



**Chennai Petroleum Corporation Limited**

*(A group company of IndianOil)*

Annual Report 2009-10

**चेन्नै पेट्रोलियम कार्पोरेशन लिमिटेड**

*(इंडियनऑयल की ग्रुप कम्पनी)*





Your Company started producing Euro – IV HSD from February 2010 and Euro–IV MS from May 2010, thereby demonstrating its capability to meet the new fuel quality requirements.

CPCL recognizes the need to usher in an era of Green Fuels for Clean Environment. CPCL has taken several measures focused on “sustainable development” for achieving significant abatement in pollution from its operations.

Green Initiatives undertaken by the Company towards sustainable development include implementation of Windmill project, usage of State-of-the-art effluent treatment technologies and implementation of Zero-discharge project.



# स्वच्छ पर्यावरण के लिए हरित ईंधन Green Fuels for Clean Environment

वा र्षि क प्र ति वे द न 2009 - 2010  
ANNUAL REPORT 2009 - 2010

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## REGISTERED OFFICE

No.536, Anna Salai, Teynampet,  
Chennai - 600 018.

## REFINERIES

Manali Refinery, Manali,  
Chennai - 600 068.

## Cauvery Basin Refinery

Panangudi Village, Nagapattinam District,  
Tamil Nadu

Visit CPCL at [www.cpcl.co.in](http://www.cpcl.co.in)

## PRINCIPAL BANKER

**State Bank of India**

Corporate Accounts Group Branch  
Greams Road, Chennai - 600 006.

## AUDITORS

**M/s. M.Thomas & Co.**

Chartered Accountants,  
Plot No.G 11, Marina Square,  
No.27, Santhome High Road, Mylapore,  
Chennai 600 004.

**M/s.Sreedhar, Suresh & Rajagopalan**

Chartered Accountants,  
3B, Green Haven, 26, III Main Road,  
Gandhi Nagar, Adyar, Chennai 600 020.

## COST AUDITORS

**M/s.J.V. Associates**

Cost Accountants,  
Q-2 & 4, Lotus Colony,  
Nandanam, Chennai 600 035.

## REGISTRARS & SHARE TRANSFER AGENTS

**M/s. Karvy Computershare Private Limited**

Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081.  
G-1, Swathy Court, 22, Vijayaraghava Road, T.Nagar, Chennai - 600 017.  
33/1, Venkataraman Street, T. Nagar, Chennai - 600 017.



Chennai Petroleum Corporation Limited

# Vision

*Chennai Petroleum Corporation will be  
a world class Energy company,  
well respected and consistently profitable,  
with a dominant presence in South India.*

# Mission

- To maximize profit through*
- *the manufacturing and supply of petroleum products and*
  - *other related businesses*
- in a reliable, ethical and socially responsible manner*

## ***Corporate Information***

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## **Board of Directors**

- ❖ **Mr. B.M. Bansal**  
*Chairman*
- ❖ **Mr. K. Balachandran**  
*Managing Director*
- ❖ **Mr. N.C. Sridharan**  
*Director (Finance)*
- ❖ **Mr.S. Chandrasekaran**  
*Director (Technical)*
- ❖ **Mr. V.C.Agrawal**  
*Director (HR)*  
*Indian Oil Corporation Limited*
- ❖ **Mr. Mansoor Rad**  
*Director (Planning & Monitoring Affairs)*  
*Naftiran Intertrade Company Limited*
- ❖ **Mr. M.H. Ghodsi**  
*Director,*  
*Naftiran Intertrade Company Limited*
- ❖ **Mr. L. Sabaretnam**  
*Chief Executive Officer,*  
*Coromandel Sugars Limited*
- ❖ **Mr. Venkatraman Srinivasan**  
*Senior Partner,*  
*V. Sankar Aiyar & Co.,*  
*Chartered Accountants*
- ❖ **Prof. M.S. Ananth**  
*Director,*  
*Indian Institute of Technology, (IIT),*  
*Chennai.*

## ***Executives***

- ❖ **Mr. R. Balakrishnan**  
*Chief Vigilance Officer*
  
- ❖ **Mr. R. Anand**  
*General Manager (Projects & Development)*
- ❖ **Mr. V. Srinivasan**  
*General Manager (Human Resources)*
- ❖ **Mr. N.K. Rajamani**  
*General Manager (Technical)*
- ❖ **Mr. N.V. Kalaivanan**  
*General Manager (Cauvery Basin Refinery)*
- ❖ **Mr. D. Selvaraj**  
*General Manager (Corp. Plng and R&D)*
- ❖ **Mr. R. Chidambaram**  
*General Manager (Services)*
- ❖ **Mr. K. Sankar**  
*General Manager (Maintenance)*
- ❖ **Mr. S. Venkatramana**  
*General Manager (Operations)*
- ❖ **Mr. A. Paul Christudass**  
*General Manager (Finance)*
- ❖ **Mr. M. Sankaranarayanan**  
*Company Secretary*

## NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Shareholders of the Company will be held at 2.30 P.M. on Monday the 6<sup>th</sup> September 2010 at Kamaraj Arangam, 492, Anna Salai, Teynampet, Chennai-600 006 to transact the following businesses:

### ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the period from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 and the Audited Balance Sheet as at 31<sup>st</sup> March 2010, together with the Directors' Report and the Auditors' Report.
2. To declare dividend
3. To appoint a Director in place of Mr.Venkatraman Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. M.S.Ananth, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.S.Chandrasekaran, who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 6. APPOINTMENT OF MR. B.M. BANSAL AS A DIRECTOR

To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

*"RESOLVED that Mr. B.M. Bansal be and is hereby appointed as a Director of the Company".*

Date : 30.07.2010

Place : Chennai

By order of the Board  
**M. SANKARANARAYANAN**  
*Company Secretary*

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of himself.
2. The proxy need not be a member of the Company.
3. The instrument of Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
4. Members/Proxies should bring their attendance slip, duly filled in, to the meeting.
5. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification at the time of Annual General Meeting.
6. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolution set out under "Special Business" of the Notice is annexed.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.08.2010 to 06.09.2010 (both days inclusive).





8. Members are requested to immediately intimate any change in their addresses registered with the Company.
9. Members are informed that the Company is extending the Electronic Clearing Service (ECS) facility to the Members to enable them to receive their Dividend through electronic mode to their bank account. In order to avail the ECS facility, the Members are requested to fill, sign and send the ECS mandate form, which forms part of this Annual Report, alongwith a photocopy of the cheque issued by the Bank for verifying the accuracy of the MICR Code Number, to:
  - (a) M/s.Karvy Computershare Private Limited, Plot No.17 to 24, Near Image Hospital, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081 (in case of Members holding shares in physical mode).
  - (b) the Depository Participants concerned (in case of Members holding shares in electronic mode/dematerialized form).
10. Securities and Exchange Board of India (SEBI), has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in Electronic form are requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form are requested to submit their PAN details to M/s. Karvy Computershare Pvt. Ltd., the share transfer agents of the Company.
11. The shares of the company are compulsorily traded in dematerialized form and therefore, the shareholders are requested to dematerialize their shares to facilitate trading in CPCL shares.
12. As per the provisions of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Nomination form can be downloaded from the website of the company at [www.cpcl.co.in](http://www.cpcl.co.in).
13. The Board of Directors have recommended a Dividend of 120% for the year 2009-2010. Dividend, upon its declaration at the Meeting, will be paid in respect of physical shares to those Members, whose names appear in the Register of Members of the Company as on 6<sup>th</sup> September 2010 and in respect of electronic shares, to those members, whose names appear in the Beneficial List to be furnished by the depositories to the Company for this purpose.
14. A brief Resume of the Directors of the Company, seeking appointment/re-appointment at this Annual General Meeting, and their expertise in specific functional areas, is given as part of the Notice of 44<sup>th</sup> Annual General Meeting.
15. Inspection of Documents:- The relevant documents are available for inspection by the members at the Registered Office of the Company at any time during the working hours till the date of the meeting.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

##### **Item No.6**

Mr. B.M. Bansal was appointed as an Additional Director with effect from 01.03.2010. As per the provisions of Section 260 of the Companies Act, 1956, Mr. B.M. Bansal will hold Office only upto the date of the 44<sup>th</sup> Annual General Meeting of the Company.

A Notice under Section 257 of the Companies Act, 1956 has been received proposing the appointment of Mr. B.M. Bansal as a Director. Hence, this resolution is proposed.

Memorandum of Interest :

None of the Directors is interested in the resolution except Mr. B.M. Bansal.

**BRIEF RESUME OF THE DIRECTORS OF THE COMPANY, SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 44<sup>th</sup> ANNUAL GENERAL MEETING**

1. Mr.Venkatraman Srinivasan, born on 09.03.1959, was appointed on the Board effective 15.4.2005. He is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India. He is a Senior Partner of M/s.V.Sankar Aiyar & Co., Chartered Accountants, Mumbai, who are the Statutory Auditors of many leading corporate houses in the country.

Mr. Venkatraman Srinivasan is also a Director on the Board of Credit Analysis and Research Limited, Karanja Infrastructure Pvt. Limited and UTI Retirement Solutions Limited.

In Chennai Petroleum Corporation Limited, he is a member of the Audit Committee and Remuneration Committee. In Credit Analysis and Research Limited, he is a member of Investment Committee and Compensation Committee and Chairman of the Audit Committee. In UTI Retirement Solutions Limited, he is the Chairman of Investment Management Committee.

He is not holding any shares in the Company.

2. Prof.M.S.Ananth, born on 15.11.1945, was appointed on the Board effective 31.12.2005. He holds a B.Tech and a Masters Degree in Engineering and Ph.D from Florida University. Presently, he is Director, Indian Institute of Technology, Chennai. He joined as Assistant Professor at IIT, Chennai and elevated to the post of Director. He worked as a Visiting Professor in various Universities all over the World. He is also a Fellow Member in various Professional Bodies.

Prof.M.S. Ananth is also a Director on the Board of Tata Chemicals Limited, UCAL Fuel Systems Limited. He is also the Chairman of IIT Madras Research Park.

He is a member of the Audit Committee of Chennai Petroleum Corporation Limited and UCAL Fuel Systems Limited.

He is not holding any shares in the Company.

3. Mr.S.Chandrasekaran, born on 20.08.1951, was appointed on the Board effective 2.7.2006, as Director (Technical). He holds B.Tech Degree in Chemical Engineering from the Regional Engineering College, Trichy. Prior to joining CPCL in 1981, he had worked in Fertilizers Corporation of India Limited for six years. He has more than three decades of experience in the areas of Operations, Projects and Development, which includes two years as Head of Operations Section in KNPC, Kuwait. Prior to his appointment as Director (Technical), he was General Manager (i/c) in CPCL.

Mr. S. Chandrasekaran is also a Director on the Board of Indian Additives Limited and National Aromatics and Petrochemicals Corporation Limited.

In Chennai Petroleum Corporation Limited, he is a member of the Shareholders' / Investors' Grievance Committee and Project Committee. In Indian Additives Limited, he is a member of the Audit Committee.

He is not holding any shares in the Company.

4. Mr. B.M. Bansal, born on 04.01.1951, was appointed on the Board effective 01.03.2010. He holds B.Tech Degree in Chemical Engineering and D.I.I.T. in Process Plant Engineering from Indian Institute of Technology, New Delhi. He has 35 years of experience in the Oil and Gas sector in areas of Business Development, R&D, refining and Technical Services. Presently, he is the Chairman of the Company.

Mr. B.M. Bansal is the Chairman of Indian Oil Corporation Limited, Green Gas Limited, Indian Oil Petronas Pvt. Ltd. and IOT Infrastructure and Energy Services Limited.

He is not holding any shares in the Company.

Date : 30.07.2010  
Place : Chennai

By order of the Board  
**M. SANKARANARAYANAN**  
*Company Secretary*

## **Corporate Governance**

### **1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is mainly concerned with maintaining and sustaining an appropriate balance of accountability and responsibility among the key players, viz., Shareholders, Directors and the Corporate Managers. Accountability requires not only transparency but also timely action in the event of poor performance.

Your Company firmly believes that transparency, full disclosure, fairness to all stakeholders and effective monitoring of the Corporate Affairs are the four pillars of Corporate Governance. The Corporate Governance Philosophy of the Company is aimed towards achieving business excellence, enhancing shareholder wealth and protecting the interest of all stakeholders.

Your Company was shortlisted as one of the top 25 Companies, adopting good Corporate Governance practices in the year 2009 by the Institute of Company Secretaries of India, for the fourth time in a row.

During the year, the Ministry of Corporate Affairs, Government of India published the Voluntary Guidelines on Corporate Governance. These guidelines provide Corporate India a framework to govern themselves voluntarily by adhering to the highest standards of ethical and responsible business conduct. Your Company complies with most of Regulations and as regards the balance, would make every endeavour to comply with the voluntary guidelines to the utmost extent feasible and within the domain of a Government Company and as well as a Subsidiary of Indian Oil Corporation Ltd.

### **2.0 GOVERNANCE STRUCTURE**

The Corporate Governance process in the Company takes place at three levels:

#### **2.1 BOARD OF DIRECTORS**

The Board of Directors is at the helm of our Corporate Governance practice and supervise the activities of the Management with a view to protect the long term interest of all the stakeholders. Your Company firmly believes that a vibrant and well informed Board is vital to ensuring the highest standards of Corporate Governance.

#### **2.2 EXECUTIVE COMMITTEE**

The Executive Committee of the Company comprising of Managing Director, Functional Directors, Chief Vigilance Officer and Company Secretary meets twice a month to review broad areas of activities like Quarterly Performance, Departmental targets, Risk Assessment and Minimisation measures, Vision and Mission statement of the Company, Security issues, Nomination Contracts and Strategic Issues. During the year, Executive Committee has met 18 times.

#### **2.3 MANAGEMENT COMMITTEE**

Meetings of the Management Committee of the Company are held once in a month focusing primarily on various functional issues. Managing Director, Functional Directors, General Managers and Heads of Department participate in the Meeting. The Management Committee provides a forum for sharing of ideas and resolution of various issues faced by the Company.

## 2.4 ROLE OF COMPANY SECRETARY IN THE OVERALL GOVERNANCE STRUCTURE

The Company Secretary plays a vital role in ensuring that the procedures with regard to conduct of the Board Meetings are regularly followed. The Company Secretary ensures that all the Directors are provided with relevant information and documents for effective decision making. The effective role of the Company Secretary is to provide interface between the statutory authorities and the Management of the Company. All the Directors of the Company have access to the advice and services of the Company Secretary.

## 3.0 BOARD OF DIRECTORS

3.1 The total strength of the Board as on 31.03.2010 was 11. The Articles of Association of the Company provide for a maximum strength of 16 Directors.

3.2 As on 31.03.2010, CPCL Board comprises of the following categories of Directors:

3.2.1 One Non-Executive Chairman, who is the Chairman of Indian Oil Corporation Limited (the Holding Company).

3.2.2 Three whole-time Functional Directors, viz., Managing Director, Director (Finance) and Director (Technical). The post of Director (Operations) remain vacant from 01.12.2009 and Managing Director is holding the additional charge of the post of Director (Operations) effective 01.12.2009.

3.2.3 Director (HR) of Indian Oil Corporation Limited, representing holding company.

3.2.4 One Government Director representing the administrative ministry. Mr.Sanjay Gupta, Director (MC & IOC), Ministry of Petroleum & Natural Gas ceased to be a Director on the Board of CPCL effective 06.04.2010.

3.2.5 Two Directors nominated by Naftiran Intertrade Company Limited, an affiliate of National Iranian Oil Company, one of the co-promoters, in terms of the Formation Agreement.

3.2.6 Three non-official part-time Directors.

3.3.1 Out of the total number of eleven Directors as on 31.3.2010, eight Directors were Non-Executive Directors. Thus the Company meets the requirement of the number of Non-Executive Directors being not less than 50% of the Board of Directors of the Company as prescribed by SEBI under Clause 49 of the Listing Agreement.

3.3.2 As per the amendment to Clause 49 of the Listing Agreement, introduced by SEBI vide Circular dated 08.04.2008, if the non-executive Chairman is a Promoter of the Company or is related to any promoter or person occupying Management positions at the Board level or at one level below the Board, atleast one-half of the Board of the Company shall consist of Independent Directors. Since, the Company has a non-executive Chairman who is on the Board of Indian Oil Corporation Limited, the Company needs to have 6 Independent Directors in line with the existing number of 11 Directors.

Presently, the Company has three Independent Directors as against the requirement as above. The appointment of additional Independent Directors is under the consideration of Government of India.

### 3.4 Conduct of Board Meetings

Minimum four Board Meetings are held every year. Additional Board Meetings are convened to address the specific requirements of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

Presentations are made to the Board on various areas covering Finance, Operations, Capital Budget, Revenue Budget, MoU, major projects, Risk Assessment Procedures, status of legal cases, vigilance matters, Corporate Social Responsibilities, etc.

Company Secretary records the minutes of the proceedings of the Board. Draft minutes are circulated to all the Functional Directors for their views. After incorporating the comments of the Functional Directors, the draft minutes is forwarded to the Chairman for his approval. After obtaining the approval of the Chairman, the minutes of the Board Meeting is circulated to all the Directors on the Board.

### 3.5 Information placed before the Board

The information placed before the Board for consideration and approval, inter-alia, includes the following :

Items	Periodicity
Formation / Reconstitution of Board Committees	As and when required
Dividend proposal	Yearly
Project Investment proposals	As and when required
Minutes of the committees of the Board	Every Meeting
Action Taken Report on the decisions of earlier Meetings	Every Meeting
Expenditure Management – Economy measures	Quarterly
Settlement of Commercial disputes between CPSEs and Private parties	Quarterly

### 3.6 Seven Board Meetings held during the year 2009-10 on the following dates :

Board Meeting No.	Board Meeting Date
261	28.05.2009
262	27.07.2009
263	07.09.2009
264	28.10.2009
265	30.12.2009
266	29.01.2010
267	22.03.2010

3.7 Details relating to :

- (a) Attendance of Directors at the Board Meetings held during the financial year April 2009 to March 2010 and at the last Annual General Meeting held on 07.09.2009
- (b) Number of other directorships, and
- (c) Number of memberships / chairmanships held by the Directors in the committees of various companies,

are given below:

Name of the Directors	No. of Board Meetings Attended	Whether attended last AGM?	Other Directorships	Committee Memberships	Committee Chairmanships
Mr.S.Behuria (Refer Note 1)	6	Yes	2	-	-
Mr. B.M. Bansal (Refer Note 2)	1	-	4	-	-
Mr. K.K. Acharya (Refer Note 3)	4	Yes	2	-	-
Mr.N.C.Sridharan	7	Yes	2	4	-
Mr. S. Chandrasekaran	7	Yes	2	3	-
Mr. K. Balachandran (Refer Note 4)	7	Yes	2	2	-
Mr.V.C.Agrawal	7	Yes	1	4	-
Mr.L.Sabaretnam	6	Yes	5	-	4
Mr. K. Suresh	1	No	3	1	1
Mr. Venkatraman Srinivasan	6	No	4	5	2
Prof. M.S. Ananth	1	Yes	4	2	-
Mr. Sanjay Gupta (Refer Note 5)	3	No	-	-	-
Mr. Mansoor Rad or his alternate Director	4	Yes	1	2	-
Mr. M. Vaezi or his alternate Director (Refer Note 6)	-	-	1	3	-
Mr.Mohammad Hassan Ghodsi or his alternate Director	5	Yes	1	1	-

Notes :-

1. Mr.S. Behuria, Chairman, IOC ceased to be a Director effective 01.03.2010 and six Board Meetings were held during his tenure in the financial year 2009-10.
2. Mr. B.M. Bansal, Director (Planning & Business Development) and Chairman i/c, IOC, was appointed as Director in place of Mr. S. Behuria effective 01.03.2010. He has also been appointed as a non-executive Chairman of the Company by the Government of India.
3. Mr. K.K. Acharya, Managing Director retired from the services of the Company effective 30.11.2009 consequent to attaining the age of superannuation. Four Board Meetings were held during his tenure in the financial year 2009-10.

4. Mr. K. Balachandran, Director (Operations) has been appointed as Managing Director effective 01.12.2009 in place of Mr. K.K. Acharya.
5. Mr. Sanjay Gupta, Director (MC & IOC), Ministry of Petroleum and Natural Gas, Government of India ceased to be a Director effective 06.04.2010 and seven Board Meetings were held during his tenure in the financial year 2009-10.
6. Mr. M. Vaezi ceased to be a Director effective 25.04.2009 and Mr. Mohammad Hassan Ghodsi was appointed as Director in his place.

#### **4.0 COMMITTEES OF THE BOARD**

- 4.1 The Board has constituted four Committees of the Board, viz., Audit Committee, Shareholders'/ Investors' Grievance Committee, Project Committee and Remuneration Committee.
- 4.2 The minutes of the above Committee Meetings are placed before the Board of Directors for confirmation. Action Taken Reports on the decisions of the above Committee are also placed before the Committee for information, in the subsequent meeting.

#### **4.3 AUDIT COMMITTEE**

##### **4.3.1 Composition of the Committee as on 31.3.2010:-**

1. Mr.L.Sabaretnam, Independent Director - Chairman.
2. Mr.Mansoor Rad, Director - Member.
3. Mr. Venkatraman Srinivasan, Independent Director - Member.
4. Prof. M.S. Ananth, Independent Director - Member.

Prof. M.S. Ananth, Director, Indian Institute of Technology, Chennai was inducted as a Member of the Audit Committee effective 20.06.2009 in place of Mr.K.L.Kumar, who ceased to be a Director effective 24.03.2009.

##### **4.3.2 Terms and reference of Audit Committee:-**

The Audit Committee has been vested with the following powers and functions:

##### **4.3.3 POWERS**

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To have full access to information contained in the records of the company and external professional advice, if necessary.

#### **4.3.4 FUNCTIONS**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the Management, the performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including annual plan for internal audit, the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle-Blower Mechanism, in case the same is existing.
13. Any other functions that may be assigned by the Board to the Audit Committee from time to time.



4.3.5 The details of Audit Committee Meetings held during the Financial Year 2009-10 and the Members present are given below:

<b>S.No.</b>	<b>Meeting Date</b>	<b>Members Present</b>
1.	19.05.2009	Mr.L.Sabaretnam and Mr.Venkatraman Srinivasan
2.	28.05.2009	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan and Mr.J.Sohrabian, Alternate Member for Mr.Mansoor Rad
3.	23.07.2009	Mr.Venkatraman Srinivasan and Prof. M.S. Ananth
4.	02.09.2009	Mr.L.Sabaretnam and Prof. M.S. Ananth
5.	28.10.2009	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan and Mr.J.Sohrabian, Alternate Member for Mr.Mansoor Rad
6.	25.01.2010	Mr.L.Sabaretnam and Mr.Venkatraman Srinivasan
7.	22.03.2010	Mr.L.Sabaretnam and Mr.Venkatraman Srinivasan

#### **4.4 REMUNERATION COMMITTEE**

4.4.1 The Board of Directors of the Company at the 262<sup>nd</sup> Meeting held on 27.07.2009 constituted a Remuneration Committee, in line with the DPE Guidelines dated 26.11.2008.

##### **4.4.2 Composition of the Committee**

The Remuneration Committee comprises of the following members :

1. Mr. L. Sabaretnam, Independent Director - Chairman.
2. Mr. Venkatraman Srinivasan, Independent Director - Member.
3. Mr. V.C.Agrawal, Director - Member.
4. Mr. N.C. Sridharan, Director (Finance) - Member
5. Mr. K. Balachandran, Director (Operations) - Member

##### **4.4.3 Terms of Reference**

The Remuneration Committee will decide the Annual Bonus / Variable Pay pool and policy for its distribution across the Executives and non-unionised supervisors, within the prescribed limits and also other matters that may be referred by the Board.

4.4.4 The details of Remuneration Committee Meetings held during the financial year 2009-10 and the members present are given below :

<b>S.No.</b>	<b>Meeting Date</b>	<b>Members Present</b>
1.	07.10.2009	Mr.L.Sabaretnam, Mr. V.C. Agrawal, Mr.Venkatraman Srinivasan, Mr. N.C. Sridharan and Mr. K. Balachandran
2.	07.11.2009	Mr.L.Sabaretnam, Mr. V.C. Agrawal, Mr.Venkatraman Srinivasan, Mr. N.C. Sridharan and Mr. K. Balachandran

4.4.5 The details of Remuneration paid to all the Functional Directors are given below:

The remuneration of the whole time Functional Directors include basic salary, allowances and perquisites as determined by the Government of India. Also, they are entitled to provident fund and superannuation contributions as per the rules of the Company.

The gross value of the fixed component of the remuneration, as explained above, paid to the whole time functional Directors, during the financial year 2009-10 is given below:

(Rs. in Lakhs)					
<b>Name of the Director</b>	<b>Salaries &amp; Allowances</b>	<b>Contribution to Provident Fund</b>	<b>Contribution to Superannuation Fund and Gratuity</b>	<b>Other Benefits</b>	<b>Total</b>
Mr. K. Balachandran Managing Director	28.13	2.10	1.88	0.51	<b>32.62</b>
Mr. N.C. Sridharan, Director (Finance)	28.78	2.16	2.16	0.26	<b>33.36</b>
Mr. S. Chandrasekaran Director (Technical)	30.52	1.99	1.95	0.26	<b>34.72</b>
Mr. K.K. Acharya Managing Director (Upto 30.11.2009)	51.35	1.53	1.47	0.44	<b>54.79</b>

4.4.6 The whole time functional Directors are appointed for a period of five years or upto the date of superannuation, whichever event occurs earlier.

#### 4.4.7 Criteria for payment to Non-executive Directors

As per Article 90 A of the Articles of Association of the Company, the remuneration payable to the Directors of the Company, other than full-time Directors of the Company or Full-time employees of the Shareholders for attendance at Meetings of Board of Directors or any Committee thereof, shall be fixed by the Board of Directors of the Company from time to time.

The amount of sitting fees has been revised from Rs.5000/- to Rs.10000/- by the Board of Directors of the Company at the 244<sup>th</sup> Meeting held on 25.07.2006.

The sitting fee has been revised to Rs.15,000/- at the 268<sup>th</sup> Board Meeting held on 18.05.2010.

#### 4.4.8 The details of the sitting fees paid to non-executive Directors during 2009-10 are given below:

Mr.L.Sabaretnam	-	Rs.1,90,000/-
Mr. Venkatraman Srinivasan	-	Rs.1,40,000/-
Prof. M.S. Ananth	-	Rs. 30,000/-
Mr.K.Suresh	-	Rs. 10,000/-

#### 4.4.9 Shares held by Non-executive Directors:

Mr. L. Sabaretnam	-	35 shares
Mr. V.C. Agrawal	-	500 shares

#### 4.4.10 Compliance with the Code of Conduct for Board Members and other Senior Management Personnel

As required under Clause 49 I (D) (ii) of the Clause 49 of the Listing Agreement, a declaration signed by the Managing Director of the Company that all the Board Members and Senior Management personnel have fully complied with the provisions of the Code of Conduct for Board Members and Senior Management Personnel during the financial year ending 31.03.2010 is placed below:

“This is to declare that all the Board Members and Senior Management Personnel of the Company have furnished the Annual Compliance Report affirming that they have fully complied with the provisions of the Code of Conduct for the Board Members and the Senior Management Personnel of the Company during the Financial Year ended 31.3.2010 and the same was informed to the Board at the 268<sup>th</sup> Meeting held on 18.05.2010”.

Date : 05.07.2010  
Place : Chennai

**K. BALACHANDRAN**  
*Managing Director*

4.4.11 Code of Conduct for prevention of Insider Trading in dealing with the Securities of CPCL

Your Company has a Code of Conduct for prevention of Insider Trading in dealing with the securities of CPCL which prohibits purchase / sale of shares of the Company by the designated employees and Directors while in possession of unpublished price sensitive information in relation to the Company. The Board of Directors of the Company at the 260<sup>th</sup> Meeting held on 24.03.2009 approved the revised Code pursuant to the amendments made by SEBI to the SEBI (Prohibition of Insider Trading) Regulations, 1992. The revised Code is available in the Intra-net of the Company.

**4.5 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

4.5.1 Composition of the Committee as on 31.3.2010:-

1. Mr.L.Sabaretnam, Independent Director - Chairman
2. Mr.N.C.Sridharan, Director (Finance) - Member
3. Mr.S. Chandrasekaran, Director (Technical) - Member
4. Mr.M.H. Ghodsi, Director - Member

4.5.2 The details of Shareholders' / Investors' Grievance Committee Meetings held during the Financial Year 2009-10 and Members present are given below:

S.No.	Meeting Date	Members Present
1.	28.10.2009	Mr.L.Sabaretnam, Mr.N.C.Sridharan, Mr.S.Chandrasekaran and Mr. Mohammad Hassan Ghodsi
2.	22.03.2010	Mr.L.Sabaretnam, Mr.N.C.Sridharan and Mr.S.Chandrasekaran

4.5.3 Name and designation of Compliance Officer:-

Mr.M.Sankaranarayanan, Company Secretary or in his absence Mr.P.Shankar, Deputy Secretary.

4.5.4 Number of shareholders' complaints received during the year 2009-10, and Number of pending complaints for the period from 01.04.2009 to 31.03.2010 are given below:

Sl. No.	Nature of complaints	Opening Balance as on 1.4.2009	Received during the Financial year 2009-10	Total	Solved during the Financial year 2009-10	Pending as on 31.03.2010
1	Non-receipt of dividend warrants	0	275	275	275	Nil
2	Non-receipt of refund orders	0	8	8	8	Nil
3	Non-receipt of share certificates / new certificates	0	93	93	93	Nil
4	Non-receipt of share certificates sent for transfer	0	11	11	11	Nil
5	Non-receipt of stickers against payment of allotment / call money	0	8	8	8	Nil
6	Non receipt of Annual Reports	0	40	40	40	Nil
7	Non-receipt of Duplicate Share Certificates	0	8	8	8	Nil
<b>Total</b>		<b>0</b>	<b>443</b>	<b>443</b>	<b>443</b>	<b>Nil</b>

## 4.6 PROJECT COMMITTEE

4.6.1 The Composition of Project Committee as on 31.03.2010 is as follows:

1. Mr. L. Sabaretnam, independent Director - Chairman
2. Mr. V.C. Agrawal, Director - Member

Apart from the above members, the Committee includes Director (Finance) and the concerned Functional Director, viz., Director (Technical) or Director (Operations) as additional members.

The quorum for the Committee's proceedings shall be a minimum of three members including one Director nominated by Indian Oil Corporation Limited and Director (Finance).

4.6.2 Terms of Reference

- (a) To approve Capital investment upto Rs. 100 crore and pre-feasibility expenses upto Rs. 20 crore.
- (b) To recommend Investment approval beyond Rs. 100 crore to the Board of CPCL for consideration.

4.6.3 The details of Project Committee Meetings held during the Financial Year 2009-10 alongwith the Members present are given below:

S. No.	Meeting Date	Members Present
1.	07.09.2009	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical) and Mr. K. Balachandran, Director (Operations)
2.	29.12.2009	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).
3.	22.03.2010	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).

## 5.0 GENERAL BODY MEETING

5.1 Location and time, where last three Annual General Meetings were held and number of special resolutions passed:

AGM Date	Location	Time	No. of Special Resolutions passed
10.09.2007	Kamaraj Arangam, 492, Anna Salai, Chennai 600 006	03.00 pm	Nil
08.09.2008	- do -	02.00 pm	One
07.09.2009	- do -	02.30 pm	Nil

5.2 Postal Ballot Details

Postal ballot was not conducted so far in the Company.

## 6.0 DISCLOSURES

- 6.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large: -

Necessary disclosures under the Accounting Standards 18 relating to the Related Party transactions form part of the Accounts for the year 2009-10.

- 6.2 Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:- Nil.

- 6.3 Disclosure of Accounting treatment

In the preparation of financial statement for the year 2009-10, the Company has not adopted an accounting treatment which is different from that prescribed in the Accounting Standard, in respect of any transaction.

- 6.4 Details of compliance with certain clauses of Clause 49 of the Listing Agreement

- 6.4.1 Compliance of laws applicable to the Company:

As per Clause 49 I (C) (iii), the Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

Accordingly, a system had been developed and institutionalized to ensure compliance with all laws applicable to the Company.

The Board reviewed the Compliance Report of all laws applicable to the Company for the period 01.10.2008 to 30.09.2009 at the 264<sup>th</sup> Board Meeting held on 28.10.2009.

- 6.4.2 Risk Assessment and Minimisation Procedures:

As per Clause 49 IV (C), the Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Accordingly, a system had been developed and procedures have been laid down on risk assessment and minimization.

The details of reports under the Risk Assessment and Minimisation procedures for the financial year 2009-10 were reviewed by the Board at its 267<sup>th</sup> Meeting held on 22.03.2010.

- 6.4.3 Internal Control Systems - CEO / CFO Certification

As per Clause 49 V, the CEO / CFO of the Company shall certify to the Board regarding the effectiveness of the internal control systems for financial reporting.

Systems have been developed to review the internal controls and to institutionalize the system of internal controls in the Company to enable the Managing Director and Director (Finance) certify to Board regarding the effectiveness of Internal Control System for financial reporting.

The required certification from the Managing Director and Director (Finance) being the CEO and CFO respectively was obtained and placed before the Board of Directors at the 268<sup>th</sup> meeting held on 18.05.2010.



#### 6.4.4 Certificate of compliance with the requirements of Clause 49 of the Listing Agreement/DPE Guidelines

Clause 49 of the Listing Agreement requires every listed Company to obtain a certificate from either the auditors of the Company or a Practicing Company Secretary regarding compliance of conditions of Corporate Governance and annex the certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a certificate to this effect from the Auditors of the Company and the same is given as annexure to the Directors' Report.

Department of Public Enterprises (DPE) has also issued Corporate Governance guidelines applicable for Central Public Sector Enterprises, which has been made mandatory effective May 2010.

CPCL has complied with the mandatory requirement of the guidelines on Corporate Governance issued by SEBI and DPE except the requirement relating to minimum number of Independent Directors which is three as against the requirement of six. The appointment of additional Independent Directors is under the consideration of Government of India.

#### 6.4.5 Compliance with certain non-mandatory Requirements

Training to Directors in the area of Corporate Governance received the focused attention of the Management during the year. Two Directors were sponsored for training programmes on Corporate Governance organized by Standing Conference of Public Enterprises (SCOPE) in March 2010.

The Board of Directors of the Company at the 260<sup>th</sup> Meeting held on 24.03.2009, accorded approval for the implementation of the Whistle Blower Policy in the Company. A copy of the Whistle Blower Policy is displayed in the Intra-net of the Company.

The Policy provides for the employees to report any improper activity resulting in violation of rules, laws, regulations or code of conduct by any of the employees to the competent authority or the Chairman of the Audit Committee. During the year, no complaint has been received under the Whistle-Blower Policy.

### 7.0 MEANS OF COMMUNICATION

- 7.1 The Board of Directors of the Company approve the Un-audited Quarterly Financial Results in the prescribed form within one month of the close of every quarter and announces the results to all the Listed Stock Exchanges. The same are also published, within 48 hours in the newspapers viz., The Hindu, New Indian Express, The Economic Times, Business Line, Financial Express, News Today and Makkal Kural (Tamil).
- 7.2 The Quarterly Results, Half yearly Results, Annual Results and Shareholding pattern are placed on the Company's web site at [www.cpcl.co.in](http://www.cpcl.co.in). Press Releases are given on important occasions. They are also placed on Company's website.
- 7.3 Chairman's Speech is also distributed to the shareholders who attend the Annual General Meeting of the Company and the same is also displayed in the website of the Company.
- 7.4 Management Discussion and Analysis Report forms part of the Directors' Report 2009-10.

## 8.0 GENERAL SHAREHOLDER INFORMATION

1. 44<sup>th</sup> Annual General Meeting :-  
 Date & Time : 6<sup>th</sup> September 2010; 2.30 p.m.  
 Venue : Kamaraj Arangam, No.492, Anna Salai, Chennai – 600 006
2. Financial Calendar : April – March
3. Book Closure Date : 24.08.2010 to 06.09.2010 (both days inclusive)
4. Dividend despatch date : Within 30 days from the date of declaration
5. Listing on Stock Exchanges : The Shares of the Company are listed on the Stock Exchanges at Chennai, Mumbai and National Stock Exchange of India Limited. The listing fees for the year 2009-10 has been paid.
6. Stock Code : Madras Stock Exchange Ltd. - CPCL / BSE – 500110  
 Trading Symbol in NSE : CHENN PETRO  
 Trading Symbol in Madras Stock Exchange : CHENNAI PET  
 ISIN No. for dematerialized shares : INE 178A 01016
7. Market Price Data-High, Low and Close during each month in the last Financial Year (in Rupees)

Month	National Stock Exchange			Bombay Stock Exchange		
	High	Low	Closing	High	Low	Closing
Apr. 2009	133.00	95.00	115.00	132.95	95.50	114.85
May 2009	195.60	116.00	187.55	195.80	116.00	187.55
June 2009	212.70	168.00	171.85	213.20	168.60	173.70
July 2009	186.00	152.00	182.55	186.00	152.20	182.70
Aug. 2009	204.40	172.00	203.10	204.40	170.85	203.30
Sep. 2009	269.90	195.05	263.20	270.00	198.10	263.20
Oct. 2009	261.55	210.10	211.70	263.30	210.05	211.70
Nov. 2009	221.60	195.50	212.60	221.90	195.25	212.65
Dec. 2009	229.00	207.40	218.20	233.00	207.15	217.85
Jan. 2010	253.00	214.05	234.60	253.45	215.00	235.40
Feb. 2010	269.80	227.00	246.35	255.00	228.00	245.50
Mar. 2010	299.00	238.55	294.90	299.30	235.00	295.40

8. Performance of CPCL's Shares in comparison to BSE and NSE Index:

Month	National Stock Exchange		Bombay Stock Exchange	
	Closing Price (Rs.)	Index	Closing Price (Rs.)	Index
Apr. 2009	115.00	3473.95	114.85	11403.25
May 2009	187.55	4448.95	187.55	14625.25
June 2009	171.85	4291.10	173.70	14493.84
July 2009	182.55	4636.45	182.70	15670.31
Aug. 2009	203.10	4662.10	203.30	15666.64
Sep. 2009	263.20	5083.95	263.20	17126.84
Oct. 2009	211.70	4711.70	211.70	15896.28
Nov. 2009	212.60	5032.70	212.65	16926.22
Dec. 2009	218.20	5201.05	217.85	17464.81
Jan. 2010	234.60	4882.05	235.40	16357.96
Feb. 2010	246.35	4922.30	245.50	16429.55
Mar. 2010	294.90	5249.10	295.40	17527.77



## 9. REGISTRARS AND SHARE TRANSFER AGENTS:

- (a) Hyderabad Office:  
M/s. Karvy Computershare Private Limited  
Unit : Chennai Petroleum Corporation Limited  
Plot No. 17 to 24, Near Image Hospital, Vithal Rao Nagar  
Madhapur, Hyderabad – 500 081 Phone : 040 – 44655000 / 44655152  
Fax : 040 - 44655024 E-mail : mohsin@karvy.com, einward@karvy.com  
Website : www.karvycomputershare.com
- b) Chennai Offices:
- No.33/1, Venkataraman Street, T. Nagar, Chennai – 600 017  
Phone : 2815 1793 & 2815 4781 Fax : 2815 1794
  - G-1, Swathy Court, 22, Vijayaraghava Road, T. Nagar, Chennai – 600 017.  
Phone : 2815 3445 / 2815 1034 Fax : 2815 3181  
E-mail: chennaiirc@karvy.com

## 9.0 SHARE TRANSFER SYSTEM

- 9.1 To expedite the share transfer process, the Board of Directors has constituted a committee presently consisting of Mr.M.Sankaranarayanan, Company Secretary and Mr.P.Shankar, Deputy Secretary of the company to approve share transfers, transmission of shares, dematerialisation requests and rematerialisation requests.

- 9.2 The number of transfers approved and shares transferred from 01.04.2009 to 31.03.2010 are given below:

Sl. No.	Particulars		Number of Shares Involved
1	Number of transfer deeds received	392	82700
2	Transfer deeds processed	149	29600
3	Defective transfer deeds sent to the proposed transferee for rectification of defects	243	53100

- 9.3 The number of meetings held for approving the Share Transfers from 01.04.2009 to 31.03.2010 is 42.

- 9.4 The number of demat requests approved and shares dematted from 01.04.2009 to 31.03.2010 in National Securities Depository Ltd. (NSDL) are given below:-

Sl. No.	Particulars	Number of Demat Request Form (DRF)	Number of Shares Involved
1	Number of demat requests received	607	85755
2	Number of demat requests processed	458	69255
3	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of NSDL	149	16500

- 9.5 The number of meetings held for approving the demat requests through NSDL from 01.04.2009 to 31.03.2010 is 43.

- 9.6 The number of demat requests approved and shares dematted from 01.04.2009 to 31.03.2010 in Central Depository Services (India) Ltd. (CDSL) are given below:

Sl. No.	Particulars		Number of Shares Involved
1.	Number of demat requests received	255	31100
2.	Number of demat requests processed	181	22800
3.	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of CDSL	74	8300

- 9.7 The number of meetings held for approving the demat requests through CDSL from 01.04.2009 to 31.03.2010 is 39.

#### 10.0 DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010

Shareholding of nominal value		Shareholders		Share Amount	
Rs.	Number	% to Total	Rs.	% to Total	
Upto - 5000	55825	96.20	56972450.00	3.83	
5001 – 10000	1181	2.04	9422740.00	0.63	
10001 - 20000	512	0.88	7613770.00	0.51	
20001 - 30000	162	0.28	4154490.00	0.28	
30001 - 40000	70	0.12	2554790.00	0.17	
40001 - 50000	55	0.09	2600660.00	0.18	
50001 - 100000	93	0.16	6415960.00	0.43	
100001 & above	135	0.23	1399379140.00	93.97	
<b>TOTAL</b>	<b>58033</b>	<b>100.00</b>	<b>1489114000.00</b>	<b>100.00</b>	

#### 11.0 SHAREHOLDING PATTERN AS ON 31.03.2010

Description	No. of SHARES		TOTAL	% to SHARES	No. of SHAREHOLDERS		TOTAL
	Physical	Electronic			Physical	Electronic	
Indian Oil Corporation Limited	0	77265200	77265200	51.89	0	1	1
Naftiran Inter-trade Co. Ltd.	0	22932900	22932900	15.40	0	1	1
Public (including Employees)	1429769	7506997	8936766	6.00	12816	37273	50089
Bodies Corporate	25000	7312655	7337655	4.93	79	775	854
Banks, FIs and Insurance Companies	100	22142493	22142593	14.87	1	17	18
Mutual Funds and UTI	9400	1897114	1906514	1.28	17	21	38
Foreign Institutional Investors	4200	7218690	7222890	4.85	11	40	51
Non-Resident Indians/OCBs	677000	489882	1166882	0.78	5174	1807	6981
<b>Total</b>	<b>2145469</b>	<b>146765931</b>	<b>148911400</b>	<b>100.00</b>	<b>18098</b>	<b>39935</b>	<b>58033</b>

## 12.0 TOP TEN SHAREHOLDERS AS ON 31.03.2010 (OTHER THAN PROMOTERS)

Sl. No.	Name of the Shareholder	No.of Shares	Shares as a percentage of total no.of shares
1	LIFE INSURANCE CORPORATION OF INDIA	7267201	4.88
2	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	4462167	3.00
3	GENERAL INSURANCE CORPORATION OF INDIA	3341644	2.24
4	THE NEW INDIA ASSURANCE COMPANY LIMITED	3071060	2.06
5	LIC OF INDIA - MARKET PLUS ONE	2299346	1.54
6	UNITED INDIA INSURANCE COMPANY LIMITED	2056027	1.38
7	MATTHEWS INDIA FUND	1889744	1.27
8	NATIONAL INSURANCE COMPANY LTD	1701000	1.14
9	LIC OF INDIA - PROFIT PLUS	899165	0.60
10	MORGAN STANLEY MAURITIUS CO.LTD.	862456	0.58
<b>TOTAL</b>		<b>27849810</b>	<b>18.69</b>

## 13.0 DEMATERIALISATION OF SHARES AND LIQUIDITY

The dematting facility exists with both the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 31.03.2010, 14,67,65,931 equity shares have been dematerialized, representing 98.56% of the paid-up capital.

## 14.0 OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has not issued GDR / ADR / Convertible instruments.

## 15.0 PLANT LOCATIONS

Manali Refinery, Manali, Chennai-600 068. [Phone No.044-25944000]

Cauvery Basin Refinery, Panangudi Village, Nagapattinam District, Tamilnadu, Pin: 611 002. [Phone No.04365-256402]

## 16.0 ADDRESS FOR CORRESPONDENCE

Chennai Petroleum Corporation Limited,  
No.536, Anna Salai, Teynampet, Chennai - 600 018.  
Phone : 044-24349542 Fax : 044- 24341753  
E-mail : sld@cpcl.co.in  
Company's Website Address : www.cpcl.co.in

**FOR THE KIND ATTENTION OF SHAREHOLDERS :**

**SUB : TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND**

The unclaimed dividend declared at the 37th AGM held on 25.09.2003 for the financial year ended 31.03.2003 will be transferred by the Company on or before 24.10.2010 to the Investor Education and Protection Fund in accordance with the rules framed in this regard by the Government.

Similarly, the unclaimed dividend declared at the 38th AGM held on 23.08.2004 for the financial year ended 31.03.2004 will be transferred by the Company on or before 22.09.2011 to the Investor Education and Protection Fund.

Therefore, Members who have not encashed their Dividend Warrants in respect of the above dividend, validity period of which has expired, may approach either the Company or its Share Transfer Agents, viz., Karvy Computershare Private Limited, for obtaining duplicate Dividend Warrants immediately.

COMPANY SECRETARY

## ***Report to Shareholders***

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## ***Directors' Report (Including Management Discussion and Analysis)***

### **To the Chennai Petroleum family of Shareholders,**

On behalf of the Board of Directors of your Company, it is my privilege to present the 44<sup>th</sup> Annual Report on the workings of your Company, together with the Audited Statement of Accounts for the year ended March 31, 2010.

### **CORPORATE OVERVIEW**

- Turnover of Rs.29,184 crore and Profit after Tax of Rs.603.22 crore was achieved.
- Successfully completed and commissioned the expansion of Crude Distillation Unit III (CDU-III) from 3 MMTPA to 4 MMTPA, thereby enhancing the installed capacity of CPCL from 10.5 MMTPA to 11.5 MMTPA.
- Achieved the highest ever distillate yield of 69.2% as against the previous best of 68.3% in 2006-07, at Manali.
- Achieved the highest ever throughput of 917 Thousand Metric Tonnes (TMT) in Fluidised Catalytic Cracking Unit (FCCU) against the previous best of 902 TMT in 2008-09.
- Achieved the highest ever production of High Speed Diesel (3565.5 TMT), Propylene (33.9 TMT) and Paraffin Wax (28.5 TMT).
- Achieved the lowest ever energy index at Manali Refinery at 70.4 MBTU / BBL /NRGF in 2009-10 as against the previous best of 71.4 in 2007-08.
- Enhanced the capacity of Sulphur Recovery Unit (SRU) by 22% through Oxygen Enrichment Technology developed jointly with *M/s.Engineers India Limited*.
- Achieved the lowest ever energy index at Cauvery Basin Refinery at 127.3 MBTU/BBL/NRGF in 2009-10 against the previous best of 131.2 MBTU/BBL/NRGF in 2006-07.
- Japan Institute of Plant Maintenance (JIPM), Japan has awarded the coveted “*TPM Excellence Award, Category A*” for Cauvery Basin Refinery.
- CPCL was selected as one of the recipients of the prestigious Corporate Social Responsibility (CSR) Award by Rural Development and Panchayat Raj Department, Government of Tamil Nadu.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Industry Structure and Developments**

The world energy demand will continue to expand and will increase to 17000 Million Tonnes of Oil Equivalent (Mtoe) by 2030 from the current level of 12000 Mtoe at an average growth of 1.6%, with coal accounting for more than one third of the rise in the demand. Oil is expected to be the dominant player in the energy industry although the share of gas, coal and renewables is likely to increase marginally. The Growth of Energy Industry is mainly in the Asian Region with both India and China contributing significantly. The refining capacity addition in the world during 2010-14 is expected to be around 7.5 million barrels (mmb)/day of which Asia will contribute 3.5 mmb/day. The refining capacity is exceeding the demand and the refinery utilization rates are slowing down with the exception of Asia where the utilization rates are reaching 90%.



The refinery capacity utilization in India is consistently higher, ranging above 105%. The demand growth of Oil and Gas is expected to touch 234 Mtoe by 2011-12 in India, registering a 40% growth in the XI plan period. The refining capacity in India exceeded local demand by 42 MMT in 2009-10 which will further increase to 100 MMT by 2011-12 and 140 MMT by 2016-17.

Since 2001-02, India has transformed into a net exporter of Petroleum Products from being one of the largest importer and since then India continues to be surplus in products. India is emerging as a significant product exporter in the Asia Pacific Region with cost competitiveness for refinery operations.

The increase in Gas supplies due to the discovery and production in KG basin and others, apart from imports of LNG, would meet the requirements of existing and proposed gas fuelled projects, thus partly replacing the liquid fuels. The production of Natural Gas is expected to increase to 240 MMSCMD by 2011-12, a growth of more than 200% in the XI Plan period. The new gas finds has a potential to displace 39 MMT of liquid fuels by 2016-17 according to a study by *Price Waterhouse Coopers*. The impact will be felt more in Diesel and Heating Oils.

The overall growth for Petroleum Products for the year 2009-10 is about 3.4% which is lesser than the previous year growth rate of 3.6%. The sale of MS and HSD had a growth rate of 13.9% and 8.9% respectively over the previous years indicating an upswing in the Economy. However, the sales of Light Diesel Oil (LDO) and Fuel Oil registered a negative growth of 17.2% and 8.0% respectively.

The introduction of alternate fuels will immensely help in reducing the carbon emissions. India has a vast supply of green energy resources and has a significant programme for deploying these resources. The renewable energy market in India is pegged at US \$ 600 m and is expected to grow at 15% per annum.

### **Opportunities and Threats**

The Natural Gas availability will partly displace the requirement of liquid fuels thus reducing the demand for refinery products. However the use of Natural Gas will certainly reduce the strain on the Environment and will also be economical. The Natural Gas Pipeline for the Southern Region is likely to be made available by 2012 which will benefit major Fertiliser Industries in Tamilnadu. The use of Natural Gas in Gas turbines, heaters and furnaces will also help refineries in obtaining environmental clearances for new projects which is a major constraint especially in the Manali area where CPCL's refinery is located. Your Company is making all efforts to replace Naphtha and Refinery Fuel Oil with Natural Gas and the Manali refinery requirement will be around 3.0 MMSCMD.

The Auto Fuel Quality Improvement Projects have been completed and the Oil industry has once again demonstrated its capability to meet the new fuel quality requirements.

### **Risks, Concerns and Outlook**

The crude price which was hovering around US\$50/bbl in April '09 increased steadily to reach US\$ 75/bbl by the year end. The prices are likely to remain steady over the year as the major economies of the world are yet to recover from the downslide. The refining margins were under strain in 2009-10 with Gross Refining Margins in the range of 4-4.5\$/bbl.

The changes in the Union Budget 2010-11 has increased the Customs Duty from 0% to 5% for Crude oil. While the Customs Duty on MS and HSD has also been increased from 2.5% to 7.5% and for other products like FO and Bitumen from 5% to 10%, ATF, Naphtha (Fertilizers), SKO and LPG continues to attract nil duty. This leaves almost 30% of the products without Customs Duty of crude not neutralized, which will result in erosion of the refining margins of Indian Refineries.

### Internal Control Systems and their Adequacy

Your Company has adequate internal control systems commensurate with its nature and size of business to safeguard and protect the interest of the Company. The internal control systems are periodically reviewed by the Company to ensure that the objectives of the system are achieved. In addition, there are detailed and well documented policies, guidelines, authorizations and approval procedures listed out in the manual on Delegation of Authority.

Your Company has an independent Internal Audit Department, which extensively carries out Audit covering various areas of Company's operations to ensure accuracy and reliability of records. The recommendations of the Internal Audit department are reviewed regularly by the Audit Committee of the Board.

### PERFORMANCE OVERVIEW

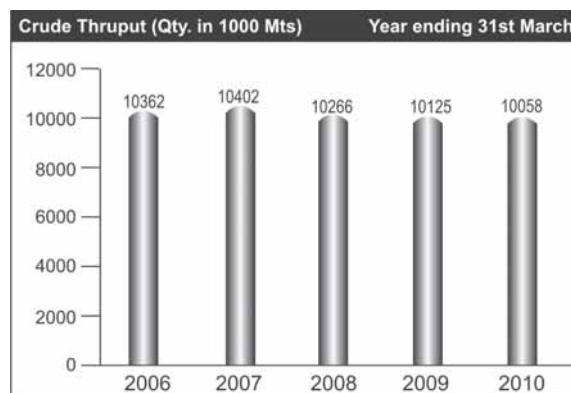
#### Physical Performance

#### CRUDE THRUPUT (in TMT)

	2009 - 2010	2008 - 2009
Imported	8517.0	8735.9
Indigenous	1541.0	1389.1
<b>Total</b>	<b>10058.0</b>	<b>10125.0</b>

#### PRODUCTION (in TMT)

Light Ends	2077.0	2039.8
Middle Distillates	4923.0	4825.0
Heavy Ends	1996.0	2196.6
Lube Base Stocks	202.0	172.4
Paraffin Wax	29.0	27.7
Others (Intermediaries)	(14.0)	(20.3)
Others (fuel gas consumed)	(15.0)	(9.3)
Others (RCO from CBR consumed at Manali)	(39.0)	(10.9)
Fuel & Loss	899.0	904.1
<b>Total</b>	<b>10058.0</b>	<b>10125.0</b>



#### Note :

The figures for the year 2009-10 do not include production of LPG (7.7 TMT) and Naphtha (3.3 TMT) from the Gas Separation Unit at Cauvery Basin Refinery. Similarly, the figures for the year 2008-09 do not include production of LPG (7.5 TMT) and Naphtha (3.3 TMT) from the same unit.



The salient features of operations during the year include the following:

*Manali Refinery:*

- Manali Refinery achieved a crude throughput of 9541 Thousand Metric Tonnes (TMT) with a capacity utilization of 100.4%, against the previous year throughput of 9707 TMT.
- Fluidised Catalytic Cracking Unit (FCCU) achieved highest ever throughput of 917 Thousand Metric Tonnes (TMT) against the previous best of 902 TMT in 2008-09.
- Shutdown activities for catalyst changeover of Once-Through Hydro Cracker Unit (OHCU) successfully completed and commissioned in February 2010.
- Revamp of Catalytic Reformer Unit (CRU) to Continuous Catalytic Reforming Unit (CCRU) successfully completed.
- Highest ever production of the following products achieved :

(Figures in TMT)

Product	2009-10	Previous Best (year)
High Speed Diesel	3565.5	3525.0 (2008-09)
Propylene	33.9	30.5 (2008-09)
Wax	28.5	28.0 (2007-08)

- Achieved the lowest ever energy Index at 70.4 MBTU / BBL /NRGF in 2009-10 as against the previous best of 71.4 in 2007-08.

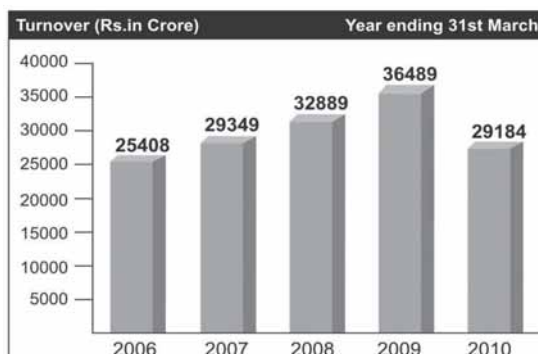
*Cauvery Basin Refinery:*

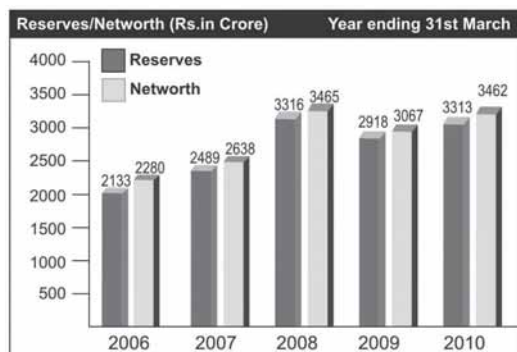
- Processed 516.6 TMT of Crude as compared to 418.1 TMT in the previous year.
- First parcel of KG D6 crude was received on 13<sup>th</sup> July 2009 and processing started. Availability of KG D6 crude had ensured production of BS III HSD as per schedule.
- Highest ever Propane production of 1745 MT as compared to the previous best of 675 MT in 2008-09.
- Achieved the lowest ever Energy Index of 127.3 MMBTU / BBL / NRGF as against the previous best of 131.2 achieved in 2006-07.

**Financial Performance**

(Rs. in crore)

	2009-2010	2008-2009
Gross Turnover	29183.84	36489.67
Profit before Interest, Depreciation and Tax	1088.26	(112.28)
Interest	137.36	223.66
Depreciation and Amortization	267.14	257.17
Profit before Tax	683.76	(593.11)
Provision for Taxation		
- Current Tax (Net)	(81.44)	(4.96)
- Deferred Tax	161.95	(193.36)
- Fringe Benefit Tax	0.03	2.49
Profit after Tax	603.22	(397.28)
Value Added	1540.49	922.87





The Company has achieved a turnover of Rs. 29,184 crore during the year, as compared to Rs.36,489 Crore in the previous year. The profit after tax stood at Rs. 603.22 Crore as compared to a loss of Rs.397.28 crore in the previous year. The value addition during the year is Rs.1540.49 crore as compared to Rs. 922.87 crore in the previous year.

The Reserves and Surplus also registered an increase from Rs.2918.23 crore as on 31.03.2009 to Rs. 3313.08 crore as on March 31, 2010.

The book value per share of your Company has increased from Rs. 205.98 in the year 2008-2009 to Rs 232.49 in the year 2009-2010.

Your Company has not accepted any fresh public deposits during the year 2009-10.

Your Company has transferred to the Investor Education and Protection Fund the required amount as per Section 205(C) (2) of the Companies Act, 1956, within the stipulated time.

## DIVIDEND

The Board of Directors of your Company is pleased to recommend a dividend of 120% on the paid-up equity share capital of the Company for the financial year 2009-10 in view of the excellent performance of the Company.

## MoU PERFORMANCE

Your Company excelled in performance in the various parameters covered under the MoU with Indian Oil Corporation Limited for the year 2009-10. As per the provisional assessment, the overall rating is “Excellent”, for the 14<sup>th</sup> year in succession.

## MARKETING

Indian Oil Corporation Limited, the holding Company continues to market a majority of the fuel products produced by your Company. During the year, your Company has achieved the highest ever sales of Propylene which was directly marketed by the Company. During the year, seven Customer Meets were arranged at various locations.

## PROJECTS

Your Company's XI Plan Outlay (2007-12) is Rs. 3575 Crore. During the first two years of the XI Plan (2007-09), an expenditure of Rs. 583 Crore has been incurred. During the year 2009-10, a sum of Rs. 893 crore was incurred against the budget estimate of Rs. 716 crore towards plan projects and a sum of Rs.80.21 crore was incurred against the budget estimate of Rs. 178.62 crore towards non-plan projects.

## Completed Projects

### **Capacity Enhancement of CDU / VDU of Refinery III**

A Project for enhancing the capacity of CDU / VDU of Refinery III from 3.0 MMTPA to 4.0 MMTPA at a cost of Rs. 200.41 crore has been completed with the objective of producing value added products like LPG, Naphtha, SK, HSD, etc.



### ***Revamp of Semi Regenerative Catalytic Reforming Unit to Continuous Catalytic Reforming Unit***

A project for revamp of Semi Regenerative Catalytic Reforming unit to Continuous Catalytic Reforming mode was completed at a cost of Rs. 272.77 crore with a view to increase the Octane Number for producing high quality MS meeting Euro IV specifications, besides maximizing its capacity. This project alongwith the upcoming isomerisation unit will enable the Company to meet the increased demand of MS.

### ***SRU Revamp with Oxygen Enrichment Technology***

A project for revamp of Sulphur Recovery Unit (SRU) for enhancing the capacity through Oxygen Enrichment Technology developed jointly with *M/s. Engineers India Limited*, for the first time in Indian Refineries, was successfully implemented.

## **On-going Projects**

### ***Auto-Fuel Quality Upgradation Project***

In order to meet the revised specifications of MS and HSD, your Company is implementing Auto-Fuel quality upgradation project at an estimated cost of Rs.2615.69 crore. This project includes a Diesel Hydro-treating Unit, NHT/ISOM Unit, Utilities and Offsites (U&O) and Hydrogen Generation Unit (HGU).

The construction of the above process units is in an advanced stage of completion.

### ***New Crude oil Pipeline***

As a replacement for the old 30" pipeline from Chennai Port to Manali Refinery along the route of the proposed Port connectivity project, your Company is laying a new 42" Crude oil pipeline at a cost of Rs. 65 Crore. This project is expected to be completed within a period of 12 months after the Right of Way is made available by Chennai Port Trust. Discussions are being held with Chennai Port Trust for expediting the clearances for Right of Way.

## **New Project Initiatives**

### ***Resid Upgradation Project***

With a view to maximize the Distillate yield of the Refinery, your Company proposes to implement the Resid Upgradation project at an estimated cost of Rs.3350 Crore. The project involves installation of a Delayed Coker Unit and revamping of existing Hydrocracker Unit alongwith other associated facilities.

Process packages for all the Process Units have been completed. Preparation of the Detailed Feasibility Report is in progress. This project is expected to be completed in 2013.

### ***Single Point Mooring (SPM) & Crude Oil Terminal (COT) Project***

Your Company is installing a Single Point Mooring (SPM) for import of Crude Oil facilities in Ennore through Very Large Crude Carriers (VLCC) and Crude Oil Tankage Terminal (COT) near Land Fall Point (LFP) for VLCC discharge to avoid demurrage, at an estimated cost of Rs. 1400 Crore. Most of the pre-project activities have been completed including Marine geo-physical study, geo-technical study, pipeline route survey and soil investigation. The environment studies are in progress. This project is expected to be completed in March 2013.

### **Revamp of Refinery - II for Capacity Expansion**

It is proposed to enhance the capacity of Crude and Vacuum Distillation Unit of Refinery-II from 3.7 MMTPA to 4.3 MMTPA at a cost of about Rs. 333 crore.

### **New Project Initiatives at CBR**

- 20" inter connecting crude oil pipeline is planned between Karaikkal Port and CPCL's Chidambaranar Oil Jetty. MoU has been signed with M/s.Karaikkal Port Pvt. Limited (KPPL) for utilizing their facility to receive crude of economic parcel size. IOC, Pipeline division has been engaged as EPCM contractor for executing the project. This project is expected to be completed by March 2011.
- Shifting of Hydro treating facility (Plant 13) from Manali Refinery for Diesel Hydro treating which will enhance the crude basket of CBR.

### **DEVELOPMENT STRATEGIES**

The outlook of the Oil Industry has been fast changing prompting various players to constantly revisit their planned strategies and devise new business initiatives for achieving sustainable development and also to adapt successfully to the changing scenario. Your Company has also undertaken a review of its strategies. A Strategy Meet was organized in July 2009 to discuss and deliberate on several growth initiatives identified by the Company. The important points identified during this Meet were discussed by the Board of your Company in September 2009.

Several action plans have been identified and important among them include replacing the Refinery I with a new CDU/VDU of 9 MMTPA capacity and associated secondary processing facilities and the setting up a 350 MW Joint Venture Power Project based on Petcoke.

### **INDIAN ADDITIVES LIMITED**

Your Company formed a joint venture with Chevron Chemicals Company (now Chevron Oronite Company) named Indian Additives Limited (IAL) for the manufacture of Lube Additives components and packages, in the year 1989.

IAL has achieved a turnover of Rs.349.90 Crore during the year 2009-10, as against Rs.270.69 crore in the previous year. The Profit after Tax for 2009-10 is Rs.41.29 Crore as against Rs.8.67 Crore in the previous year. The Board of Directors of IAL has recommended a Dividend of 36% on the paid-up capital of the Company.

### **INFORMATION TECHNOLOGY**

Your company keeps itself abreast of the advancements in the area of Information Technology so as to apply them to the extent possible in its pursuit of achieving operational excellence.

The Cauvery Basin Refinery and Manali Refinery went live on SAP effective 1<sup>st</sup> July 2009 and 1<sup>st</sup> August 2009 respectively. The highlights of the implementation of SAP included the following:

- Generation of Production reports
- Inclusion of Inspection Management System in the P.M Module of SAP
- Direct Integration of Weigh Bridge with SAP
- Implementation of B2B concept in Cauvery Basin Refinery for Crude related transactions
- Establishment of Video Conferencing facility between Manali Refinery and CBR
- Establishment of Audio Conferencing Facilities for Executives

## RESEARCH AND DEVELOPMENT (R&D)

Your Company recognizes the need to be more competitive in order to face the future challenges in the Oil Industry and provides greater thrust to the role of R&D in order to achieve continuous upgradation of technologies and acquire expertise in various areas of activities.

Your Company's in-house R&D Centre successfully commissioned a new ROFA True Boiling Point Distillation Unit to carry out Crude Assays with extended vacuum facilities. Your Company's Research and Development with Sud-Chemie India Pvt. Ltd. resulted in successful scaling up of Lube Hydrofinishing Catalyst (500 kg) with improved activity and stability Characteristics.

Your Company's R&D Centre successfully carried out extensive reformer pilot plant studies to develop a Continuous Catalytic Reformer (CCR) model for supporting the commercial CCR unit.

## SAFETY MANAGEMENT

Your Company and its employees are conscious of their commitment to carry out all the activities with primary focus on safety by adhering to the best safety practices in handling equipment and material.

During the year, your company has imparted monthly refresher training program on Fire and Safety to 177 CISF Personnel. Safety training is provided every month to truck crew with special focus on road safety regulations, safe driving habits, importance of spark arresters and fire extinguishing operations and around 490 Truck Crew members were covered under this training program.

The importance of safety in achieving credible safety performance is highlighted to employees, contract workers and others through various training programmes, live fire drill and field demonstrations. Also specialized safety training programmes are conducted on Chlorine handling, Scaffolding erection and Shutdown safety. Distribution of Safety pamphlets to contract workers in Tamil & Hindi, Safety handbooks in Tamil and Safety instructions for visitors are also done. A handbook on the roles and responsibilities of onsite co-ordinators was released in February, 2010. Employees participation in safety management system is ensured by having their representations in various safety committees.

A safety perception survey was conducted by M/s. Cholamandalam Group and the results of the survey are encouraging as compared to the similar survey done three years earlier. A safety meet was also organised for the benefit of the neighbourhood Manali industries.

A Safety film on the topic of "Human safety is precious for Life saving" describing the safety practices in Manali refinery was telecast in Podhigai Channel, mainly to create an awareness among general public on efforts taken by the Company towards safe operation.

Two on-site mock drills were conducted in September, 2009 and March, 2010 respectively. An off-site mock drill was conducted in February, 2010 at M/s. Manali Petrochemical Limited which was presided over by District Collector, Tiruvallur.

### *Awards / Achievements*

Commitment to the safety standards and safety initiatives undertaken by the company to improve the safety management system resulted in the following awards:

- Safety Appreciation Award by the Institute of Engineers of India.
- Continued Patronage Award (CPA) from National Safety Council, Tamil Nadu.

- Golden Peacock award received in June 2009.
- Cauvery Basin Refinery received the Star Award under the Safety Awards Category 2007 from National Safety Council, Tamil Nadu Chapter in February 2010.

## **ENVIRONMENT MANAGEMENT**

Your Company takes constant and persistent efforts to preserve and protect the ecological balance by adoption of several environmental conservation measures aimed towards achieving substantial abatement in pollution from its operations.

Significant initiatives undertaken in the areas of Solid Waste Management include disposal of 200 MT of SRU Spent Catalyst to *M/s Tamil Nadu Waste Management Limited*.

Your company has always demonstrated its concern to mitigate the adverse effects of climate change by undertaking several green initiatives which include mass tree plantation at Manali Refinery, change over to Light Emitting Diode (LED) for Corridor Lighting and use of Solar Lights at Cauvery Basin Refinery (CBR).

The efforts undertaken by the Company towards sustainable development resulted in registration of its Windmill farm as the first Clean Development Mechanism Project with the United Nations Framework Conventions for Climate Change (UNFCCC) in May 2010. This project is estimated to fetch an annual accruable Certified Emission Reduction (CER) of 34,186 for a period of ten years.

The sustained and concerted efforts taken by the company in the areas of Environment has earned the Company the Greentech Foundation award for Environment Excellence in October 2009.

## **RENEWABLE ENERGY DEVELOPMENT**

Your Company has taken initiatives in the areas of renewable energy development by commissioning the 17.6 MW Windmill Project at Pushpathur village, Dindugul District, Tamil Nadu at a cost of Rs.90 Crore, which is the first of its kind in the Oil Industry. The annual power generated during the year was 36 million KWHr and the revenue generated was Rs. 10.33 Crore.

## **ENERGY CONSERVATION**

Your Company accords priority attention to the Energy Conservation efforts by adopting and implementing energy efficient processes, installing energy saving devices and by continuous monitoring using sophisticated instruments.

Several steps have been taken to optimize the energy consumption such as Step less Control on MUG Compressor and Preheat improvements, which enabled the Manali Refinery to achieve the lowest ever energy index at 70.4 MBTU / BBL /NRGF in 2009-10 as against the previous best of 71.4 in 2007-08.

Details of Energy Conservation measures undertaken during the year are detailed in **Annexure-II**.

## **INTEGRATED REFINERY BUSINESS IMPROVEMENT PROGRAMME**

As part of the Integrated Refinery Business Improvement Programme, being implemented in association with *M/s. Shell Global Solutions International*, 8 proposals with a net benefit value of 4.73 Million US Dollars (6.62 Cents per bbl) were completed and 3 Proposals For Improvement having a net benefit value of 4.944 Million US Dollars (6.92 Cents per bbl) are under implementation.





## OPTIMISATION

Your Company continues to give focused attention to the Refinery Business Optimisation by keeping pace with the latest technological changes in order to achieve the best operating margins and implement the best process optimization techniques.

A centralized web based fuel gas monitoring application for Manali Refinery was deployed in the portal of Process Information Network (PIN). A neural Network based model for monitoring HSD Lubricity was developed and made available on the PIN portal, which has an embedded operational intelligence.

Your Company also presented a paper titled “Role of real time process information in Refinery Operations” at the Refinery Technology Meet held in Chennai, which was widely appreciated.

## TOTAL PRODUCTIVE MAINTENANCE (TPM)

Your Company has made significant progress in the areas of process improvements, Energy Savings, Establishment of Systems & Procedures, One Point Lessons (OPL), Kaizens, etc. including imbibing of TPM culture amongst the employees, ever since the concept of TPM was introduced in May 2005 at Manali Refinery and CBR.

The Cauvery Basin Refinery benefited immensely in implementing the TPM through improved work environment, work culture and value addition through implementation of large number of Kaizens and has achieved a significant milestone by receiving the coveted “TPM – Excellence Award – Category A” instituted by Japan Institute of Plant Maintenance for implementing all the 8 Pillars of TPM in March 2010.

The Manali Refinery passed the TPM Health check-up conducted by Confederation of Indian Industry in November 2009 and will be contesting for the JIPM Award during 2010.

During the year, a TPM hand book and a TPM brochure for the use of employees, Pillar Chairman and Circle Leaders were released. The Third CPCL Kaizen Competition was conducted during the year and 19 Kaizens were presented from all TPM Circles in the areas of Operations and Maintenance.

## ISO-SHEQ Policy

Your Company continues to demonstrate its strong commitment to carry out its business activities with focused attention on Safety, Health, Environment & Quality and has formulated a comprehensive SHEQ Policy. The accreditation to OHSAS 18001:2007 – Occupational, Health & Safety Management System, Quality Management System (QMS) 9001:2008 and Environment Management System (EMS) 14001:2004 were received from *M/s. Bureau Veritas Certification India*, Chennai after the conduct of the Surveillance Audit during the year.

## HUMAN RESOURCES DEVELOPMENT

Your Company is firm in its belief that the human resources of CPCL bestows upon the company the required competitive advantage. With a view to sustain this position, your company consistently gravitates, retains and motivates the best talent and also enables the employees at all levels to deliver excellent performance.

With a view to give impetus to talent development, Competency Mapping Development Centers were carried out for Managers with the assistance of *M/s. Ernst & Young*, one of the renowned experts in the field. These Development Centres will now form the basis for carrying out Development initiatives for the year 2010-11.

Your company has also taken up a new HR initiative viz., “Employees Learning Forum” to build a more dynamic employee learning environment and to bring out the best talent in them. The objectives of the Forum are to provide a platform to all employees, to develop ideas, to share their knowledge with others, acquire knowledge from others, and in the process to multiply their knowledge levels in a plethora of areas, which will ultimately enhance the knowledge level in the company and help employees develop new ideas in their work front.

Your Company implemented the Pay revision for the supervisory employees in line with the guidelines from Department of Public Enterprises, Government of India.

The total manpower strength of the Company as on 31<sup>st</sup> March 2010 was 1735 (1667 as on 31<sup>st</sup> March 2009) comprising of 810 supervisors and 925 non-supervisors (779 supervisors and 888 non-supervisors as on 31<sup>st</sup> March 2009).

During the year, your company recruited 31 Officers and 78 Workmen. As a part of the Apprenticeship training requirement, 59 Diploma holders and 36 ITI Trade Apprentices underwent one-year apprenticeship Programme in the Company.

The Industrial Relations climate continued to be harmonious, cordial and peaceful through continuous dialogues and information sharing with the Trade Unions and Officers’ Association. Your Company also initiated quarterly communication meeting with the Collectives to communicate the performance, growth and developmental aspects of the Company.

HR Initiatives of previous year like Department-wise Open House Meets and Field visits by HR officials to ascertain day-to-day working environment issues were continued during the year and issues were addressed.

Your Company has been adhering to the Presidential Directives and various instructions of the Government relating to the welfare of the SC, ST, OBC, and Differently abled persons. The statistics relating to representation of SCs / STs / OBCs in the prescribed proforma as on 01.01.2010 is placed as **(Annexure-I)**.

## **WELFARE OF WOMEN**

Women empowerment through conduct of Training Programs in functional / technical / developmental areas received primary attention of the Management.

An exclusive web page titled “SHE” was inaugurated on the occasion of International Women’s Day. The web page was created for the Women employees of your company, wherein, the creative expertise of Women employees is ornamented.

International Women’s Day was celebrated by organizing a programme on the theme “Women: From Survival to Success” in which eminent professionals from various fields delivered lectures on topics of varied interests on Women Development and empowerment.

Women employees were nominated to attend National/Regional Meets conducted by the Forum for Women in Public Sector (WIPS) under the patronage of Standing Conference on Public Enterprises (SCOPE).

As on 31.03.2010, 82 women employees are on the rolls of the Company (constituting 4.72% of the total number of employees). Of the above, 32 are in the Supervisory Grade and 50 are in Non-Supervisory Grade.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company considers Corporate Social Responsibility as one of the pivotal functions to accelerate the process of overall sustainable development and make significant contribution to Nation building.

During the year, an amount of Rs.169.78 Lakhs was spent on CSR activities focusing on education, health and sanitation, water supply, sports development, women empowerment, social cultural activities and other infrastructural development.

Significant activities carried out under Corporate Social Responsibility during the year include the following :

- Constructed classrooms, toilets and compound wall for various schools located in and around our refineries at a total cost of around Rs.70 Lakhs.
- Conducted 10 free comprehensive eye care camps in association with Medical Research Foundation of Sankara Nethralaya, Chennai for the benefit of local people. 93 people were benefited by free cataract surgery.
- Skill Development Training programme on Plastic Processing Machine Operator course for unemployed youth conducted at CIPET, Chennai.
- Sponsored 50 Girls (25 SC/ST and 25 Other Community) for one year Nursing Assistant Course at a cost of Rs.5 lakhs under Empowerment of Women programme.
- Construction of Public Toilet (for women) at Vadaperumpakkam at a cost of Rs.5.45 Lakhs.
- Distributed 130 numbers of Sewing Machines & 63 numbers of Hand mover Tricycles for the poor people at a cost of Rs.6.70 Lakhs.
- Conducted 3 General Medical Camps for Public, 5 days Dental Camp and 5 days ENT camp for school students.
- Sponsored Free Tuition / Computer Training Classes for the benefit of Students in and around Manali at a cost of Rs.4.94 lakhs.
- Donated Ultrasound Scanner machine worth of Rs.5.00 lakhs to Municipality Primary Health Centre at Thiruvottiyur.

Your Company will be contributing a sum of Rs. 14 Crore to CPCL Educational Trust towards the cost of construction of new building for the Polytechnic College and ITI.

During the year, 235 students were admitted in the Polytechnic College and 24 students were admitted for the ITI course.

## OCCUPATIONAL HEALTH SERVICES (OHS)

The occupational Health Services Center (OHS) of your company is constantly endeavoring promotion of health of not only the employees of the Company but also the contract workmen by periodical monitoring of the health hazards at work place in a systematic manner.

About 72 percent of the employees underwent comprehensive medical examination as part of Health Surveillance. Contract workers, doing critical jobs, were examined for general medical problems and fitness.

OHS Center continues to focus its attention on sustaining the high quality standards which has resulted in continuation of accreditation by the National Accreditation Board for laboratories as per the ISO 15189:2007 standards.

Persistent efforts were undertaken for promoting the awareness amongst the employees on various health care issues by conducting several health awareness programs like “Stress Management”, “Awareness on Cancer” and “Care of the back”.

## **INVESTOR RELATIONS**

Your Company continues to accord top priority to Investor grievances with a view to ensure zero complaints at any given point of time. All efforts are undertaken to keep the time of response to the shareholders’ request / grievances at the minimum.

As on 31.03.2010, 14,67,65,931 shares have been dematerialized constituting 98.56% of the paid-up share capital of the Company. Out of 58,033 shareholders, 39935 shareholders have dematted their shares representing 68.81% of the total shareholders. The status of Shareholders’/ Investors’ Grievances are periodically monitored by the Shareholders’/ Investors’ Grievances Committee of the Board.

## **CORPORATE GOVERNANCE**

Your Company firmly believes that transparency, full disclosure, fairness to all stakeholders and effective monitoring of the Corporate Affairs are the four pillars of Corporate Governance. The Corporate Governance Philosophy of the Company is aimed towards achieving business excellence, enhancing shareholder wealth and protecting the interest of all stakeholders.

Your Company complied with all the mandatory requirements of Corporate Governance Guidelines issued by SEBI and also the Corporate Governance guidelines prescribed by Department of Public Enterprises (DPE), Government of India applicable to Central Public Sector Enterprises, except the requirement relating to minimum number of Independent Directors. As against the requirement of six under the Listing Agreement and DPE Guidelines, the Company has three Independent Directors. The appointment of additional Independent Directors is under the consideration of Government of India. A separate section on Corporate Governance forms part of this Annual Report.

In view of the best Corporate Governance practices adopted by the Company, your Company was shortlisted as one of the top 25 Companies, adopting good Corporate Governance practices in the year 2009 by the Institute of Company Secretaries of India, for the fourth time in a row.

The Ministry of Corporate Affairs, Government of India issued the Voluntary Guidelines on Corporate Governance in December 2009. Your Company would make every endeavour to comply with the voluntary guidelines to the utmost extent feasible and within the domain of a Government Company and a Subsidiary of Indian Oil Corporation Ltd.

## **VIGILANCE**

The Vigilance Department of your Company assists the Management in promoting transparency and creating an awareness amongst the employees on various vigilance matters, while discharging their duties and responsibilities.

An important aspect of the Vigilance function is providing greater thrust on leveraging the technologies, which resulted in payment of 97.9% of bills to vendors / contractors and service providers through Electronic Clearance Service and Electronic Funds Transfers.

Vigilance Awareness Week was observed in the Company during November 2009, wherein Quarterly Vigilance News Letter was released in addition to carrying out Vigilance Awareness activities.

As a part of Vigilance Awareness Week, a meeting with major contractors was held wherein the Independent External Monitors participated.

## **INTEGRITY PACT**

Your Company has implemented the Integrity Pact for enhancing the degree of transparency in procurement and contracts with an objective of eliminating corruption in public dealings.

Integrity Pact is applicable in respect of contracts with a threshold limit of Rs. 10 Crore. Status Report on the progress of activities under the Integrity Pact are being periodically reviewed by the Executive Committee of the Company. Meetings of the Independent External Monitors with the Management of the Company are being held on a quarterly basis.

## **OFFICIAL LANGUAGE IMPLEMENTATION**

Your Company makes concerted efforts to spread and promote Official language in compliance with the Official Language Act, 1963, Official Language Rules, 1978 and orders issued by Government of India from time to time.

The First Sub-Committee of Committee of Parliament on Official Language visited CPCL in October 2009 and deliberated on matters relating to the Official Language implementation in the Company.

In recognition of its outstanding efforts for increasing the progressive use of Hindi in official work, your Company has received *RAJBASHA SHIELD* from Town Official Language Implementation Committee (TOLIC) which is second in the Public Sector Undertaking (Big) Category.

## **STATUTORY INFORMATION**

- Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 – Annexure-II.
- Statutory details of Energy Conservation and Technology Absorption, R&D activities and Foreign Exchange Earnings and Outgo, as required under Section 217(1)(e) of the Companies Act, 1956 and the rules prescribed thereunder, i.e., the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report (Please refer Annexure-III).
- Certificates received from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as required under Clause 49 of the Listing Agreement and also the compliance with the guidelines on Corporate Governance issued by Department of Public Enterprises, Government of India are Annexed and forms part of this Report (Please see Annexure-IV).

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed

- i) that, in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the annual accounts for the financial year ended March 31, 2010, on a going concern basis.

As required by the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, with respect to Directors' Responsibility Statement, it is hereby confirmed that proper systems are in place to ensure compliance of all laws applicable to the Company.

## **AUDITORS**

M/s. M.Thomas & Co., Chennai and M/s Sreedhar, Suresh & Rajagopalan, Chennai have been appointed as Joint Statutory Auditors of the Company for the financial year 2009-2010 by the Comptroller and Auditor General of India. The Board of Directors of the Company fixed a remuneration of Rs.7.5 lakh (Rs.3.75 lakh to each of the Joint Statutory Auditors) in addition to the out-of-pocket expenses, if any, and applicable service tax.

## **COST AUDITOR**

M/s. J.V. Associates, Cost Accountants, Chennai have been appointed as the Cost Auditor of Manali Refinery and Cauvery Basin Refinery of the Company for the financial year 2009-10 at a remuneration of Rs.1,40,000/- (Rupees One lakh Forty thousand only) per annum plus applicable taxes and out-of-pocket expenses, if any, to conduct the audit of cost accounts maintained by the Company.

## **DIRECTORS**

Mr. K. Balachandran, Director (Operations) has been appointed as Managing Director effective 01.12.2009 in place of Mr. K.K. Acharya who retired from the services of the Company on attaining the age of superannuation.

Mr. B.M. Bansal, Director (Planning & Business Development) & Chairman i/c, Indian Oil Corporation Limited has been appointed as a Director in place of Mr.S.Behuria effective 01.03.2010. He has also been appointed as a non-executive Chairman of the Company by the Government of India.

Mr. Sanjay Gupta, Director (MC&IOC) representing Ministry of Petroleum & Natural Gas, Government of India ceased to be a Director on the Board of CPCL effective 06.04.2010 consequent to his reversion to his parent department.

Your Directors place on record their appreciation of the valuable contributions made by Mr.K.K.Acharya, Mr.S.Behuria and Mr.Sanjay Gupta during their tenure.



## ACKNOWLEDGEMENT

Your Directors would like to convey their gratitude to Ministry of Petroleum & Natural Gas, Indian Oil Corporation Limited, Naftiran Intertrade Company Limited, Petroleum Planning and Analysis Cell, Oil Industry Development Board, Oil Industry Safety Directorate, Centre for High Technology, the other Ministries of Government of India, Government of Tamil Nadu, Comptroller & Auditor General of India, Central Vigilance Commission, Financial Institutions and commercial banks for their valuable guidance and support.

Your Directors place on record their sincere appreciation for the commitment and dedication made by the members of the CPCL family, which enabled the Company to excel in performance during the year 2009-10.

Your Directors thank all the shareholders for the confidence they have reposed on the Company's Board and Management, which enabled the Company to make a positive turnaround in the year 2009-10.

For and on behalf of the Board of Directors

Date : 16.07.2010  
Place : New Delhi

**B.M. BANSAL**  
Chairman

**Annexures to Directors' Report****ANNEXURE - I (SC/ST/OBC REPORT - I)****ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs/STs and OBCs as on 01.01.2010 AND NUMBER OF APPOINTMENTS MADE DURING THE PRECEDING CALENDAR YEAR**

GROUPS	Representation of SCs/STs/OBCs as on 01.01.2010				No. of appointments made during the calendar year 2009 (Jan - Dec 2009)									
					By Dir.Recruitment				By Promotion			By Deptn/Absorption		
	Tot.no. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A @	489	123	15	32	1	1	Nil	Nil	42	9	0	Nil	Nil	Nil
Group B	328	71	10	39	31	8	2	6	23	5	0	2	Nil	Nil
Group C	924	242	9	291	78	13	Nil	35	29	8	1	Nil	Nil	Nil
Group D	6	1	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Exclgd. Sweepers)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Sweepers)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>1747</b>	<b>437</b>	<b>36</b>	<b>362</b>	<b>110</b>	<b>22</b>	<b>2</b>	<b>41</b>	<b>94</b>	<b>22</b>	<b>1</b>	<b>2</b>	<b>Nil</b>	<b>Nil</b>

@ applicable upto lowest rung of Group A

**(SC/ST/OBC REPORT - II)****ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs/STs & OBCs IN VARIOUS GROUP "A" SERVICES AS ON 01.01.2010 AND NUMBER OF APPOINTMENTS MADE IN VARIOUS GRADES IN THE PRECEDING CALENDAR YEAR**

PAY SCALE (In Rupees)	Representation of SCs/STs/OBCs as on 01.01.2010				No. of appointments made during the calendar year 2009 (Jan - Dec 2009)									
					By Dir.Recruitment				By Promotion			By OtherMethods		
	Tot.no. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
29100 - 54500	145	31	4	12	Nil	Nil	Nil	Nil	42	9 @	Nil	Nil	Nil	Nil
32900 - 58000	120	32	7	15	Nil	Nil	Nil	Nil	21	5	Nil	Nil	Nil	Nil
36600 - 62000	78	21	2	4	1	1	Nil	Nil	13	3	Nil	Nil	Nil	Nil
43200 - 66000	67	21	2	0	Nil	Nil	Nil	Nil	9	Nil	Nil	Nil	Nil	Nil
51300 - 73000	51	12	0	0	Nil	Nil	Nil	Nil	2	Nil	Nil	Nil	Nil	Nil
51300 - 73000	19	5	0	0	Nil	Nil	Nil	Nil	1	1	Nil	Nil	Nil	Nil
51300 - 73000	9	1	0	0	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>489</b>	<b>123</b>	<b>15</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>Nil</b>	<b>Nil</b>	<b>88</b>	<b>18</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

@ applicable upto lowest rung of Group A

## ANNEXURE-II

### INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

#### (A) LIST OF EMPLOYEES DRAWING A SALARY OF NOT LESS THAN Rs.24,00,000/- PER ANNUM (EMPLOYED THROUGHOUT THE YEAR)

SL NO	NAME	DESIGNATION	AGE	LAST EMPLOYMENT	DATE OF JOINING	EXPERIENCE IN YEARS	QUALIFICATION	GROSS REMUNERATION (Rs.)
1	NATARAJAN G.	MANAGER	57	Nil	10/1/1975	35	PGDMM, BCOM, BL, MBA	2584902
2	JOTHI BASH S.	CHIEF MANAGER	55	Nil	3/17/1976	34	BE(Mechanical), DME	2745407
3	PANNEER SELVAM K.	MANAGER	56	Stenographer, EID Parry Ltd., Chennai	1/1/1977	33	MCom, MBA	2418440
4	CHANDRASEKARAN S.	DIRECTOR (TECHNICAL)	59	Asst. Plant Mgr, The Fertilizer Corporation of India, Ramagundam, AP	7/8/1981	29	BTECH(Chemical)	3459754
5	SUBRAMANIAN P.K.	DY. GENERAL MANAGER	59	Mechanical Engineer, Thirumalai Chemical Ltd., Ranipet.	7/30/1981	29	BE(Mechanical)	2857444
6	ANAND R.	GENERAL MANAGER	55	Shift Mechanical Engineer, Dharangadhara Chemical Works Ltd, Arumuganeri.	12/28/1981	28	BTECH(Mechanical), Dip.MAINT.MGMT, PGD Mktg Mgmt	2708920
7	RAJAMANI N.K.	GENERAL MANAGER	58	Project Engineer, Eskeyar Engineering Company Pvt. Ltd. Chennai.	1/6/1982	28	BTECH(Chemical)	2679899
8	SUNDARESAN T.	MANAGER	60	Stenographer, Jai Prakash Associates Pvt. Ltd., New Delhi.	3/16/1982	28	BA(H), PGDIRPM	3183459
9	ASOKAN S.	DY. GENERAL MANAGER	54	Senior Efficiency Research Officer, BPCL, Mumbai	9/2/1982	28	BE(Hons)(Mechanical)	2575116
10	CHIDAMBARAM R.	GENERAL MANAGER	54	Asst.Engineer Mechanical TNEB, Tuticorin Thermal Project, Tuticorin.	9/3/1982	28	BE(Mechanical)	2529148
11	SANKAR K.	GENERAL MANAGER	58	Mechanical Engineer, IOCL, Gujarat Refinery.	10/4/1982	27	BE(Mechanical), MBA (University of Hull), UK	2754770
12	KALAIMANI S.T.	DY. GENERAL MANAGER	53	Assistant Inspector of Factories, Vellore	2/24/1983	27	BTECH(Chemical)	2448598
13	MANI V.	MANAGER	52	Nil	11/28/1983	26	BE(Electrical & Electronics), MBA, DEE	2439106
14	MARIMUTHU V.	MANAGER	48	Nil	11/28/1983	26	BE(Electronics & Communication), DEE	2411214
15	MUTHUKUMARASWAMY S	MANAGER	48	Nil	1/2/1984	26	AMIE(Mechanical), DME	2522392
16	SUBRAMANIAN R.	CHIEF MANAGER	54	Fuel Efficiency Engineer, Steam and Fuel Uses Association of India, Chennai.	4/30/1984	26	BTECH(Chemical)	2435616
17	SOMASUNDARAM S.	CHIEF MANAGER	56	Audit Assistant, Selvam and Gopal Chartered Accountants	5/21/1984	26	BSC(PHY), CA	2433072
18	SELVARAJ D.	GENERAL MANAGER	60	Operator (Technician), Qatar Fertilizer Company (SAQ).	6/20/1984	26	BE(Electrical)	2820411
19	SRINIVASAN V.	GENERAL MANAGER	56	Company Secretary, Vijayeswari Textiles Ltd, Coimbatore.	7/12/1984	26	M.Com, BL, FCS	2691168
20	SURESH KUMAR G.	DY. GENERAL MANAGER	51	Junior Engineer, Ansaldo Impianti SpA, Ramagundam, AP.	7/16/1984	26	BTECH(Mechanical)	2650923
21	VISVESWARAN S.	DY. GENERAL MANAGER	53	Assistant Chemical Engineer, J.K. Synthetics Ltd, New Delhi.	7/16/1984	26	BTECH(Chemical), PGDM	2712206
22	TARLANA KAMARAJU	CHIEF MANAGER	50	Nil	8/16/1984	26	BTECH(Chemical), PGDBA	2418202
23	THIRUMALAI P.	CHIEF MANAGER	53	Nil	8/16/1984	26	BTECH(Mechanical)	2478901
24	KUPPUSWAMY T.	CHIEF MANAGER	49	Nil	8/16/1984	26	BE(Hons) (Electrical & Electronics)	2965513
25	SHANKAR V.	CHIEF MANAGER	49	Nil	8/17/1984	26	BE(Hons) (Mechanical)	3136556
26	RAJA M.	CHIEF MANAGER	51	Nil	8/20/1984	26	BE(Mechanical)	2560069
27	DURAIKAMY K.	DY. GENERAL MANAGER	55	Asst.Engineer Mechanical TNEB, Tuticorin Thermal Project, Tuticorin.	5/3/1985	25	BE(Mechanical)	2946382
28	CHITRAKALA T.M.	CHIEF MANAGER	51	Nil	5/29/1985	25	MBA, MSC(AP.SC), MS (Management Information System)	2401555
29	RAJASEKARAN R.	SENIOR MANAGER	52	Nil	9/2/1985	25	BE(Mechanical)	2728773
30	ARAVINDAN G.	DY. GENERAL MANAGER	50	Nil	9/2/1985	25	B.Sc., BTECH (Instrumentation), MBA	2588812
31	JEEVANKUMAR P.	CHIEF MANAGER	48	Nil	9/2/1985	25	BE(Mechanical), MBA	2454756
32	RAMESH K.	CHIEF MANAGER	48	Nil	9/2/1985	25	BE(Mechanical), MBA	2638726
33	MURALIDHARAN L.	CHIEF MANAGER	49	Nil	9/4/1985	25	BE(Hons) (Production Engineering)	2413112
34	RAJASEKARAN K.D.	CHIEF MANAGER	53	Manager Operations, Sanco Contrans Pvt. Ltd., Chennai.	12/13/1985	24	BE(Metallurgical), PGDBA(LIBA)	2505700
35	VENKATARAMANA S.	GENERAL MANAGER	53	Engineer Production, HPCL Mumbai	3/3/1986	24	MTECH(Chemical), MBA	2546790



SL NO	NAME	DESIGNATION	AGE	LAST EMPLOYMENT	DATE OF JOINING	EXPERIENCE IN YEARS	QUALIFICATION	GROSS REMUNERATION (Rs.)
36	ARTHUR MANOHAR D.	CHIEF MANAGER	53	Mechanical Engineer, IOCL, Gujarat Refinery.	3/4/1986	24	MTECH(Mechanical)	2861439
37	PAUL CHRISTUDASS A.	GENERAL MANAGER	51	World Vision of India	2/26/1986	24	BCOM, ICWAI	2521435
38	RAGHUNATHAN M.S.	CHIEF MANAGER	50	Ashok Leyland Limited	2/26/1986	24	BSC(PHY), ACA, ACS, ICWAI (I)	2404458
39	DR.SIVARAMAKRISHNAN S	CHIEF MANAGER	54	Junior Chemist, Mettur Chemical and Ind.Corp.Ltd., Mettur Dam	2/26/1986	24	BSC(C), BL, ICWAI, ACS, PhD(CS)	2408726
40	MURUGESAN K.	CHIEF MANAGER	53	Thanthai Periyar Transport Corporation Ltd.	2/26/1986	24	BSC(C), CA	2414720
41	SHANMUGASUNDARAM S	CHIEF MANAGER	48	Nil	8/1/1986	24	BE(Mechanical), MBA	2687603
42	VENKATESAN T L	DY. GENERAL MANAGER	49	Nil	8/1/1986	24	BE(Mechanical)	2763238
43	PREMKUMAR S	DY. GENERAL MANAGER	48	Nil	8/1/1986	24	BE(Mechanical)	2922370
44	PHILIP BHASKAR T.	CHIEF MANAGER	50	Nil	8/1/1986	24	BTECH(Cheical), MTECH(Industrial Mgmt.)	2548401
45	VASANTHAKUMAR V.	DY. GENERAL MANAGER	49	Senior Engineer, Best and Crompton Engineering Limited.	11/10/1986	23	BE(Hons) (Electrical & Electronics)	2639327
46	MURUGESAN K.	CHIEF MANAGER	49	Nil	10/31/1986	23	BTECH(Cheical)	2501625
47	MANOHARAN M	DY. GENERAL MANAGER	52	Inspection Engineer, IOC Ltd, Haldia Refinery.	12/30/1986	23	BE(Metallurgical)	2784736
48	VEERASAMY S.	CHIEF MANAGER	54	Engineer Marketing, Bharat Heavy Plate & Vessels Ltd, Vizagapatnam.	5/22/1987	23	BTECH(Polymer Science & Rubber Technology), PGDM	2599522
49	KUMAR R.	SENIOR MANAGER	49	Nil	6/20/1988	22	BTECH(Cheical), PGDM	2476006
50	SHAYAM SUNDAR M.S.	SENIOR MANAGER	56	Scientific Assistant, Group C, Department of Atomic Energy, Heavy Water Plant, Tuticorin.	7/18/1988	22	MSC(Cheistry)	2531950
51	KRISHNAMURTHY R.	CHIEF MANAGER	52	Senior Production Engineer, IOC, Guwahati Refinery.	8/10/1988	22	BE(Cheical)	2407852
52	POOVARAGHAVAN A.	SENIOR MANAGER	46	Nil	9/12/1989	21	BE(Mechanical)	2660562
53	UDAYAKUMAR P.	CHIEF MANAGER	48	Junior Manager, Indian Farmers Fertilizer Cooperative Ltd.	12/15/1989	20	BE(Mechanical), PGDM	2488229
54	ANAND R.V.	SENIOR MANAGER	47	Assistant Executive Engineer, Neyveli Lignite Corporation.	2/16/1990	20	BE(Hons) (Electrical & Electronics), ICWAI (I)	2942423
55	ANNIYAPPAN V.	SENIOR MANAGER	50	Assistant Executive Engineer, Neyveli Lignite Corporation.	4/12/1990	20	BE(Mechanical)	2632334
56	KRISHNARAJ T.	CHIEF MANAGER	48	Assistant Executive Engineer, Neyveli Lignite Corporation.	4/12/1990	20	BE(Mechanical), PGDBA	2706025
57	MANOVA JEEVADOS D.	SENIOR MANAGER	42	Nil	9/14/1990	20	BE(Mechanical), MBA	2739377
58	RAJASEKARAN K.	SENIOR MANAGER	43	Nil	9/14/1990	20	BE(Mechanical), MBA	2573185
59	HARIDASS R.	SENIOR MANAGER	43	Nil	9/14/1990	20	BE(Electronics & Communication)	2605667
60	ARUMUGAM N.	SENIOR MANAGER	48	Assistant Executive Engineer, Neyveli Lignite Corporation.	10/5/1990	19	BE(Electrical & Electronics), PGDHRD&PM	2587580
61	CHANDRA MOHANA A.	SENIOR MANAGER	48	Technical Engineer, HPCL.	10/15/1990	19	BE(Production Engineer)	2936821
62	ISAAC B	MANAGER	48	Madras Cements Ltd, Krishna District. Personnel Officer.	12/28/1990	19	MA(IRPM)	2558182
63	SUBRAMANI .S	SENIOR MANAGER	49	Executive Engineer, Neyveli Lignite Corporation.	6/21/1991	19	BE(Mechanical), GDMM	2608525
64	RAJA RAO .L	SENIOR MANAGER	51	Engineer, FACT, Cochin	6/24/1991	19	BTECH(Cheical)	2463742
65	SRIDHARAN N.C.	DIRECTOR (FINANCE)	59	Vice-President (Finance) & Company Secretary, J.K. Pharmachem Ltd.	6/13/2001	9	BSC, FCA, FCS	3323321
66	BALACHANDRAN K	MANAGING DIRECTOR	55	GM (Technical), IOC	10/1/2006	4	BSC (ENGG.-CHEM.), PGDM	3224348
67	VISHWESWARA K P	CHIEF MANAGER	56	Senior Engineering Manager (Marketing Divn.), IOCL, Bangalore	5/19/2004	6	BE(Cheical)	2779832
68	PAULRAJ C	CHIEF MANAGER	58	IOCL	5/3/2006	4	BTECH(Civil)	2683688
69	NATARAJAN M	CHIEF MANAGER	54	IOCL	5/2/2007	3	BE(Cheical)	2476275

**(B) LIST OF EMPLOYEES DRAWING A SALARY OF NOT LESS THAN RS 2,00,000 PER MONTH (EMPLOYED FOR PART OF THE YEAR)**

SL NO	NAME	DESIGNATION	AGE	LAST EMPLOYMENT	DATE OF JOINING	EXPERIENCE IN YEARS	QUALIFICATION	GROSS REMUNERATION (Rs.)
1	ADINATHAN A	MANAGER	60	Nil	9/1/1973	37	DME	2695564
2	NATARAJAN V	GENERAL MANAGER	60		6/16/1983	28	ACA	4045858
3	RAMJIEKAMBARAM D V	SENIOR MANAGER	60	Office Superintendent, National Hydroelectric Power Corpn. Ltd., New Delhi.	6/6/1984	26	MBA, MA (PA), Dip. In IRPM	2884756
4	ACHARYA K K	MANAGING DIRECTOR	60	Executive Director, IOCL, Gujarat Refinery	1/20/2006	4	BSC(Cheical Engineering), MTECH(Cheical Engineering)	5456528



## ANNEXURE-III



### ANNEXURE TO DIRECTORS' REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS') RULES, 1998

#### A. CONSERVATION OF ENERGY

##### a) The following Energy conservation measures were taken:

1. Installation of stepless controller in OHCU MUG compressor to reduce load on the compressor motors to the extent of 0.5 MWH.
2. Conversion from LPG firing to Fuel gas firing in Pt 78 SRU incinerator.
3. Optimization of Fuel gas consumption by interconnection of Ref III and Ref I and II fuel gas headers.
4. Replacement of conventional tube lights with LED lights in the corridors of Process Engineering Department and Ref III.
5. The following schemes are executed during the shut down of Ref III and the same will be operational after start up.
  - Condensate recovery schemes in VBU and SRU.
  - Modification of OBSG in Pt 206 for reduction of stack temperature and increasing steam generation.
  - Conversion of DEA to MDEA in Pt 209
6. Instrument air leak survey in the entire refinery is being carried out to quantify and reduce the potential loss due to air leaks.
7. Optimization of crude II preheat and reduction of excess O<sub>2</sub> in heaters were taken up in association with M/s Shell Global

##### b) Additional Investments and proposals, if any, being implemented for energy conservation

The following additional investment proposals are being implemented at an estimated cost of Rs. 65 lakhs.

- Calcium silicate insulation of VVHP steam header.
- Compressed air leak survey - II phase will be carried out after attending the leaks during III quarter.

##### c) Impact of the measures at a) and b) above for reduction of Energy consumption and consequent impact on the cost of production of goods

The above measures are expected to result in an estimated savings of about 4000 MT/annum of Fuel Oil Equivalent.

##### d) Total Energy Consumption and Energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto:

Conservation of Energy as per Form A is given in Attachment I.

#### B. TECHNOLOGY ABSORPTION/RESEARCH AND DEVELOPMENT ACTIVITIES

Efforts made in Technology Absorption / Research and Development as per Form B is given in Attachment-II.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports: The company has exported 789.7 TMT of products comprising of Naphtha (343 TMT), HFO (443.1 TMT) and Lube Oil (3.6 TMT) for a total value of Rs.1948.80 crore.
2. Total foreign exchange used and earned:

	(Rs. in Lakhs)	
	2009-10	2008-09
Used	2648.20	9423.25
Earned	NIL	NIL

## ATTACHMENT-I

## ANNEXURE TO DIRECTORS' REPORT ON ENERGY CONSERVATION

## FORM A

## Form for disclosure of particulars with respect to Conservation of Energy

	Current Year 2009-10	Previous Year 2008-09
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchased		
Unit (in million KW Hr.)	1.733	3.939
Total Amount (Rs. In Crore)	0.62	1.44
(excluding demand and other charges)		
Demand and other charges (Rs. In Crore)	6.89	8.36
Rate/Unit (average) (Rs./KWHr.)	3.59	3.66
(excluding demand and other charges)		
b) Own generation		
Through diesel generator	Not applicable	Not applicable
Through steam turbine/generator		
Unit (in million KW Hr.)	334.211	346.7536
Units per litre of fuel oil/gas	3.09	2.92
Fuel Cost/Unit (Rs.)	6.57	7.41
<b>2. Coal</b>	Not applicable	Not applicable
<b>3. Furnace Oil</b>		
Quantity (in thousand K.Litres)	470.088	467.222
Average rate (Rs./MT)	21479.59	22876.36
<b>4. Others/Internal generation fuel gas For Manali Refinery Only</b>		
Gas Turbine		
Quantity		
Power (in million KW Hr.)	295.335	295.243
Fuel (in thousand MTs)	99.880	100.568
Total cost (Rs. In Crore)	312.11	337.66
Fuel cost/Unit (Rs.)	10.57	11.44
Fuel Gas (TMT) (including CBR)	99.588	105.175
<b>B. Consumption Per Unit of Production</b>		
Electricity (KWHr/MT of crude)	62.63	61.65
Furnace oil (Kg/MT of Crude)	44.20	43.74
Coal	Not applicable	Not applicable
Other (specify)		
FCCU Coke (Kg/MT of Crude)	3.73	3.67
Fuel Gas (Kg/MT of Crude)	9.86	10.38



## FORM B

### TECHNOLOGY ABSORPTION / RESEARCH & DEVELOPMENT ACTIVITIES

#### RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

##### 1. Specific Areas in which R&D was carried out by the company

- Evaluation of New Crudes processed in the Refinery
- Evaluation of Catalyst and Additives for FCC Unit
- Selection of catalysts for Hydro processing units
- Oxidative desulfurisation of CBR Diesel to produce ULSD
- Reformer pilot plant studies for CCR Modeling

##### 2. Benefits derived as a result of the above R&D

As per Annexure

##### 3. Future plan of action

- Membrane process for Reduction of sulfur in FCC Gasoline
- Upgradation of Heavy oils
- Bio Fuels and Bio Lubricants from non edible oils
- Development of F-T catalysts
- Development of Micro Wave based Technologies for VGO pretreatment.
- Pilot plant studies for determination of activity and deactivation rate of Isomerization catalyst

##### 4. Expenditure on R&D

	(Rs. In Lakhs)	
	2009 – 10	2008 – 09
Capital	367.89	232.15
Recurring	388.12	330.29
Total	756.01	562.44
Total R&D expenditure		
As % of Turnover	0.03	0.02

##### 5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

###### 1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- ACER MAT Pilot Plant studies were carried out to estimate conversion and product yield pattern of various new generation FCC catalysts with emphasis on LCO maximization
- Diesel hydrotreating studies were carried out to maximize LCO in diesel and catalyst stability ascertained through continuous pilot plant runs.
- The collaborative project with Sud Chemie was concluded successfully with the scale up of lube hydrofinishing catalyst to 500 kg. The scaled up catalyst performance with respect to activity and stability was established.

###### 2. Benefits derived as a result of the above efforts, e.g. Product improvement, cost reduction, product development and import substitution efforts. R&D efforts are aimed to provide technical support to refinery operations, optimization of process units and also to provide analytical inputs for process troubleshooting. Pilot plant studies and evaluation of catalysts and feed stocks for various process units help in improving the yields and optimum utilization of facilities. In case of imported technology (imported during the last 5 years reckoned from the financial year) following information may be provided:

- |  |                  |
|--|------------------|
| a. Technology imported   | : Nil            |
| b. Year of Import  | : Not applicable |
| c. Has technology been fully absorbed                          | : Not applicable |
| d. If not fully absorbed, areas where this has not taken place | : Not applicable |

## **ANNEXURE TO FORM B**

### **Crude Assay**

- Detailed assay on new crudes such as Sarir, Zarzaitine, CPC Blend and Brega were carried out.

### **Process Optimization Studies:**

- Fully automated ROFA TBP distillation system installed, commissioned for carrying out assays on crudes / crude mixes processed at CPCL. The additional feature of this new system is that it has the capability of fractionating Vacuum cuts beyond 550°C upto 620°C and this data will be useful for optimizing feeds for secondary processing units.
- Adsorptive Desulfurisation studies using commercial adsorbents such as NORIT (Netherlands) for reducing sulfur content in CBR Diesel was carried out. Thermal regeneration of spent adsorbent was established as alternate to solvent based regeneration, which was less effective.
- ACER MAT simulation studies carried out on several latest commercial FCC catalysts having different pore size distribution and matrix accessibility for ascertaining their conversion and product yield pattern.
- Continuous Pilot plant evaluation carried out on Axens HR 538 DHDT catalyst at SOR and EOR operating conditions for estimating the HDS activity and Cetane improvements with different cases of feed blends. The studies were made to assess the performance of DHDT catalyst before loading into the commercial reactor.
- Extensive data useful for modeling commercial CPCL CCR unit was generated in Reformer micro reactor unit. Studies were carried out for the whole range of operating variables, different feed naphtha composition / Moisture and varying chloride levels of the catalyst. Also studies on the trends of Coke burning on spent reformer catalyst was completed.
- Equipment commissioned for determining Attrition Resistance of FCC catalyst as per different testing protocols. This unit estimates the ability of the catalyst to resist particle size reduction in air jet fluidized environment.
- Selection of Catalyst suitable for Lube hydro finishing unit was carried out successfully. Three catalysts from international vendors were compared and the most suitable one was selected on the basis of improvements in color/ color stability, oxidation stability, demulsibility and retention in base viscosity.

### **Papers published**

1. Adsorptive desulfurization of diesel on activated carbon and nickel supported systems, Catalysis Today, USA, Vol. 141, pages 99-102 (2009)
2. Rheological characterization of PDA Pitch, US Journal- Fuel, In press
3. Influence of asphaltenes on the rheological properties of blended paving asphalts, Petroleum Science and Technology, USA.
4. Additional Feedstock for FCC Unit, Petroleum Science and Technology, USA, Vol. 26, Pages 436-445
5. End point reduction of a straight run diesel fraction using zeolite catalysts, presented in the RTM, Chennai, Nov. 2009



## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Shareholders of  
Chennai Petroleum Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Chennai Petroleum Corporation Limited for the year ended March 31, 2010 as stipulated under Clause-49 of the Company's Listing Agreement with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations 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.

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, for the year ended March 31, 2010, except for the number of Independent Directors on the Board which is three as against the requirement of six as required under Clause 49 of the Listing Agreement.

We state that no investor grievance is pending against the Company for a period exceeding one month as per the Certificate furnished by the Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Chennai  
Dated : May 18, 2010

For M/s. M. Thomas & Co.  
Chartered Accountants

J.P.J. Kamalesh  
Partner  
Membership No. 201093  
FRN: 004408S

For M/s. Sreedhar, Suresh & Rajagopalan  
Chartered Accountants

S. Subramaniam  
Partner  
Membership No. 25433  
FRN: 003957S

**ANNEXURE - IV (Contd.)**

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Shareholders of  
Chennai Petroleum Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Chennai Petroleum Corporation Limited for the year ended March 31, 2010 as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007 as enunciated by the Department of Public Enterprises (DPE).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations 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.

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 DPE Guidelines for the year ended March 31, 2010, except for the number of Independent Directors on the Board which is three as against the requirement of six as required under the said guidelines.

We state that no investor grievance is pending against the Company for a period exceeding one month as per the Certificate furnished by the Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

---

Place : Chennai  
Dated : May 18, 2010

For M/s. M. Thomas & Co.  
Chartered Accountants

J.P.J. Kamalesh  
Partner  
Membership No. 201093  
FRN: 004408S

For M/s. Sreedhar, Suresh & Rajagopalan  
Chartered Accountants

S. Subramaniam  
Partner  
Membership No. 25433  
FRN: 003957S

## ***Report of the Statutory Auditors***

*Auditors' Report* ..... ► 54

*Annexures to Auditors' Report* ..... ► 55

## Auditors' Report

### Report of the Auditors to the Members of Chennai Petroleum Corporation Limited

1. We have audited the attached balance sheet of Chennai Petroleum Corporation Limited, as at 31<sup>st</sup> March 2010, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure-I, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure-I referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required for Government Companies as per notification No. GSR829(E) dated October 21, 2003, issued by the Department of Company Affairs.;

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

  - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2010
  - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Place : Chennai  
Date : May 18, 2010

for M. Thomas & Co.  
Chartered Accountants  
J.P.J.KAMALESH  
Partner  
Membership No. 201093  
FRN: 004408S

for Sreedhar, Suresh & Rajagopalan  
Chartered Accountants  
S.SUBRAMANIAM  
Partner  
Membership No. 25433  
FRN: 003957S



## Annexure to auditors' report

## ANNEXURE - I



### Annexure to auditor's report referred to in paragraph 3 of our report of even date

- (i)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
  - (c) During the year, no substantial part of the fixed assets of the company were disposed off.
- (ii)
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been appropriately dealt with in the books of account.
- (iii) We are informed that there is no company, firm or party to be listed in the Register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of clauses 4 (iii) (a), 4 (iii) (b), 4 (iii) (c), 4 (iii) (d), 4 (iii) (e), 4 (iii) (f) and 4 (iii) (g) of the Companies (Auditor's Report) Order, 2003.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) We are informed that there is no company, firm or party to be listed in the Register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of clauses 4 (v) (a) and 4 (v) (b) of the Companies (Auditor's Report) Order, 2003.
- (vi) The company has not accepted any deposits from the public and hence we have no comments to offer in respect of clause 4(vi) of the Companies (Auditor's Report) Order, 2003.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business;
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix)
  - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. We are informed that no employee of the company is covered by Employees' State Insurance Scheme
  - (b) The company, in the absence of suitable notification by the Central Government specifying the applicable rate of cess under section 441A of the Companies Act, 1956 on turnover payable by the company, towards Rehabilitation and Revival Fund, the company has neither paid nor provided for cess.
  - (c) The details of disputed dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess, which have not been deposited, are given in Annexure - II to our report.

- (x) The company does not have any accumulated losses as on 31<sup>st</sup> March 2010. The company has not incurred cash losses during the financial year covered by our audit and has incurred cash loss in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence we have no comments to offer in respect of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003.
- (xiii) The company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions and hence we have no comments to offer in respect of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not issued shares during the year and hence we have no comments to offer in respect of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003.
- (xix) The company has not issued any debentures during the year nor there is any outstanding as on 31<sup>st</sup> March 2010 and hence we have no comments to offer in respect of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003.
- (xx) The company has not raised money by public issues in the recent past and hence we have no comments to offer in respect of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003.
- (xxi) As represented to us by the management and based on our examination in the normal course of audit, no fraud on or by the company has been noticed or reported during the year.

---

Place : Chennai  
Date : May 18, 2010

for M. THOMAS & CO.  
Chartered Accountants  
J.P.J.KAMALESH  
Partner  
Membership No. 201093  
FRN: 004408S

for SREEDHAR, SURESH & RAJAGOPALAN  
Chartered Accountants  
S.SUBRAMANIAM  
Partner  
Membership No. 25433  
FRN: 003957S

**Statement of Disputed Dues**
**Annexure - II**

Name of the Statute	Nature of the dues	Disputed Amounts (Rs. in Lakhs)	Amount paid under protest / Predeposit (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
TamilNadu General Sales Tax Act	Sales Tax Dues	5.30	-	1992-93	TN State Appellate Tribunal
Andhra Pradesh Value Added Tax Act	Value Added Tax Dues	1731.81	626.20	Apr 2005 to Aug 2007	AP State Appellate Tribunal
Karnataka Value Added Tax Act	Value Added Tax Dues	60.00	60.00	2005-06 to 2008-09	Joint Commissioner (Appeals)
Central Sales Tax Act	Sales Tax Dues	165.18	-	1991-92	TN State Appellate Tribunal
Central Excise Act	Excise Dues	56.62	-	Aug 2003 to May 2004	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	128.64	-	Feb 2004 to Aug 2004	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	98.78	-	Jan 2005 to Jun 2005	Customs Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	46.32	6.50	Jan 2005 to Feb 2005	Customs Excise and Service Tax Appellate Tribunal
Income Tax Act	Income Tax Dues	99.12	-	AY 2006-07	Commissioner of Income Tax (Appeals)



## ***Comments of CAG***

<i>Comments of the Comptroller and Auditor General of India .....</i>	▶	60
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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHENNAI PETROLEUM CORPORATION LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2010**

The preparation of financial statements of Chennai Petroleum Corporation Limited, Chennai for the year ended 31 March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18 May 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Chennai Petroleum Corporation Limited, Chennai for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**(K. SRINIVASAN)**

*Principal Director of Commercial Audit  
and Ex-Officio Member Audit Board*

Place : Chennai

Date : June 23, 2010

## ***Financial Information***

<i>Balance Sheet .....</i>	►	<b>62</b>
<i>Profit and Loss Account .....</i>	►	<b>63</b>
<i>Schedules to the Accounts .....</i>	►	<b>64</b>

**Balance Sheet as at March 31, 2010**

(Rs. in Lakhs)

	Schedule	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	A	14900.46	14900.46
b) Reserves and Surplus	B	331308.11	291823.41
		346208.57	306723.87
<b>2. Loan Funds</b>			
a) Secured Loans	C	40689.66	41961.64
b) Unsecured Loans	D	367099.23	112828.86
		407788.89	154790.50
<b>3. Deferred Tax Liability (Net)</b>		57595.45	41400.20
Total		811592.91	502914.57
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets &amp; Intangible Assets:</b>			
<b>1.1 Fixed Assets</b>			
a) Gross Block	E	544472.92	516390.10
b) Less: Depreciation and Amortisation		253579.43	230557.02
c) Net Block		290893.49	285833.08
<b>1.2 Intangible Assets</b>			
a) Gross Block	E-I	3792.33	2563.08
b) Less: Amortisation		1772.62	1212.09
c) Net Block		2019.71	1350.99
<b>1.3 Capital Work-in-Progress</b>	F	128073.93	71820.77
		420987.13	359004.84
<b>2. Investments</b>	G	2342.89	2281.41
<b>3. Current Assets, Loans and Advances</b>			
a) Inventories	H	437824.08	247027.72
b) Sundry Debtors	I	85431.01	101342.28
c) Cash and Bank Balances	J	1434.18	962.69
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		1.86	2.36
e) Loans and Advances	K	40633.10	17561.65
		565324.23	366896.70
<b>4. Less: Current Liabilities and Provisions</b>			
a) Current Liabilities	L	154699.17	223640.14
b) Provisions	L-I	22362.17	1628.24
		177061.34	225268.38
<b>5. Net Current Assets (3-4)</b>		388262.89	141628.32
Total		811592.91	502914.57
<b>6. Statement of Significant Accounting Policies</b>	Q		
<b>7. Notes on Accounts</b>	R		
<b>8. Other Schedules forming part of Accounts</b>	S to X		
<b>9. Balance Sheet Abstract and Company's General Business Profile</b>	Y		
<b>10. Cash Flow Statement</b>	Z		

(K.Balachandran)  
Managing Director(N.C.Sridharan)  
Director (Finance)(M.Sankaranarayanan)  
Company Secretary

As per our Report of even date

M. Thomas & Co.  
Chartered Accountants  
(J.P.J. Kamalesh)  
Partner  
Membership No. 201093  
FRN: 004408SSreedhar, Suresh & Rajagopalan  
Chartered Accountants  
(S. Subramaniam)  
Partner  
Membership No. 25433  
FRN: 003957SPlace : Chennai  
Date : May 18, 2010





# Profit & Loss Account for the year ended March 31, 2010

(Rs. in Lakhs)

	Schedule	March 31, 2010	March 31, 2009
<b>INCOME</b>			
1. Sale of Products (Gross)		2928236.62	3661165.68
Less: Excise Duty		421120.52	452576.24
		2507116.10	3208589.43
Less: Commission and Discounts		9853.26	12198.80
Sale of Products (Net)		2497262.84	3196390.63
2. Increase /(Decrease) in Stock	M	65798.93	(122443.43)
3. Interest and other Income	N	23509.67	5407.06
Total Income		2586571.44	3079354.26
<b>EXPENDITURE</b>			
1. Purchase of products for resale		25191.81	149848.22
2. Manufacturing, Admn., Selling & Other Expenses	O	2448016.67	2949310.84
3. Duties other than Excise Duty on Sales		4536.83	(7699.73)
4. Depreciation and Amortisation		26714.19	25716.69
5. Interest Payments on :			
a) Fixed period loans from Banks/ Financial Institutions/Others		5586.66	7279.29
b) Short Term Loans from banks		7017.69	14426.09
c) Others		1131.18	660.80
		13735.53	22366.18
Total Expenditure		2518195.03	3139542.19
<b>PROFIT FOR THE YEAR</b>		68376.41	(60187.93)
Income/(Expenses) pertaining to previous years (Net)	P	0.00	876.93
<b>PROFIT BEFORE TAX</b>		68376.41	(59311.00)
Provision for Tax (net)			
- Current Tax		11620.57	0.00
- Pertaining to Earlier Years		(14555.26)	(496.20)
- MAT Credit Available for set off		(5208.66)	0.00
- Deferred Tax		16195.25	(19335.94)
- Fringe Benefit Tax (Including pertaining to Earlier Years)		2.56	249.57
		8054.46	(19582.57)
<b>PROFIT AFTER TAX</b>		60321.95	(39728.43)
<b>DISPOSABLE PROFIT</b>		60321.95	(39728.43)
<b>APPROPRIATIONS</b>			
Final Dividend (Proposed)		17869.37	0.00
Dividend Distribution Tax on Final Dividend (Proposed)		2967.88	0.00
General Reserve		39484.70	(39728.43)
		60321.95	(39728.43)
<b>Earning Per Share (Rupees)</b> (Basic & Diluted)		40.51	(26.68)
<b>Statement of Significant Accounting Policies</b>	Q		
<b>Notes on accounts</b>	R		
<b>Other Schedules forming part of Accounts</b>	S to X		
<b>Balance Sheet Abstract and Company's</b>			
<b>General Business Profile</b>	Y		
<b>Cash Flow Statement</b>	Z		

(K.Balachandran)  
Managing Director

(N.C.Sridharan)  
Director (Finance)

(M.Sankaranarayanan)  
Company Secretary

As per our Report of even date

M. Thomas & Co.  
Chartered Accountants  
(J.P.J. Kamalesh)  
Partner

Sreedhar, Suresh & Rajagopalan  
Chartered Accountants  
(S. Subramaniam)  
Partner

Place : Chennai  
Date : May 18, 2010

Membership No. 201093  
FRN: 004408S

Membership No. 25433  
FRN: 003957S

**Schedules****CAPITAL****Schedule A**

(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>Authorised</b>			
40,00,00,000 Equity Shares of Rs.10 each	A	<u>40000.00</u>	<u>40000.00</u>
<b>Issued</b>			
17,00,00,000 Equity Shares of Rs.10 each		<u>17000.00</u>	<u>17000.00</u>
<b>Subscribed, Called-up and Paid-up</b>			
14,89,11,400 Equity Shares of Rs. 10 each	B	14891.14	14891.14
Add: Forfeited Shares		<u>9.32</u>	<u>9.32</u>
Total		<u><u>14900.46</u></u>	<u><u>14900.46</u></u>

Note:

- A. As per the Formation Agreement entered into between the promoters, an offer is to be made to the Naftiran Intertrade Company Limited (NICO), an affiliate of National Iranian Oil Company (NIOC) in any issue of the Capital in proportion to the shares held by them at the time of such issue to enable them to maintain their shareholding at the existing percentage.
- B. Includes 7,72,65,200 Equity Shares of Rs.10 each (51.89%) fully paid-up, held by Indian Oil Corporation Ltd., the Holding Company.

**RESERVES AND SURPLUS****Schedule B**

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. Share Premium Account</b>		
As per last account	25003.82	25003.82
<b>2. General Reserve</b>		
As per last account	266819.59	306548.02
Add : Transferred from Profit and Loss Account	<u>39484.70</u>	<u>(39728.43)</u>
	<u>306304.29</u>	<u>266819.59</u>
Total	<u><u>331308.11</u></u>	<u><u>291823.41</u></u>

## SECURED LOANS

### Schedule C



(Rs. in Lakhs)

Note	March 31, 2010	March 31, 2009
<b>Loans and Advances from Banks</b>		
i) Working Capital Demand Loan	A 20000.00	0.00
ii) Cash Credit	A 938.17	1961.64
iii) Foreign Currency Loans (USD: 43.99 million) (due for payment within one year Nil)	B 19751.49	0.00
iv) Term Loans (due for payment within one year Rs.Nil, 2009: Rs. 20000 lakhs)	0.00	40000.00
Total	40689.66	41961.64

Note:

A. Against hypothecation of inventories, book-debts, outstanding monies, receivables present and future to the extent of Rs.137500 lakhs (2009:120000 Lakhs).

B. First Pari Passu Charge on select movable fixed assets to the extent of Rs. 20000 lakhs.

## UNSECURED LOANS

### Schedule D

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. Short Term Loans and Advances :</b>		
<b>From Banks / Financial Institutions</b>		
i) In Rupee (Book Overdraft)	532.01	373.86
ii) Working Capital Demand Loan	210000.00	62000.00
iii) In Foreign Currency (USD : 144 million)	64654.47	0.00
	275186.48	62373.86
<b>2. Other Loans and Advances</b>		
<b>From Banks</b>	20204.00	0.00
(due for payment within one year Rs. 20000 lakhs; 2009: Rs.Nil)		
<b>From Others</b>		
Oil Industry Development Board	71708.75	50455.00
(due for payment within one year Rs. 10321.25 lakhs; 2009: Rs.17946.25 lakhs)		
Total	367099.23	112828.86

## FIXED ASSETS

Schedule E  
(Rs.in Lakhs)

		GROSS BLOCK							DEPRECIATION/ AMORTISATION					IMPAIRMENT			NET DEPRECIATED BLOCK	
	Note	Gross block As at 01-Apr-09	Addition/ during the year	Transfers from construction WIP	Disposals during the year (Ref. Note No.B)	Transfers / Deductions / Adjustments/ Reclassifications (Ref. Note No.A)	Gross Block as at 31-Mar-10 (Ref. Note No.C)	Depreciation and Amortisation As at 01-Apr-09	Depreciation and Amortisation for the year	Depreciation on disposals/ transfers/ deductions etc.	Total Depreciation and Amortisation upto 31-Mar-10	Total Impairment Loss as at 01-Apr-09	Impairment Loss during the year	Total Impairment Loss up to 31-Mar-10	As at March 31, 2010	As at March 31, 2009		
Land																		
- Freehold		3876.66	3.59		15.49	138.12	3726.64	-	-	-	-	-	-	-	3726.64	3876.66		
- Leasehold		780.85	0.00		-	-	780.85	74.47	7.21	0.00	81.68	-	-	-	699.17	706.38		
Buildings, Roads etc.		13828.71	1238.56		156.47		14910.80	4606.39	336.10	88.19	4854.30	-	-	-	10056.50	9222.32		
Plant and Machinery		492644.47	30696.80		3910.10		519431.17	223214.28	25551.89	2951.53	245606.48	-	-	-	273824.69	269430.19		
Transport Equipments		2125.79	288.85		94.12		2320.52	1380.47	161.01	83.20	1666.26	-	-	-	654.26	745.32		
Furniture and Fixtures		1445.90	197.53		42.12		1601.31	763.66	76.06	8.33	831.39	-	-	-	769.92	682.24		
Railway Sidings		270.72	-		0.00		270.72	257.18	0.00	0.00	257.18	-	-	-	13.54	13.54		
Drainage, Sewage and Water Supply System		1417.00	13.91		0.00		1430.91	260.57	21.39	0.00	282.14	-	-	-	1148.77	1156.43		
Total		516390.10	32439.24	0.00	4218.30	138.12	544472.92	230557.02	26153.66	3131.25	253579.43	-	-	-	290893.49	285833.08		
Previous Year		506589.82	7482.02	0.00	1129.82	3448.08	516390.10	205410.45	25463.45	316.88	230557.02	-	-	-	285833.08	301179.37		

Note :

A. Transfer from land represents excess amount refunded from Government of Tamil Nadu out of amounts deposited for acquisition of land in the earlier years (2009: Rs.Nil)

B. Land disposed during the year represents 1.74 acres of land handed over for rehabilitation.

C. The cost of assets are net of MODVAT/CENVAT, wherever applicable.

**Schedule E-I**  
(Rs.in Lakhs)

**INTANGIBLE ASSETS**

		AT COST						AMORTISATION				IMPAIRMENT			NET DEPRECIATED BLOCK	
	Note	Gross block As at 01-Apr-09	Additions during the year	Transfers from construction WIP	Disposals during the year	Transfers / Deductions / Adjustments / Reclassifications	Gross Block as at 31-Mar-10	Amortisation As at 01-Apr-09	Amortisation for the year	Amortisation on disposals/ transfers/ deductions etc	Total Amortisation upto 31-Mar-10	Total Impairment Loss as at 01-Apr-09	Impairment Loss during the year	Total Impairment Loss up to 31-Mar-10	As at March 31, 2010	As at March 31, 2009
Right of way	A	30.68	0.00		-		30.68	-	-	-	-				30.68	30.68
Technical Know-How, Royalty and License Fees		2532.40	0.00		-	0.00	2532.40	1212.09	253.23	0.00	1465.32				1067.08	1320.31
Software			1229.25				1229.25		307.30		307.30				921.95	0.00
Total		2563.08	1229.25	0.00	0.00	0.00	3792.33	1212.09	560.53	0.00	1772.62				2019.71	1350.99
Previous Year		6011.16	0.00	0.00	0.00	(3448.08)	2563.08	2303.35	253.24	(1344.50)	1212.09				1350.99	3707.81

Note :

A . No amortisation provided, the right being perpetual in nature.

## CAPITAL GOODS, WORK-IN-PROGRESS

## Schedule F

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. Construction Work in progress - Fixed Assets</b> (including unallocated capital expenditure)	<b>117234.49</b>	70100.58
<b>2. Advance for Capital Expenditure</b>	<b>1092.33</b>	525.95
<b>3. Capital Stores</b>	<b>7332.25</b>	562.63
<b>4. Capital goods in transit</b>	<b>1723.72</b>	61.73
<b>5. Construction period expenses pending allocation :</b>	<b>783.93</b>	1017.12
Less: Allocated to Assets/Work-in-Progress during the year	<u>783.93</u>	<u>1017.12</u>
	<b>0.00</b>	0.00
<b>6. Construction Work in progress - Intangible Assets</b>	<b>691.14</b>	569.88
Total	<u><b>128073.93</b></u>	<u>71820.77</u>

## CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

## Schedule F-I

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
1. Payments to and Provision for Employees	<b>498.80</b>	355.73
2. Repairs & Maintenance	<b>12.92</b>	59.46
3. Rent	<b>6.38</b>	10.05
4. Travelling & Conveyance	<b>101.03</b>	87.38
5. Communication Expenses	<b>5.94</b>	4.61
6. Printing & Stationery	<b>2.94</b>	8.10
7. Other Expenses	<b>2.53</b>	6.14
8. Interest	<b>153.39</b>	485.65
	<b>783.93</b>	1017.12
Less: Allocated to Assets/Work-in-Progress during the year	<b>783.93</b>	1017.12
Total	<u><b>0.00</b></u>	<u>0.00</u>

## INVESTMENTS

### Schedule G

(Rs. in Lakhs)



	No. and Particulars of Shares / Units	Face value per share Rupees	March 31, 2010	March 31, 2009
<b>I. LONG TERM INVESTMENTS UNQUOTED, AT COST</b>				
<b>1. Non-Trade Investments</b>				
<b>In Others</b>				
a) CPCL Industrial Cooperative Service Society Ltd.	9000 Shares fully paid	10	<b>0.90</b>	0.90
b) Bio Tech Consortium India Ltd.	100000 Equity Shares fully paid	10	<b>10.00</b>	10.00
			<b>10.90</b>	10.90
<b>2. Trade Investments</b>				
<b>In Joint Venture Companies</b>				
Indian Additives Ltd.	1183401 Equity Shares fully paid	100	<b>1183.40</b>	1183.40
<b>In Others</b>				
a) National Aromatics and Petrochemical Corporation Limited Less : Provision for Dimunition	25000 Equity Shares fully paid	10	<b>2.50</b> <b>2.50</b> <b>0.00</b>	2.50 2.50 0.00
b) Petroleum India International (AOP by Oil Companies)	Capital Fund Share in accumulated surplus		<b>500.00</b> <b>648.59</b> <b>1148.59</b>	500.00 587.11 1087.11
			<b>2331.99</b>	2270.51
Total			<b>2342.89</b>	2281.41

## INVENTORIES

## Schedule H

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. In Hand</b>		
a) Stores, Spares etc.	17452.76	17165.58
Less: Provision for losses	1508.05	1459.42
	15944.71	15706.16
b) Raw Materials	162417.99	58367.78
c) Finished Products	136720.30	81504.73
d) Stock in Process	30052.13	21621.37
	345135.13	177200.04
<b>2. In Transit</b>		
a) Stores and Spares	194.81	459.76
b) Raw Materials	90239.37	69265.75
c) Finished Products	2254.77	102.17
	92688.95	69827.68
Total	437824.08	247027.72

## SUNDRY DEBTORS

## Schedule I

(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>1. Over Six Months</b>			
Unsecured, Considered Good	A	24.71	209.39
<b>2. Other Debts</b>			
Unsecured, Considered Good	B	85406.30	101132.89
Total		85431.01	101342.28

## Note:

A - Includes due from Indian Oil Corporation Ltd., the holding company - Rs. Nil (2009: Rs.118.53 lakhs)

B - Includes due from Indian Oil Corporation Ltd., the holding company - Rs. 69333.01 Lakhs (2009: Rs.86311.50 Lakhs)

## CASH AND BANK BALANCES

## Schedule J

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. Cash Balances</b>		
a) Cash balances including imprest	0.66	0.08
<b>2. Gold Medals at Cost (11 Nos; 2009:30)</b>	3.48	10.41
<b>3. Bank Balances with Scheduled Banks</b>		
a) Current Account	1092.90	630.20
b) Deposit Account	337.14	322.00
	1430.04	952.20
Total	1434.18	962.69



# LOANS & ADVANCES

## Schedule K



(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>1. Advances recoverable in cash or in kind or for value to be received</b>			
a) Secured, Considered Good	A	5542.26	4756.68
b) Unsecured, Considered Good	B	9180.82	3477.84
		<b>14723.08</b>	8234.52
<b>2. Claims recoverable</b>			
a) Unsecured, Considered Good	C	19580.26	1863.01
b) Unsecured, Considered Doubtful		1553.50	1574.84
		<b>21133.76</b>	3437.85
Less: Provision for Doubtful Claims		1553.50	1574.84
		<b>19580.26</b>	1863.01
<b>3. Balance with Customs, Port Trust &amp; Excise Authorities</b>			
Unsecured, Considered Good		3635.27	3975.02
<b>4. Advance Tax</b>		68164.84	88111.58
Less: Provision for Income Tax		68016.04	85727.42
		<b>148.80</b>	2384.16
<b>5. Materials given on Loan</b>		7.24	7.24
Less: Deposits received		7.24	7.24
		<b>0.00</b>	0.00
<b>6. Sundry Deposits</b> (including amounts adjustable on receipt of Final bills)			
Unsecured, Considered Good	D	2545.69	1104.94
<b>Total</b>		<b>40633.10</b>	<b>17561.65</b>

Note :

A. Includes :

1. Due from Directors	14.72	24.44
Maximum amount due during the year	24.44	25.54
2. Due from other Officers	4.14	4.52
Maximum amount due during the year	4.52	5.21

B. Includes due from Indian Oil Corporation Ltd., the holding company

0.00 5.98

C. Includes due from Indian Oil Corporation Ltd., the holding company

97.00 35.42

**D. Disclosure requirements of SEBI under Clause 32 of the Listing agreement**

1. Loans and advances in the nature of loans to parent company, IOC	0.00	0.00
Maximum amount outstanding during the year	0.00	50000.00
2. Loans and advances in the nature of loans to associates	Nil	Nil
Maximum amount outstanding during the year	Nil	Nil
3. Loans and advances in the nature of loans where there is		
(i) no repayment schedule or repayment beyond seven years or	Nil	Nil
(ii) no interest or interest below section 372 A of Companies Act	Nil	Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested	Nil	Nil

## CURRENT LIABILITIES

## Schedule L

(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>1. Sundry Creditors</b>			
a) Total outstanding dues of micro enterprises and small enterprises		<b>0.00</b>	0.00
b) Total dues of creditors other than micro enterprises and small enterprises	A	<b>118348.70</b>	196358.82
		<b>118348.70</b>	196358.82
<b>2. Other Liabilities</b>		<b>33531.51</b>	24116.36
<b>3. Investor Education and Protection Fund shall be credited by :</b>	B		
Unpaid Dividend		<b>368.42</b>	391.08
<b>4. Security Deposits</b>		<b>2273.18</b>	2381.14
<b>5. Interest accrued but not due on loans</b>		<b>177.36</b>	392.74
Total		<b>154699.17</b>	223640.14

## Note:

A. Includes due to Indian Oil Corporation Ltd., the holding company - Rs. 76894.52 lakhs (2009: Rs.152284.81 lakhs).

B. No amount is due as on March 31, 2010 to be transferred to Investor Education & Protection Fund.

## PROVISIONS

## Schedule L - I

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>1. Provision for Fringe Benefit Tax</b>	<b>472.04</b>	934.72
Less: Advance Payments	<b>472.04</b>	907.42
	<b>0.00</b>	27.30
<b>2. Proposed Dividend</b>	<b>17869.37</b>	0.00
<b>3. Dividend Distribution Tax</b>	<b>2967.88</b>	0.00
<b>4. Provision for Retirement Benefits</b>	<b>1524.92</b>	1600.94
Total	<b>22362.17</b>	1628.24

## DETAILS OF INCREASE / (DECREASE) IN STOCK

### Schedule M



(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>Closing Stock</b>		
a) Finished products	<b>138975.07</b>	81606.90
b) Stock in process	<b>30052.13</b>	21621.37
	<b>169027.20</b>	103228.27
Less :		
<b>Opening Stock</b>		
a) Finished products	<b>81606.90</b>	182863.86
b) Stock in process	<b>21621.37</b>	42807.84
	<b>103228.27</b>	225671.70
Total	<b>65798.93</b>	(122443.43)

## INTEREST AND OTHER INCOME

### Schedule N

(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>1. Interest on</b>			
a) Loans and Advances		<b>208.26</b>	321.37
b) Short Term Deposits with Banks		<b>0.69</b>	49.12
c) Customer Outstandings		<b>245.19</b>	1469.61
d) 7% Oil Companies, GOI Special Bonds 2012	A	<b>0.00</b>	82.08
e) Others	B	<b>1830.61</b>	11.25
		<b>2284.75</b>	1933.43
<b>2. Dividend</b>			
From Others	C	<b>106.50</b>	147.93
<b>3. Sale of Power</b>		<b>2343.83</b>	1808.28
<b>4. Profit on sale and disposal of assets</b>		<b>3.58</b>	17.55
<b>5. Unclaimed/Unspent Liabilities written back</b>		<b>10.56</b>	43.44
<b>6. Provision for Doubtful Debts, Advances, Claims and Stores written back</b>		<b>78.84</b>	103.52
<b>7. Sale of scrap</b>		<b>575.67</b>	953.51
<b>8. Exchange Fluctuations (Net)</b>		<b>17476.61</b>	0.00
<b>9. Other Miscellaneous Income</b>	D	<b>629.33</b>	399.40
Total		<b>23509.67</b>	5407.06

#### Note:

- A. Represents income from Current, Trade Investments
- B. Includes interest on income Tax refunds Rs.1736.25 Lakhs (2009:Rs.Nil)
- C. Represents income from Long-Term, Trade Investments
- D. Includes income from Petroleum India International (Long-Term Trade Investments) Rs. 80.01 Lakhs (2009: Rs. 81.55 lakhs)

## MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

## Schedule O

(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
<b>1. Raw Material Consumed</b>			
Opening Balance		127633.53	203681.07
Add: Receipts		2493567.05	2750227.93
		2621200.58	2953909.00
Less: Closing Stock		252657.36	127633.53
		<b>2368543.22</b>	2826275.47
<b>2. Consumption</b>			
a) Stores, Spares and Consumables		7448.81	6252.48
b) Packages and Drum Sheets		132.20	126.90
		<b>7581.01</b>	6379.38
<b>3. Power, Water and Fuel</b>		210785.83	222854.08
Less: Own Fuel		206600.20	218408.92
		<b>4185.63</b>	4445.16
<b>4. Processing Fees</b>		<b>0.00</b>	283.72
<b>5. Octroi, Other Levies and Irrecoverable Taxes</b>		<b>10482.73</b>	6040.89
<b>6. Repairs and Maintenance</b>			
a) Buildings		511.30	587.71
b) Plant & Machinery		13674.05	12267.35
c) Others		1399.94	727.29
		<b>15585.29</b>	13582.35
<b>7. Freight, Transportation charges and Demurrage</b>		<b>2745.25</b>	6297.73
<b>8. Payments to and Provisions for Employees</b>			
a) Salaries, wages, bonus etc.	A & B	20240.58	11571.00
b) Contribution to Provident and other Funds	C & D	4250.21	4422.44
c) Staff Welfare Expenses		2741.49	3300.21
		<b>27232.28</b>	19293.65
<b>9. Office Administration, Selling and Other Expenses</b>			
(Schedule O - I)		<b>11661.26</b>	66712.49
<b>Total</b>		<b>2448016.67</b>	2949310.84

## Note:

- A. Includes Rs. 2771.33 Lakhs for the period 01.01.2009 to 31.03.2010 for Non-Supervisory employees (2009: Rs. 2477.51 Lakhs for the period 01.01.2007 to 31.03.2009 for Supervisory employees) towards estimated provision / adhoc relief paid in respect of pay revision.
- B. Includes Rs. 597.24 Lakhs towards Incentive for the period 01.04.2007 to 31.03.2008. (2009: Rs. 540.86 Lakhs towards lumpsum payment towards pay anomaly for the period 01.01.1997 to 31.12.2006)
- C. Includes Rs. 295.50 Lakhs for the period 01.01.2009 to 31.03.2010 in respect of Non-supervisory employees (2009: Rs. 483.15 Lakhs for the period 01.01.2007 to 31.03.2009 in respect of Supervisory employees) towards contribution to Provident Fund and Superannuation for revision in pay and Rs. Nil (2009: Rs. 2506.64 Lakhs) towards increase in Gratuity limit from Rs. 3.5 Lakhs to Rs.10 Lakhs
- D. Includes Rs. 1367.18 Lakhs (2009: Rs. Nil) towards increased retirement benefits for the period 01.01.2007 to 31.03.2010 in respect of Supervisory employees and Rs. 332.87 lakhs (2009: Rs. Nil) for the period 01.01.2009 to 31.03.2010 in respect of Non-Supervisory employees.

# OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

## Schedule O - I



(Rs. in Lakhs)

	Note	March 31, 2010	March 31, 2009
1. Rent		1053.60	1744.40
2. Insurance		766.39	783.09
3. Rates & Taxes		319.56	117.37
4. Donations		619.34	2.06
5. Payment to Auditors			
a) Audit Fees	8.27		8.27
b) Tax Audit	1.65		1.12
c) Other Services (for issuing certificates etc.)	3.92		3.72
		13.84	13.11
6. Travelling and Conveyance		1385.09	1466.57
7. Communication Expenses		232.34	224.35
8. Printing and Stationery		114.17	171.77
9. Electricity and Water		56.77	64.61
10. Bank Charges		51.34	77.12
11. Bad Debts, Advances, Claims and Materials written off		101.28	104.51
12. Loss on Assets sold, lost or written off		312.19	76.91
13. Loss on sale of current Investments		0.00	268.21
14. Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores A		106.13	1545.52
15. Provision for dimunition in value of investments B		0.00	2.50
16. Security Force Expenses		1248.75	1229.60
17. Handling Expenses		372.10	288.24
18. Expenses of Enabling Facilities		741.61	1396.74
19. Terminalling Charges		2056.15	1842.52
20. Exchange variation (Net)		0.00	53375.48
21. Other Expenses		2110.61	1917.81
Total		11661.26	66712.49

Note:

A . Includes Rs. Nil (2009: Rs. 1440.36 Lakhs) towards amounts recoverable from AROCHEM

B . Current year : Rs. Nil (2009: Rs. 2.50 Lakhs towards provision for dimunition in value of investments made in AROCHEM)

# INCOME / EXPENSES RELATING TO PRIOR YEARS

## Schedule P

(Rs. in Lakhs)

	March 31, 2010	March 31, 2009
<b>Expenditure</b>		
1. Depreciation/Amortisation	0.00	(634.50)
2. Raw Materials Consumed	0.00	(346.47)
3. Stores, Spares and Consumables	0.00	104.04
Total Expenses	0.00	(876.93)
Net Income / (Expenditure)	0.00	876.93

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Schedule Q**

**1. BASIS OF PREPARATION**

- 1.1** The financial statements are prepared under historical cost convention in accordance with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956.
- 1.2** The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from estimates.

**2. FIXED ASSETS**

**2.1 Land**

Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land.

**2.2 Technical know-how / license fee**

Technical know-how / license fee relating to plants/facilities are capitalised as part of cost of the underlying asset.

**2.3 Capitalisation of construction period expenses**

- (a) Revenue expenses exclusively attributable to projects incurred during the year of construction period are capitalised.
- (b) Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised on quarterly basis at the actual borrowing rates.
- Financing cost, if any, incurred on general borrowings used for projects is capitalised at the weighted average cost.
- (c) Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.

**2.4 Depreciation / Amortisation**

- (a) Depreciation on fixed assets is provided in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956, on straight-line method, upto 95% of the cost of the asset other than Insurance Spares which are depreciated upto 100%. Depreciation is charged pro-rata on quarterly basis on assets, from/upto the quarter of capitalisation/sale, disposal and dismantled during the year.
- (b) Assets costing not more than Rs.5000/- each are depreciated in full in the year of addition.
- (c) Capital expenditure on assets, the ownership of which does not vest with the Company, incurred during the construction period of the projects is accounted as unallocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.
- (d) Cost of leasehold land (including premium) for 99 years or less is amortised during the lease period.

**3. IMPAIRMENT OF ASSETS**

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognised where the carrying amount exceeds the recoverable amount.

**4. INTANGIBLE ASSETS**

- (a) Technical know-how / license fee relating to production process and process design are accounted for as intangible assets and amortized on a straight line basis over a period of ten years or life of the said plant/facility, whichever is earlier.
- (b) Expenditure incurred on Research and Development, other than on capital account, is charged to revenue.
- (c) Costs incurred on computer software purchased/developed on or after 1st April 2003, resulting in future economic benefits are capitalised as Intangible Asset and amortised over a period of three years beginning from the quarter in which such software is capitalised. However, where such computer software is still in development stage, costs incurred during the development stage of such software are accounted as Work-in Progress - Intangible Assets.

- (d) Cost of Right of Way for laying pipelines is capitalised and where Right of Way is of perpetual nature, not amortised.

## **5. BORROWING COST**

Borrowing costs that are attributable to the acquisition and construction of the qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## **6. INVESTMENTS**

Long-term investments are carried at cost and provision for diminution in the value thereof, other than temporary in nature, is accounted.

Current investments are carried at lower of cost or market value.

## **7. CURRENT ASSETS, LOANS AND ADVANCES**

### **7.1 Valuation of Inventories**

- (a) Raw materials

Crude oil - At cost (on weighted average basis) or net realisable value whichever is lower.

- (b) Stock-in-process

At raw material cost plus fifty percent of the cost of conversion, as applicable or net realisable value, whichever is lower.

- (c) Finished products

Finished products are valued at cost on First in First out basis or net realisable value, whichever is lower. Cost of finished products is determined based on crude cost and processing cost.

- (d) Stores and Spares

Stores and Spares are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue. Necessary provisions are also made in respect of non-moving stores and spares after review.

Stores and Spares in transit are valued at cost.

- (e) Imported Products in-transit and Crude Oil in-transit

Imported products in-transit and crude oil in-transit are valued at CIF cost or net realisable value, whichever is lower.

## **8. FOREIGN CURRENCY TRANSLATION**

- (a) Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.
- (b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the year-end, are translated at exchange rates applicable as of that date.
- (c) Non-monetary items denominated in foreign currency, (such as investments, fixed assets etc) are valued at the exchange rate prevailing on the date of transaction.
- (d) Any gains or losses arising due to exchange differences at the time of translation or settlement are recognized as income or as expense in the period in which, they arise.
- (e) Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense/income over the life of the contract. Outstanding forward contracts as at the reporting date are restated at the exchange rate prevailing on that date.

## **9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

### **9.1 CONTINGENT LIABILITIES**

- (a) Show Cause Notices issued by various Government Authorities are not considered as Obligation.
- (b) When the demand notices are raised against such show cause notices and are disputed by the Corporation, then these are classified as disputed obligations.

- (c) The treatment in respect of disputed obligations, in each case above Rs.5 lakhs, is as under:
  - i) A provision is recognized in respect of present obligations where the outflow of resources is probable.
  - ii) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

## **9.2 CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs.5 lakhs.

## **10. PROFIT AND LOSS ACCOUNT**

- (a) Claims on Petroleum Planning and Analysis Cell (Formerly known as Oil Coordination Committee)/ Government arising on account of erstwhile Administered Pricing Mechanism / notified schemes are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.
- (b) Other claims (including interest on outstanding) are accounted:
  - i) When there is certainty that the claims are realizable
  - ii) Generally at cost
- (c) Prepaid Expenses upto Rs.5,00,000/- in each case is charged to revenue.
- (d) Income and expenditure are disclosed as prior period items only when the value exceeds Rs.5,00,000/- in each case.

## **11. TAXES ON INCOME**

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

## **12. EMPLOYEE BENEFITS**

### **12.1 SHORT TERM BENEFITS:**

Short Term Employee Benefits are accounted in the period during which the services have been rendered.

### **12.2 POST-EMPLOYMENT BENEFITS AND OTHER LONG TERM EMPLOYEE BENEFITS:**

- (a) The Company's contribution to the Provident Fund is remitted to separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Profit and Loss Account. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to profit and loss account.
- (b) The company operates defined benefit plans for gratuity and compensated absences. The cost of providing such defined benefits is determined using the projected unit credit method of actuarial valuation made at the end of the year and is administered through a fund maintained by Insurance Company. Actuarial gains/ losses are charged to profit and Loss account.
- (c) The liability of the company in respect of superannuation scheme is restricted to the fixed contribution paid by the corporation on a monthly basis towards the defined contribution scheme maintained by Insurance Company, which is charged off to revenue.
- (d) Obligations on Post Retirement Medical Benefits and Long Service Awards are provided using the projected unit credit method of actuarial valuation made at the end of the year.

### **12.3 TERMINATION BENEFITS:**

Payments made under Voluntary Retirement Scheme are charged to Profit and Loss Account.




**1. Contingent Liabilities:**

a) Claims against the company not acknowledged as debts Rs. 2969.46 lakhs (2009: Rs. 34223.05 lakhs).

These mainly include:

- i) Rs. 330.36 lakhs (2009: Rs. 330.36 lakhs) being the demands raised by Central Excise authorities.
- ii) Rs. 1276.09 lakhs (2009: Rs. 32127.95 lakhs) in respect of Sales Tax demands.
- iii) Rs 188.21 lakhs (2009: Rs. 456.06 lakhs) in respect of Income Tax demands.
- iv) Rs. 769.56 lakhs (2009: Rs. 875.62 lakhs) relating to projects.

b) Interest/Penalty, if any, unascertainable, on the above claims is not considered.

c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 117325.87 lakhs (2009: Rs. 110445.78 lakhs).

2. Thirty four acres and forty nine cents of land has been taken on lease from a trust on a five-year renewable lease for the construction of Employees Township at Cauvery Basin Refinery.

3. Forty one acres of land of the company is in the possession of IOT Infrastructure & Energy Services Limited under a lease agreement.

4. (a) The cost of land includes provisional payments towards cost, compensation, and other accounts for which detailed accounts are yet to be received from the authorities concerned.

(b) Pending completion of formalities, assignment deeds of some portion of the land are yet to be obtained.

(c) Pending decision of the Government/Court, additional compensation, if any, payable to the land owners and the Government for certain lands acquired, is not considered.

5. The company, in the absence of suitable notification by the Central Government specifying the applicable rate of cess under section 441A of the Companies Act, 1956 on turnover payable by the company, has not provided for cess towards formation of Rehabilitation and Revival Fund.

**6. Valuation of Finished Products:**

The overall gross margin percentage for all joint products is subtracted from the final net realisable value of each product to arrive at the total cost of each product which is taken as the basis for valuation of closing stock of finished products. (Refer policy no 7 (c) in Schedule – Q – “Statement of Significant Accounting Policies”).

7. In line with the scheme formulated by the Petroleum Planning and Analysis Cell (PPAC) under the Ministry of Petroleum and Natural Gas, the company has received an aggregate discount of Rs. 58738.21 lakhs (2009: Rs. 130655.55) from Oil and Natural Gas Corporation Limited on Crude Oil purchase and has passed on the same as discounts on products sold to Indian Oil Corporation Limited. Accordingly, Gross Sales and Consumption of Raw Materials for the year are net of Rs. 58738.21 lakhs. (2009: Rs. 130655.55 lakhs).

8. Based on the assessment order received during the year, provision for Income Tax of Rs.14555.26 Lakhs made in the earlier year, has been reversed in the current year.

9. a) Payments to and provisions for employees includes Rs. 3066.83 Lakhs towards estimated provision / adhoc relief paid in respect of pay revision for non-supervisory employees for the period 01.01.2009 to 31.03.2010. (2009: Rs. 5467.30 Lakhs in respect of pay revision for supervisory employees for the period 01.01.2007 to 31.03.2009).

b) Additionally, a sum of Rs.1700.05 Lakhs (2009: Rs.Nil) is accounted during the year towards estimated provision in respect of increased retirement benefits in line with DPE guidelines.

10. The company operates in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.

11. The company has not entered into any derivative transaction, other than for hedging purposes during the year. 36 Forward contracts entered into for hedging purposes by the company and outstanding as on 31<sup>st</sup> March 2010 towards repayment of foreign currency loan is USD 187.99 Million amounting to Rs. 84405.96 Lakhs (2009: NIL)

12. Foreign currency exposures that are not hedged as on 31<sup>st</sup> March 2010: -75818.75 Lakhs (2009: Rs. 152939.99 Lakhs).
13. The company has migrated to SAP during the year to align with the business processes of the holding company. The company has instituted a system audit to confirm the functionalities and controls.
14. Disclosure as required under Accounting Standard – 15 (revised) on “Employee Benefits” issued by the Institute of Chartered Accountants of India is provided in Annexure – I to this schedule.
15. In compliance with Accounting Standard – 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the required information is given in Annexure – II to this schedule.
16. Disclosure as required under Accounting Standard – 19 on “Leases” issued by the Institute of Chartered Accountants of India is as under:

**Operating Leases:**

The company has taken on operating lease, Product Tankages from IOC on a renewal basis. The lease rentals incurred for the current year amounting to Rs. 766.85 lakhs are included in Rent (2009: Rs.1117.85 lakhs).

The lease rent payable for the next financial year is estimated to be Rs. 850.11 Lakhs (2009: Rs.877.82 Lakhs) and lease rent for the five-year period after the next year is estimated to be Rs. 4250.54 Lakhs. (2009: 4382.10 Lakhs)

17. In compliance with Accounting Standard – 20 on “Earning Per Share” issued by Institute of Chartered Accountants of India, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

Particulars	March 2010	March 2009
Profit After Tax (Rupees in lakhs)	<b>60321.95</b>	(39728.43)
Weighted Average number of equity shares	<b>148911400</b>	148911400
Earning Per Share (Basic and Diluted) (Rupees)	<b>40.51</b>	(26.68)
Face value per share (Rupees)	<b>10</b>	10

18. In compliance with Accounting Standard – 22 on “Accounting for Taxes on Income” issued by Institute of Chartered Accountants of India, Deferred Tax Asset (-)/Liability (+) for the financial period ended 31st March 2010 amounting to Rs. 16195.25 Lakhs (2009:Rs. (-) 19335.94 lakhs) has been made/provided.

- I. The item-wise details of Deferred tax liability (net) are as under :

	(Rs. in lakhs)	
	As on 31.03.2010	As on 31.03.2009
<b>Deferred Tax Liability:</b>		
Depreciation	<b>58813.91</b>	60550.16
<b>Less: Deferred Tax Assets:</b>		
i) Provision for Retirement Benefits	<b>190.65</b>	837.74
ii) Voluntary Retirement Scheme Expenditure written off	<b>10.01</b>	29.59
iii) Provisions on inventories, debtors, loans and advances, Investments	<b>1017.80</b>	1032.19
iv) Unabsorbed depreciation and Carried forward business loss	-	17250.44
<b>Deferred Tax Liability (Net)</b>	<b>57595.45</b>	41400.20

- II. Deferred tax asset recognised in the previous year in respect of unabsorbed depreciation and carried forward losses has been utilised in full during the current year.

19. Disclosure as required under Accounting Standard – 27 on “Financial Reporting of Interests in Joint Ventures” issued by the Institute of Chartered Accountants of India is as under:

- a) **Name of the Joint Venture** Indian Additives Ltd.  
**Proportion of ownership interest** 50%  
**Country of Incorporation** India  
**Aggregate amount of interests in Joint Venture**

	Amount (Rs. in lakhs)	
Company's share of	2009-10 <sup>#</sup>	2008-09 <sup>##</sup>
Assets	7093.11	5154.43
Liabilities	1605.11	1720.80
Income	16319.04	12195.73
Expenditure	12995.68	11447.06
Contingent Liabilities	237.43	365.88

<sup>#</sup> Unaudited figures <sup>##</sup> Audited figures

- b) **Name of the Joint Venture** National Aromatics and Petrochemicals Corporation Ltd.  
**Proportion of ownership interest** 50%  
**Country of Incorporation** India

Aggregate amount of interests in Joint Venture is not given since the joint venture is not operational.

20. During the year, the company has undertaken a review of all fixed assets in line with the requirements of AS - 28 on “Impairment of Assets” issued by the Institute of Chartered Accountants of India. Based on such review, no provision for impairment is required to be recognised for the year.
21. Disclosure required under the provisions of Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

The company sought written confirmation from its suppliers to identify micro, small and medium enterprises.

No principal amount or interest amount remains unpaid to such Micro and Small enterprises as on 31.03.2010 and no payments were made to such enterprises beyond the “appointed day” during the year. Also, the company has not paid any interest in terms of section 16 of the above-mentioned act or otherwise.

This information has been determined to the extent, such parties could be identified on the basis of information made available to the company.

22. Remuneration paid/payable to Directors:

	(Rs. in lakhs)	
	2009-10	2008-09
i) Salaries and Allowances	138.78	56.99
ii) Contribution to Provident Fund	7.79	4.03
iii) Contribution to Gratuity / Superannuation Fund, etc.	7.46	4.03
iv) Other benefits and Perquisites	1.47	4.49
v) Sitting Fees to Part Time Directors	3.70	4.10
<b>Total</b>	<b>159.20</b>	<b>73.64</b>

Note:

Remuneration includes amounts paid during the year towards revision in pay (net of adhoc amount paid in the previous year) with effect from 01.01.2007.

23. The Profit and Loss Account includes:

- a) Expenditure on Public Relations and Publicity amounting to Rs. 135.16 lakhs (2009: Rs. 149.31 lakhs). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00004616: 1 (2009: 0.00004078:1).
- b) Research and Development expenses Rs. 388.12 lakhs (2009: Rs. 330.29 lakhs).
- c) Entertainment Expenses Rs. 22.40 lakhs (2009: Rs. 43.74 lakhs).

24. Previous year's comparative figures have been regrouped and recast, wherever necessary, to the extent practicable, for uniformity in presentation.

#### Annexure - I

#### Disclosure requirements under AS –15 (Revised) as per Note No. 14

##### Defined Contribution Schemes:

The net amounts expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are Rs. 1122.41 lakhs (2009: Rs. 985.10 lakhs) and Rs. 623.73 lakhs (2009: Rs. 286.89 lakhs) respectively. This includes Rs. 197.00 lakhs and Rs. 98.50 lakhs, being the estimated provision for employer's contribution to provident fund and superannuation fund respectively on account of pay revision for Non-Supervisory employees for the period 01.01.2009 to 31.03.2010. The previous year's figures include Rs. 322.10 lakhs and Rs. 161.05 lakhs towards company's contribution to Provident fund and Superannuation fund on account of revision in pay for supervisory employees for the period 01.01.2007 to 31.03.2009.

##### Defined Benefit Schemes:

##### Funded Schemes:

(Rs. in lakhs)

Net employee benefit Expense	Gratuity		Earned Leave Encashment	
	2010	2009	2010	2009
Current Service Cost	863.33	80.13	663.00	401.07
Interest cost on benefit obligation	349.68	270.38	270.21	285.01
Expected (return) / loss on plan assets	(262.76)	(160.14)	(284.39)	(257.45)
Net actuarial (gain)/loss recognized in the year	(146.34)	2533.92	1243.06	(565.78)
Net Benefit Expense	803.91	2724.30	1891.88	(137.15)

##### UnFunded Schemes:

(Rs. in lakhs)

Net employee benefit Expense	Post Retirement medical Benefits		Service award	
	2010	2009	2010	2009
Current Service Cost	0.00	0.00	34.30	58.50
Interest cost on benefit obligation	92.18	82.69	20.38	14.51
Net actuarial (gain)/loss recognized in the year	21.45	87.49	(45.97)	92.13
Net Benefit Expense	113.63	170.18	8.71	165.14

## Funded Schemes:

(Rs. in lakhs)

Changes in present value of defined benefit obligation	Gratuity		Earned Leave Encashment	
	2010	2009	2010	2009
Opening defined benefit obligation	<b>4564.09</b>	1762.37	<b>3527.14</b>	3665.17
Interest Cost	<b>349.68</b>	270.38	<b>270.21</b>	285.01
Current service cost	<b>863.33</b>	80.13	<b>663.00</b>	401.07
Benefits paid	<b>(219.96)</b>	(106.69)	<b>(658.90)</b>	(338.73)
Net actuarial (gain)/loss on obligation	<b>(146.88)</b>	2557.89	<b>1294.00</b>	(485.38)
Closing defined benefit obligation	<b>5410.26</b>	4564.09	<b>5095.45</b>	3527.14

## UnFunded Schemes:

(Rs. in lakhs)

Changes in present value of defined benefit obligation	Post Retirement medical Benefits		Service award	
	2010	2009	2010	2009
Opening defined benefit obligation	<b>1138.31</b>	1064.48	<b>257.16</b>	111.73
Interest Cost	<b>92.18</b>	82.69	<b>20.38</b>	14.51
Current service cost	<b>0.00</b>	0.00	<b>34.30</b>	58.50
Benefits paid	<b>(56.52)</b>	(96.35)	<b>(23.74)</b>	(19.71)
Net actuarial (gain)/loss on obligation	<b>21.45</b>	87.49	<b>(45.97)</b>	92.13
Closing defined benefit obligation	<b>1195.42</b>	1138.31	<b>242.13</b>	257.16

1% Increase in cost of post retirement medical benefits will increase the liability by Rs. 30.65 Lakhs (2009: Rs. 27.75 Lakhs). 1% decrease in cost will decrease the liability by Rs. 34.16 Lakhs (2009: Rs. 26.30 Lakhs)

## Funded Schemes:

(Rs. in lakhs)

Change in fair value of plan assets	Gratuity		Earned Leave Encashment	
	2010	2009	2010	2009
Opening Fair value of plan assets	<b>2304.88</b>	1882.66	<b>3493.26</b>	3248.82
Expected return	<b>262.76</b>	160.14	<b>284.39</b>	257.45
Contributions	<b>3023.76</b>	344.79	<b>1477.87</b>	245.31
Benefits paid	<b>(219.96)</b>	(106.69)	<b>(658.90)</b>	(338.73)
Actuarial gain/(loss)	<b>(0.54)</b>	23.97	<b>50.94</b>	80.40
Closing Fair value of plan assets	<b>5370.90</b>	2304.88	<b>4647.56</b>	3493.26
Investment details	<b>Insurer Managed funds –100%</b>			

**Funded Schemes:**

(Rs. in lakhs)

Balance Sheet	Gratuity		Earned Leave Encashment	
	2010	2009	2010	2009
Defined benefit obligation	<b>5410.26</b>	4564.09	<b>5095.45</b>	3527.14
Fair value of plan assets	<b>5370.90</b>	2304.88	<b>4647.56</b>	3493.26
Plan asset/(liability)	<b>(39.36)</b>	(2259.21)	<b>(447.89)</b>	(33.88)

**UnFunded Schemes:**

(Rs. in lakhs)

Balance Sheet	Post Retirement medical Benefits		Service award	
	2010	2009	2010	2009
Defined benefit obligation	<b>1195.42</b>	1138.31	<b>242.13</b>	257.16
Fair value of plan assets	-	-	-	-
Plan asset/(liability)	<b>(1138.31)</b>	(1138.31)	<b>(257.16)</b>	(257.16)

**Notes :**

During the previous year, the ceiling for gratuity was increased from Rs. 3.5 Lakhs to Rs. 10 Lakhs.

**Funded Schemes:**

Actuarial Assumptions	Gratuity & Earned Leave Encashment	
	2010	2009
Discount Rate (per annum)	<b>8.29%</b>	7.75%
Rate of escalation in salary (per annum)	<b>8%</b>	7%
Mortality table	<b>LIC 94 - 96 rates</b>	
Attrition rate	<b>1-3%</b>	
Expected rate of return on plan assets (per annum)	<b>8%</b>	

**UnFunded Schemes:**

Actuarial Assumptions	Post Retirement medical Benefits		Service award	
	2010	2009	2010	2009
Mortality table (before Retirement)	<b>LIC 94 – 96 rates</b>			
Mortality table (after Retirement)	<b>LIC 96 – 98 rates</b>			
Discount Rate (per annum)	<b>8.30%</b>	7.75%	<b>8.30%</b>	7.75%
Inflation Rate (per annum)	<b>7%</b>	7%	<b>7%</b>	7%
Rate of morbidity	<b>10%</b>		<b>Not Applicable</b>	

## Annexure - II



### Disclosure requirements under AS –18 as per Note No. 15

(Rs. in lakhs)

Details of Transactions	Key Management Personnel		Joint Ventures		Total	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Remuneration	154.03	65.05	-	-	154.03	65.05
Other Benefits/ Recoveries	1.47	4.49	-	-	1.47	4.49
Dividend Received	-	-	106.50	147.93	106.50	147.93
Outstanding Loans/advances receivables	14.72	24.44	-	-	14.72	24.44
Assets on Hire	5.99	6.74	-	-	5.99	6.74

**Note:** Remuneration includes amounts towards revision in pay (net of adhoc amount paid in the previous year) with effect from 01.01.2007 paid during the year.

### Key Management Personnel

#### Whole-time Directors

- 1) Shri K. Balachandran
- 2) Shri N.C.Sridharan
- 3) Shri S.Chandrasekaran
- 4) Shri K.K. Acharya (upto November 2009)

#### Joint Venture Companies

- 1) Indian Additives Limited
- 2) National Aromatics and Petrochemicals Corporation Limited.

## LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

## Schedule S

(Figures in Lakhs)

	UNIT	Licensed Capacity		Installed Capacity		Actual Production		
		31 March, 2010	31 March, 2009	31 March, 2010	31 March, 2009	31 March, 2010		31 March, 2009
i) Crude Processing	MTs	<b>105.00</b>	105.00	<b>105.00</b>	105.00	<b>100.57</b>		101.25
ii) Propylene Recovery Unit	MTs	<b>0.30</b>	0.30	<b>0.30</b>	0.30	<b>0.34</b>	<b>A</b>	0.31
iii) Wax Plant	MTs	<b>0.30</b>	0.30	<b>0.30</b>	0.30	<b>0.28</b>	<b>A</b>	0.28

Note :

A. Represents finished petroleum products

## FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

## Schedule T

(Figures in Lakhs)

	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees
1. PETROLEUM / PETRO-CHEMICAL PRODUCTS								
Year ended 31.03.10	<b>3.25</b>	<b>80934.89</b>	<b>0.78</b>	<b>25191.81</b>	<b>89.43</b>	<b>2910863.53</b>	<b>3.59</b>	<b>136617.98</b>
Year ended 31.03.09	4.69	182191.85	2.76	149848.22	96.41	3645528.98	3.25	80934.89
2. WAX								
Year ended 31.03.10	<b>0.02</b>	<b>967.68</b>	<b>0.00</b>	<b>0.00</b>	<b>0.27</b>	<b>17373.09</b>	<b>0.05</b>	<b>2357.09</b>
Year ended 31.03.09	0.02	672.01	0.00	0.00	0.28	15636.70	0.02	967.68
3. TOTAL								
Year ended 31.03.10	<b>3.27</b>	<b>81902.57</b>	<b>0.78</b>	<b>25191.81</b>	<b>89.70</b>	<b>2928236.62</b>	<b>3.64</b>	<b>138975.07</b>
Year ended 31.03.09	4.71	182863.86	2.76	149848.22	96.69	3661165.68	3.27	81606.90



# CONSUMPTION PARTICULARS OF RAW MATERIALS, STEEL COILS / SHEETS / STORES/ SPARE PARTS AND COMPONENTS

Schedule U



	Imported		Indigenous		Quantity	Total
	Value (Rs. in lakhs)	% to total Consumption	Value (Rs. in lakhs)	% to total Consumption	MTs (in lakhs)	Rupees (in lakhs)
<b>31 March 2010</b>						
Crude Oil and Gas	2028553.11	86	339990.12	14	100.57	2368543.22
Packing Materials Consumed			132.20	100		132.20
Steel Coils/Sheets/Stores/Component and Spare Parts	5249.83	39	8149.37	61		13399.20
<b>31 March 2009</b>						
Crude Oil and Gas	2529642.90	90	296632.57	10	101.25	2826275.47
Packing Materials Consumed			126.90	100		126.90
Steel Coils/Sheets/Stores/Component and Spare Parts	4690.40	38	7802.45	62		12492.85

# EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOW-HOW, PROFESSIONAL & CONSULTATION FEES, DIVIDEND & OTHER MATTERS

Schedule V

(Rs. in Lakhs)

	Note	31 March, 2010	31 March, 2009
1. Professional, Consultation Fees and Technical Fees		1936.88	665.30
2. Interest		472.68	4720.02
3. Dividend (Net of taxes)	A	0.00	3916.74
4. Others		238.64	121.19
Total	B	2648.20	9423.25

Note :

A - Figures for 2009 represents interim dividend payment made to 388 Non-Resident Shareholders for the year 2007-08 holding 23039300 number of shares and final dividend payment made to 390 Non- Resident Shareholders for the year 2007-08 holding 23039800 number of shares.

B - Expenditure in Foreign Currency has been considered on accrual basis.

**EARNINGS IN FOREIGN CURRENCY**

**Schedule W**

(Rs. in Lakhs)

	<b>31 March, 2010</b>	31 March, 2009
Export of Petroleum Products	<b>0.00</b>	0.00
Total	<b>0.00</b>	0.00

**CIF VALUE OF IMPORTS**

**Schedule X**

(Rs. in Lakhs)

	Note	<b>31 March, 2010</b>	31 March, 2009
1. Crude Oil	A	<b>2104137.62</b>	2497721.67
2. Capital Goods		<b>8709.99</b>	2093.88
3. Revenue Stores, Component, Spare and Chemicals		<b>3538.24</b>	2020.18
Total		<b>2116385.85</b>	2501835.73

Note: A. Includes value of imports made through Indian Oil Corporation

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**Schedule - Y**
**I. Registration Details**

Registration No. : 5389 1965	State Code : 18	Balance Sheet Date	31	03	2010
			Date	Month	Year

**II. Capital Raised During the Year (Amount in Rs. Lakhs)**

Public Issue	Rights Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)**

Total Liabilities	Total Assets
988654.25	988654.25

**Sources of Funds**

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans	Deferred Tax Liability
14900.46	331308.11	40689.66	367099.23	57595.45

**Application of Funds**

Net Fixed Assets	Intangible Assets	Investments	Net Current Assets	Misc. Expenditure	Accumulated Losses
418276.28	2710.85	2342.89	409100.14	NIL	NIL

**IV. Performance of Company (Amount in Rs. Lakhs)**

Turnover	Total Expenditure	Earning Per Share in Rs.
2497262.84	2518195.03	40.51
+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax	Dividend rate %
+ 68376.41	+ 60321.95	120

(Please tick Appropriate box + for Profit - for Loss)

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	Product Description
2710	HIGH SPEED DIESEL
2710	MOTOR SPIRIT
2710	FURNACE OIL

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Schedule Z

(Rs. in Lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	68376.41	(59311.00)
Adjustments for :		
Depreciation	26714.19	25082.19
Income from Long - term Investment	(106.50)	(147.93)
Profit on Sale of Assets	(3.58)	(17.55)
Liabilities/Prov. for Claims written back	(89.40)	(146.96)
Advances, Claims and Material written off	101.28	104.51
Provision for Doubtful Claims and obsolescence of stores/Investments	106.13	1548.02
Loss on Sale of Assets/investments	312.19	345.12
Interest on Borrowings	13735.53	22366.18
Interest income from short term investment	(0.69)	(131.20)
<b>B. Operating Profit Before Working Capital Changes</b>	109145.56	(10308.62)
<b>C. Changes in Working Capital</b> (Excluding Cash & Bank Balances)		
Trade and Other Receivables	11135.08	52775.67
Inventories	(190916.60)	196174.67
Trade and Other Payables	(68767.86)	(37218.26)
Change in Working Capital	(248549.38)	211732.08
<b>D. Cash generated from Operations</b>	(139403.82)	201423.45
<b>E. Adjustments for</b>		
Direct Taxes Paid	(10299.20)	(18733.38)
Fringe Benefit Tax Paid	(31.66)	(248.50)
<b>F. Net Cash Flow from Operating Activities</b>	(149734.68)	182441.57
<b>G. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(89034.14)	(49704.31)
Sale of Assets	169.28	43.62
Investments (Net)	(61.48)	8494.49
Interest Income	1.19	170.41
Income from long term investment	106.50	147.93
Net Cash used in Investment Received	(88818.65)	(40847.86)

## Schedule Z (Contd.,)



(Rs. in Lakhs)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
<b>H. Net Cash Flow from Financing Activities</b>		
Proceeds from/(Repayments of) Long Term Borrowings	(37946.25)	(13833.75)
Proceeds from/(Repayments of) Short Term Borrowings	290944.64	(76421.37)
Interest Paid	(13950.91)	(22306.33)
Dividend Paid	(22.66)	(25233.80)
Corporate Dividend Tax Paid	0.00	(4302.27)
Net Cash Generated/(Used) from Financing Activities	239024.82	(142097.52)
<b>I. Net change in Cash &amp; Cash Equivalents (F + G + H)</b>	471.49	(503.81)
<b>J. Cash and Cash Equivalents at the end of Financial Year</b>	1434.18	962.69
<b>K. Cash and Cash Equivalents at the beginning of Financial Year</b>	962.69	1466.50
<b>Net Change in Cash and Cash equivalents (J-K)</b>	471.49	(503.81)

### Notes :

#### 1. Cash and Cash Equivalents include

1. Cash Balances				
a) Cash balances including imprest		0.66		0.08
b) Cheques in hand				
2. Gold medals at cost		3.48		10.41
3. Bank Balances with Scheduled Banks :				
a) Current Account	1092.90		630.20	
b) Deposit Account	337.14	1430.04	322.00	952.20

**Total**

**1434.18**

**962.69**

2. The Previous year's figures have been regrouped wherever necessary for uniformity in presentation

(K.Balachandran)  
Managing Director

(N.C.Sridharan)  
Director (Finance)

(M.Sankaranarayanan)  
Company Secretary

As per our Report of even date

M. Thomas & Co.  
Chartered Accountants

Sreedhar, Suresh & Rajagopalan  
Chartered Accountants

(J.P.J. Kamalesh)  
Partner

(S. Subramaniam)  
Partner

Place : Chennai  
Dated : May 18, 2010

Membership No. 201093  
FRN: 004408S

Membership No. 25433  
FRN: 003957S



## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To

(in Case of Physical Holding)  
Karvy Computershare Private Limited  
Unit: Chennai Petroleum Corporation Ltd.  
Plot No's: 17 to 24, Vithalrao Nagar, Madhapur,  
**HYDERABAD - 500 081.**

To

(in Case of Electronic Holding)  
The Depository Participant

Dear Sir,

### FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

I wish to participate in the Electronic Clearing Services (ECS) and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference folio number mentioned below:

#### 1. For Shares held in physical form

Folio No.  :

#### 2. For Shares held in electronic form

(Shareholders holding shares in electronic form i.e. in Demat mode, should forward this form to their respective Depository Participant.).

DP ID :

Client ID :

3. Shareholder's Name: Shri/Smt/Kum./M/s .....

4. Shareholder's Address .....

#### 5. Particulars of Bank:

- \* Bank Name :
- \* Branch Name & Address :
- \* Mention the 9 digit code number of the bank and branch appearing on the MICR cheque issued by the bank :  
(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number)
- \* Account Type (Please Tick) : Savings ☐ Current ☐ Cash Credit ☐
- \* Account Number (as appearing on the cheque book): .....

#### 6. Date from which the mandate should be effective:

.....  
I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the company / Registrars & Share Transfer Agents of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through ECS.

Place :

Date :

Signature of the First Shareholder







## Chennai Petroleum Corporation Limited

### PROXY

Folio No. : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being member(s) of the above named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Forty Fourth Annual General Meeting of the Company to be held on the **6th day of September 2010** and at every adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Full Name \_\_\_\_\_

For Office use only.

Affix 30 paise  
Revenue Stamp

Proxy No. : \_\_\_\_\_

Notes :

1. The instrument of proxy, to be valid, should be deposited at the Registered Office at 536, Anna Salai, Teynampet, Chennai 600 018, 48 hours before the meeting.
2. The instrument of proxy should be executed on 30 paise revenue stamp.



## Chennai Petroleum Corporation Limited

Registered Office : 536, Anna Salai, Teynampet, Chennai 600 018.

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF KAMARAJ ARANGAM, CHENNAI 600 006.

NAME OF THE MEMBER/PROXY : \_\_\_\_\_

FOLIO NO. : \_\_\_\_\_

I hereby record my presence at the FORTY FOURTH ANNUAL GENERAL MEETING at 2.30 p.m. on 6th SEPTEMBER 2010 at KAMARAJ ARANGAM, CHENNAI-600 006.

SIGNATURE OF THE MEMBER OR PROXY : \_\_\_\_\_

Note : Members who come to attend the meeting are requested to bring their copies of Annual Report with them.



MD, CPCL receiving the 'TPM Excellence Award, Category A' for CPCL - CBR from Japan Institute of Plant Maintenance.

Visit of the Hon'ble Union Minister for Petroleum and Natural Gas and Hon'ble Chief Minister of Maharashtra to CPCL's Desalination Plant.



Visit of the Standing Committee on Petroleum and Natural Gas to Manali Refinery.

Eye Care Camp in association with Sankara Nethralaya.



Chairman inaugurating the NHDT/ISOM Unit at Manali Refinery.



***Chennai Petroleum Corporation Limited***

*(A group company of IndianOil)*

536, Anna Salai, Teynampet, Chennai - 600 018  
Visit us at [www.cpcl.co.in](http://www.cpcl.co.in)