

At the same time, the ongoing expansion of renewable energy is reshaping the broader energy mix. With the increasing share of intermittent sources such as solar and wind, natural gas is expected to play a critical role in providing flexibility, balancing power, and ensuring grid stability. Its application is also growing in industrial sectors seeking to reduce carbon intensity and transition toward cleaner fuel options.

In the context of India's long-term energy transition and its net-zero ambitions, natural gas is expected to serve as an important bridging fuel. While the pace of growth will depend on factors such as global price trends, infrastructure readiness, and policy support, the role of gas in enhancing energy security, supporting economic growth, and enabling a gradual shift toward a lower-carbon future remains significant. Over the coming decades, natural gas and LNG are likely to remain integral to India's evolving and increasingly diversified energy landscape.

2. Indian Petrochemical Sector

India, third largest consumers of petrochemicals in the world have historically relied more on imports to plug the deficit in domestic production. However, domestic petrochemical sector is undergoing a transformative phase, characterized by substantial investments and large-scale capacity expansions. These developments are strengthening India's manufacturing capabilities and enhancing its position within the global petrochemical value chain.

Chemical and Petrochemicals sector plays a pivotal role in the Indian economy, serving as a backbone for multiple downstream industries including agriculture, pharmaceuticals, nutraceuticals, automobiles, construction, semiconductors, and electronics. The industry is projected to grow from approximately \$300 billion currently to \$1 trillion by 2040 and further to over USD 1.5 trillion by 2047.



S&P Global forecasts India's petrochemicals demand will expand at a CAGR of 8% over the next decade, up from a 7.7% CAGR over the past 10 years.

With annual consumption between 25 to 30 million tonnes, India's per capita consumption of petrochemicals 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 as per CPMA (Chemicals & Petrochemicals Manufacturers' Association), India Country Report 2025. 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 industry, FMCG, consumer durables, automotive, healthcare and construction industries. The packaging industry remains the largest end user, representing a substantial portion of global consumption, driven by the increasing demand for lightweight, flexible and durable materials, which are essential for modern packaging solutions. Polypropylene demand is set to outpace domestic capacity addition in the next decade.

India's PP market reflects strong growth and strategic potential. As per the statistics published by Gol's Department of Chemicals & Petrochemical, in FY 2024-25, domestic production of PP stood at 5.87 MMTPA, while consumption of PP (including co-polymer) reached 7.05 MMTPA, creating a supply-demand gap of approximately 1.18 MMTPA, largely met through imports. The industry's installed capacity utilization during FY 2024-25 was notably high at 119%,

indicating robust demand outlook. With a growth from 6.74 MMTPA in FY 2023-24 to 7.05 MMTPA in FY 2024-25 i.e. ~ 5% increase in consumption of PP (including co-polymer), the sector is poised for steady expansion, offering promising opportunities for domestic production and investment.

As per CPMA, India Country Report 2025, Indian PP demand is expected to grow at 7.2% CAGR. and is also expected to witness strong capacity addition to reach 11.1 MMTA, growing by 9.7% CAGR till 2030.

With the Indian economy expected to maintain steady growth, coupled with the expansion of the middle-class population, per capita consumption of polypropylene (PP) is projected to increase substantially over the next decade. Your Company's petrochemical project is well positioned to cater to a portion of this growing polypropylene demand.

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 31st March 2026, there were 604 employees including 3 Wholetime 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 2025-26 is as follows:

Particulars	UoM	2025-26		2024-25	
		Quantity	Revenue from operations (Rs. Crore)	Quantity	Revenue from operations (Rs. Crore)
Sale of RLNG	TBTU	428	40,289.26	464	47,823.62
Regasification services	TBTU	473	3,057.29	470	2,854.15
Other operating revenue					
Use or Pay charges	-	-	48.96	-	117.27
Others			99.40		184.52

Revenue from operations on account of sale of RLNG in FY 2025-26 was Rs. 40,289.26 Crore as against Rs. 47,823.62 Crore in FY 2024-25, reflecting a decline of 15.75%, primarily due to fall in average long term LNG prices & absence of Qatar Energy LNG volumes in the month of March 2026. Total quantities sold in

FY 2025-26 were 428 TBTUs against 464 TBTUs in FY 2024-25.

The company's revenue from regasification services in FY 2025-26 was Rs. 3,057.29 Crore as compared to Rs. 2,854.15 Crore in FY 2024-25, showing a surge of 7.12% mainly driven by annual increase in regasification rate.

Financial Performance

Particulars	FY 2025-26 (Rs. Crore)	FY 2024-25 (Rs. Crore)	Change Increase/ (Decrease)
Revenue from operations	43,494.91	50,979.56	(14.68%)
Profit before tax (PBT)	5,157.55	5,275.18	(2.23%)
Profit after tax (PAT)	3,842.67	3,926.37	(2.13%)

During FY 2025-26, your Company achieved turnover of Rs. 43,494.91 Crore as against Rs. 50,979.56 Crore in FY 2024-25. Your Company reported PBT and PAT of Rs. 5,157.55 Crore and Rs. 3,842.67 Crore for the FY 2025-26 as against PBT and PAT of Rs. 5,275.18 Crore

and Rs. 3,926.37 Crore in FY 2024-25. Your Company was able to achieve robust financial results riding on stable LNG prices and achieving efficiency and optimization in its operations.

Financial Parameter

Particulars	FY 2025-26 (Rs. Crore)	FY 2024-25 (Rs. Crore)
Capex	2,732.00	1,584.28
Reserves and Surplus	20,219.66	17,882.38
Net worth	21,719.66	19,382.38

Riding on the robust financial results, the net worth of your Company has increased from Rs. 19,382.38 Crore as on 31st March 2025 to Rs. 21,719.66 Crore as on

31st March 2026, registering a growth of around 12.05%, post disbursement of dividend of Rs. 10 per share to the shareholders.



• Ratio Analysis

Particulars	FY 2025-26	FY 2024-25
Trade Receivables Turnover Ratio = (Net sales/ Average Trade Receivable)	20.20	14.79
Inventory Turnover Ratio = (Net sales/ Average Inventory)	41.20	38.19
Debt Equity Ratio*	NA	NA
Interest Coverage Ratio*	NA	NA
Current Ratio = (Current Assets/ Current Liabilities)	5.67	3.74
Operating Profit Margin Ratio = (Earnings before interest and taxes (EBIT)/Net Sales)	12.40%	10.85%
Net profit Margin ratio = (Net profit after tax/Net sales)	8.83%	7.70%
Return on Net Worth = (PAT/ Average Net Worth)	18.70%	21.61%
Return on Capital Employed = (EBIT/ Capital Employed)	21.86%	24.45%

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

Currently your Company is investing in ongoing Projects including Petrochemical Project at Dahej which shall generate return in future years. Accordingly, Return on Net Worth and Return on Capital Employed is lower as compared to previous year. Further, the current ratio has improved from 3.74 times in FY 2024-25 to 5.67 times in FY 2025-26 due to decrease in trade payables.

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 Control 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.

