

ANNUAL REPORT

2013 - 2014



चेन्नै पेट्रोलियम कॉर्पोरेशन लिमिटेड
(इंडियनऑयल की ग्रुप कम्पनी)
Chennai Petroleum Corporation Limited
(A group company of IndianOil)



वा षि क प्र ति वे द न 2013 - 2014
ANNUAL REPORT 2013 - 2014

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REGISTERED OFFICE No.536, Anna Salai, Teynampet, Chennai - 600 018.	AUDITORS M/s. S. Venkatram & Co. Chartered Accountants Old No.285, New No.218, TTK Road, Alwarpet Chennai 600 018.
REFINERIES Manali Refinery, Manali, Chennai - 600 068. Cauvery Basin Refinery Panangudi Village, Nagapattinam District, Tamil Nadu	M/s. Chandran & Raman Chartered Accountants, No.2, Dr. Radhakrishnan Road, 2nd Street, Mylapore, Chennai 600 004.
Website: www.cpcl.co.in	COST AUDITORS Mr. K. Suryanarayanan Flat A, Brindhavan Apartments, No.1, Poes Road, 4th Street, Teynampet, Chennai 600 018.
PRINCIPAL BANKER State Bank of India Corporate Accounts Group Branch Egmore, Chennai - 600 006.	PUBLIC INFORMATION OFFICER Mr.S.Vaidyanathan Senior Manager (Corporate Communications)
COMPLIANCE OFFICER Mr.P.Shankar Company Secretary	

•• REGISTRARS & SHARE TRANSFER AGENTS ••

M/s. Karvy Computershare Private Limited

Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

Akshaya Plaza, I Floor, Flat No F - 11,

New No : 108, Adhithanar Salai, Egmore, Chennai - 600 002.



Vision

To be the most admired Indian energy company through world class performance creating value for stakeholders



Mission

To manufacture and supply petro products at competitive prices & meeting the quality expectations of the customer

To pro-actively fulfill social commitments, including environment and safety

To constantly innovate new products and alternate fuels

To recognize Human Resources as the most valuable asset and foster a culture of participation for mutual growth

To ensure high standards of business ethics and corporate governance

To maximize growth, achieve national pre-eminence and maximize stakeholders wealth



Corporate Information

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Board of Directors

Mr. S. Venkataramana

*Director (Operations) &
Managing Director (i/c)*

Mr. T.S. Ramachandran

Director (Technical)

Mr. Sanjiv Singh

*Director (Refineries)
Indian Oil Corporation Limited*

Mr. Mohan Lal

*Director (R&A)
Ministry of Petroleum & Natural Gas
Government of India*

Mr. M.H. Ghodsi

*Director
Naftiran Intertrade Company Limited*

Mr. Ahmad Azmoodeh

*Director,
Naftiran Intertrade Company Limited*

Mr. L. Sabaretnam

*Director,
Coromandel Sugars Limited*

Mr. Venkatraman Srinivasan

*Senior Partner,
V. Sankar Aiyar & Co.,
Chartered Accountants*

Mr. G. Ramaswamy

*Managing Partner,
M/s. G. Ramaswamy & Co.,
Chartered Accountants*



Executives

Mr. D.P. Naidu
Chief Vigilance Officer

Mr. V. Srinivasan
General Manager (Corporate Planning)

Mr. R. Chidambaram
General Manager (Cauvery Basin Refinery)

Mr. A. Paul Christudass
General Manager (Finance)

Mr. S. Asokan
General Manager (Human Resources)

Mr. S. Visveswaran
General Manager (Technical)

Mr. G. Aravindan
General Manager (Maintenance)

Mr. A. Kumar
General Manager (Projects, Development and R&D)

Mr. G. Suresh Kumar
General Manager (Services)

Mr. P. Shankar
Company Secretary

NOTICE

Notice is hereby given that the 48th Annual General Meeting of the Shareholders of the Company will be held at **3.00 pm on Wednesday, the 20th August 2014 at Kamaraj Arangam, 492, Anna Salai, Chennai - 600 006**, to transact the following businesses.

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Statement of Profit and Loss of the Company for the period from 1st April 2013 to 31st March 2014 and the Audited Balance Sheet as at 31st March 2014, together with the Directors' Report and the Auditors' Report.
2. To appoint a Director in place of Mr.T.S.Ramachandran (DIN:03589996) who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESSES:

3. APPOINTMENT OF MR.MOHAN LAL AS A DIRECTOR

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

"RESOLVED that pursuant to the provisions of Companies Act, 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.Mohan Lal (DIN:06419725), who was appointed as an Additional Director by the Board of Directors effective 21.08.2013 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director liable to retire by rotation."

4. APPOINTMENT OF SHRI G. RAMASWAMY AS A DIRECTOR OF THE COMPANY

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

"RESOLVED that pursuant to the provisions of Companies Act, 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.G.Ramaswamy (DIN:03048826), who was appointed as an Additional Director by the Board of Directors effective 07.11.2013 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation."

5. APPOINTMENT OF SHRI SANJIV SINGH AS A NOMINEE DIRECTOR OF INDIAN OIL CORPORATION LIMITED ON THE BOARD OF DIRECTORS OF THE COMPANY

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

"RESOLVED that pursuant to the provisions of Companies Act, 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.Sanjiv Singh (DIN No 05280701) who was appointed as an Additional Director by the Board of Directors effective 03.07.2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director, liable to retire by rotation."



6. RATIFICATION OF REMUNERATION OF COST AUDITOR FOR THE YEAR 2014-15

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

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.1,70,000 per annum (Rupees one lakh seventy thousand only) plus applicable taxes and out of pocket expenses if any, to conduct the audit of cost accounts maintained by the company for the financial year 2014-15 and Rs.30,000 (Rupees Thirty Thousand only) per annum plus applicable taxes towards certification fee for compliance report in respect of activity of power generation for the financial year 2014-15 payable to Mr.K.Suryanarayanan, Cost & Management Accountant, Chennai, the cost auditor of the company be and is hereby ratified”

7 TAKING NOTE OF EROSION OF MORE THAN 50% OF THE NET WORTH OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) and other applicable Acts, the Company hereby considers and takes note of the erosion of more than 50% of the Networth of the Company as at the end of the financial year ended 31.03.2014 in relation to its peak networth during the immediately preceding four financial years” .

By order of the Board of Directors
For Chennai Petroleum Corporation Limited

(P. SHANKAR)

Company Secretary

Regd. Office: 536, Anna Salai,

Teynampet, Chennai 600 018.

Email id: shankarp@cpcl.co.in

CIN: L40101TN1965GOI005389

Date : 16.07.2014

Place : Chennai

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. As per the provisions of the Companies Act, 2013, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.
4. 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.
5. Members / Proxies/Authorised Representatives are requested to bring the attendance slip duly filled and signed along with copy of Annual Report to the meeting.
6. 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.

Chennai Petroleum Corporation Limited

7. The Register of Members and the Share Transfer Books of the Company will remain closed from 12.08.2014 to 20.08.2014 (both days inclusive).
8. A statement setting out the material facts in respect of resolutions set out under “Special Businesses” of the Notice pursuant to Sub Section 1 of Section 102 of The Companies Act, 2013 is annexed hereto.
9. Members may send their requests for change / updation of Address, Email address, Nominations:
 - i) For shares held in dematerialised form - to their respective Depository Participant.
 - ii) For shares held in physical form - to the RTA, M/s Karvy Computershare Private Limited, Hyderabad or at the registered office of the Company.
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 Private Limited, the share transfer agents of the Company.
11. The shares of the Company are compulsorily traded in dematerialised form and therefore, the shareholders are requested to dematerialise their shares to facilitate trading in CPCL shares.
12. As per the provisions of the Companies Act, 2013, 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**. Shareholders holding shares in Demat form may contact their Depository Participant for nomination.
13. A brief Resume of the Directors of 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 48th Annual General Meeting.
14. The relevant documents are available for inspection by the members at the Registered Office of Company at any time during the working hours till the date of meeting.
15. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with Rules made thereunder, copies of the Annual Report 2013-2014, Notice of the 48th AGM and instructions for e-voting alongwith the Attendance Slip and Proxy Form are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2013- 2014, etc., are being sent by the permitted mode. Members holding shares in physical form can send their email address for registration to **einwardris@karvy.com / mohsin.mohd@karvy.com** quoting the Folio Number and Name of the Company.
16. The Annual Report duly circulated to the Members of the Company, is available on the Company's Website at **www.cpcl.co.in**.
17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy), on all resolutions set forth in this Notice. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Friday, July 18, 2014, are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach Karvy for issuance of the User ID and Password for exercising their right to vote by electronic means.

The Company has entered into an arrangement with Karvy for facilitating e-voting for AGM.



The instructions for e-voting are as under :

A. In case a Member receives Notice of AGM through email (for Members whose addresses are registered with the Company/Depositories) :

- i. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
- ii. Enter the login credentials i.e., user id and password mentioned in your email. Your Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing USER ID and password for casting your vote.
- iii. After entering the details appropriately, click on "LOGIN".
- iv. You will reach the 'password change' menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.,). The system will prompt you to change your password. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVEN (e-voting Event Number) i.e., **Chennai Petroleum Corporation Limited**.
- vii. On the voting page, the number of shares (which represents the number of votes) as held by the member will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR"/"AGAINST" as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- ix. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. **Once you confirm, you will not be allowed to modify your vote subsequently.** During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.,) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through email lalitha.companysecretary@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format "Corporate Name_EVEN No."
- xi. The Portal will remain open for voting from: **August 14 , 2014 (9.30 a.m.) till August 16, 2014 (5.30 p.m.)**
- xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual available at the "download" section of <https://evoting.karvy.com> or contact Karvy on 040- 44655000/ 44655152 for any further clarifications.

B. In case of Members who receive physical copy of the Annual Report (for members whose email addresses are not registered with the Company/Depositories) :

- i. User ID and password as provided by Karvy.
- ii. Please follow steps from Sl No. (i) to (xii) under heading A above to vote through e-voting platform.

C. General Instructions :

- i. The e-voting period commences from **9.30 a.m. on 14.08.2014 and ends at 5.30 p.m. on 16.08.2014**. During this period, the members of the Company, holding shares either in physical form or in demat form, as on 18.07.2014 may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter.
- ii. The voting rights of the shareholders shall be in proportion to their share of the paid up share capital of the company.
- iii. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- iv. The Company has appointed Ms.S.Lalitha, Practicing Company Secretary as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- v. The Scrutiniser shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- vi. The results declared along with the Scrutiniser's Report shall be placed on the Company's website **www.cpcl.co.in** and on the website of Karvy - **www.evoting.karvy.com**, within two days of the passing of the resolutions at the 48th Annual General Meeting of the Company and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.

STATEMENT SETTING OUT THE MATERIAL FACTS RELATING TO THE SPECIAL BUSINESSES IN PURSUANCE OF SECTION 102 (1) OF THE COMPANIES ACT, 2013

Item No. 3

Mr.Mohan Lal was appointed as an Additional Director with effect from 21.08.2013. As per the provisions of Section 161 of the Companies Act, 2013, Mr.Mohan Lal will hold office only upto the date of the 48th Annual General Meeting of the Company.

A Notice under section 160 of the Companies Act, 2013 has been received proposing the appointment of Mr.Mohan Lal as a Director. Hence, this resolution is proposed.

Memorandum of Interest:

None of the Directors , Key Managerial Personnel and their relatives are interested in the resolution except Mr.Mohan Lal.

Item No.4

Mr.G.Ramaswamy was appointed as an Additional Director with effect from 07.11.2013. As per the provisions of Section 161 of the Companies Act, 2013, Mr.G.Ramawamy will hold office only upto the date of the 48th Annual General Meeting of the Company.

A Notice under section 160 of the Companies Act, 2013 has been received proposing the appointment of Mr.G.Ramaswamy as a Director. Hence, this resolution is proposed.

Memorandum of Interest:

None of the Directors, Key Managerial Personnel and their relatives are interested in the resolution except Mr.G.Ramaswamy.

**Item No. 5**

Mr. Sanjiv Singh was appointed as an Additional Director with effect from 03.07.2014. As per the provisions of Section 161 of the Companies Act, 2013, Mr.Sanjiv Singh will hold office only upto the date of the 48th Annual General Meeting of the Company.

A Notice under section 160 of the Companies Act, 2013 has been received proposing the appointment of Mr.Sanjiv Singh as a Director. Hence, this resolution is proposed.

Memorandum of Interest:

None of the Directors, Key Managerial Personnel and their relatives are interested in the resolution except Mr.Sanjiv Singh.

Item No. 6

The proposal for appointment of Mr.K.Suryanarayanan, Cost and Management Accountant, Chennai as the Cost Auditor of Manali Refinery and Cauvery Basin Refinery of the Company for the Financial Year 2014-15 at a remuneration of Rs. 1,70,000/annum plus applicable taxes and out of pocket expenses, if any, to conduct the audit of cost accounts maintained by the company and at Rs. 30,000/annum plus applicable taxes towards certification fee for compliance report in respect of activity of power generation for the Financial Year 2014-15 was recommended by the Audit Committee at the Meeting held on 16.05.2014 and also approved by the Board of Directors of the Company at the meeting held on 16.05.2014.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditor recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders of the company.

Hence the present resolution for remuneration of Rs. 1,70,000/- per annum plus applicable taxes and out of pocket expenses, if any, to conduct the audit of cost accounts maintained by the company and at Rs. 30,000/- per annum plus applicable taxes towards certification fee for compliance report in respect of activity of power generation for the Financial Year 2014-15 payable to Mr.K.Suryanarayanan, Cost & Management Accountant, Chennai, the cost auditors of the company is proposed for ratification by the shareholders.

Memorandum of Interest:

None of the Directors, Key Managerial Personnel and their relatives are interested in the resolution except the cost auditor.

Item No. 7

As per Section 23 of The Sick Industrial Companies (Special Provisions) Act 1985, if the accumulated losses of an industrial undertaking as at the end of any financial year have resulted in erosion of 50% or more of its peak networth during the immediately preceding four financial years, such company is required:

- a) To report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR)
- b) To hold a General Meeting of the shareholders of the company for considering such erosion.
- c) The Board of Directors shall forward to every member of the company a report as to such erosion and the causes for such erosion.

The peak networth of CPCL during the last four years was Rs. 3793 crores. If the networth is reduced to less than 50% of such peak net worth, i.e. Rs. 1897 Crore, a report to BIFR on the fact of such erosion is required to be made. The loss of CPCL for the Financial Year ending 31st March, 2014 was Rs.304 crore and consequently the networth reduced to Rs. 1722 crore, which resulted in erosion of more than 50% of its peak networth over the last four Financial Years. Considering the net worth of Rs.1722 crore as on 31.03.2014, the fact of such erosion is to be reported to the BIFR.

The Directors, therefore, recommend the Ordinary Resolution for consideration and taking note of.

Memorandum of Interest:-

None of the Directors, Key Managerial Personnel and their relatives are interested in the resolution.

REPORTING UNDER SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

The peak network of CPCL during the last four years was Rs. 3793 crores. If the network is reduced to less than 50% of such peak net worth, i.e. Rs. 1897 Crore, a report to Board for Industrial and Financial Reconstruction (BIFR) on the fact of such erosion is required to be made. The loss of CPCL for the Financial Year ending 31st March, 2014 was Rs.304 crore and consequently the network reduced to Rs. 1722 crore, which has resulted in erosion of more than 50% of its peak network over the last four Financial Years. Considering the network of Rs.1722 crore as on 31.03.2014, the fact of such erosion is to be reported to the BIFR within a period of 60 days from the date of adoption of accounts by the shareholders of the company.

REASONS FOR LOSSES

The following major factors adversely impacted the financial performance of the company during the years 2012-13 and 2013-14

- High Volatility in crude and product prices resulting in lower effective cracks.
- Unprecedented depreciation of the Indian Rupee against the US Dollar and volatility in foreign exchange market resulting in exchange fluctuation loss.
- Higher interest expenditure due to increased working capital requirements, inadequate internal accruals and servicing of loans on completed projects.
- Lower crude thruput during the year 2012-13 due to revamp shutdown of Refinery II, unplanned shutdown of Refinery III for packing replacement and reduced distillate yields.
- Higher CST under recovery.

MEASURES BEING TAKEN TO IMPROVE THE OPERATIONAL AND FINANCIAL PERFORMANCE

The Company has initiated following measures to achieve improvement in both Physical and Financial Performance:

Operational improvements and efficiencies:

Various margin improvement measures initiated by the company in the areas of energy conservation and consequent reduction in fuel & loss, value addition measures and optimization of crude mix are expected to improve the profitability.

Implementation of Resid Upgradation project:

The Residue Upgradation Project being implemented at a capital outlay of Rs. 3110 Crore is expected to significantly improve the Gross Refining Margins due to the conversion of bottoms into middle distillates. Keeping in view the huge requirement of funds for the project, the company has approached Oil Industry Development Board (OIDB) to sanction 50% of the outlay as loan for the project which is expected to bring down the overall financing cost of the project.

Focus on Cost containment:

The company has identified specific cost containment measures in the areas of repairs & maintenance, staff cost and also optimization of utilities cost. These initiatives would yield results in the coming years. The company has requested Indian Oil Corporation Limited to reduce the credit period for payment towards supply of products so as to facilitate the reduction in working capital requirement and savings in interest cost.

Capital Infusion:

The company is exploring various options of infusion of capital which will augment the network of the company and reduce the interest cost.



BRIEF RESUME OF THE DIRECTORS OF THE COMPANY, SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 48TH ANNUAL GENERAL MEETING

1. Mr.T.S.Ramachandran, born on 25.11.1954, was appointed on the Board of CPCL as Director (Technical) effective 26.07.2011. Mr.T.S.Ramachandran is a First Class Honours Graduate in Electrical Engineering from the University of Calicut. Prior to his appointment as Director (Technical) in CPCL, he was General Manager, Indian Oil Corporation Ltd, He has more than three decades of experience in Indian Oil at Refineries Head Quarters, New Delhi and various Refineries in Gujarat, Guwahati and Mathura and across a wide spectrum of functions including projects, engineering services, contracts management, power & utilities etc.,
In CPCL, Mr.T.S.Ramachandran is a member of Shareholders' / Investors' Grievance Committee, Board Project Committee and Committee on Corporate Social Responsibility and Sustainability Development. Mr.T.S.Ramachandran is not holding any shares in the Company.
2. Mr.Mohan Lal, born on 10.04.1955, was appointed as a Director on the Board of CPCL effective 21.08.2013. He holds a Bachelors' Degree in Science (Non-Medical), Education and Law. He also holds a Masters Degree in Public Administration.
Mr.Mohan Lal is presently Director (Refinery & Administration) in the Ministry of Petroleum & Natural Gas. He has more than 35 years of Administrative experience in different departments of Government of India like Office of Accountant General, Haryana, Ministry of Health and Family Welfare, Department of Industrial Policy and Promotion and Ministry of New and Renewable Energy.
Mr.Mohan Lal is not holding any shares in the Company.
3. Mr.G.Ramaswamy born on 06.11.1954, was appointed as a Director on the Board of CPCL effective 07.11.2013. He is a practicing Chartered Accountant since 1984 and Managing Partner of M/s. G.Ramawamy & Co., Chartered Accountant Firm engaged in the field of taxation and company audit. He was the past President of the Institute of Chartered Accountants of India. He is also the Board Member of International Federation of Accountants, a World organisation for the Accountancy profession.
In CPCL, he is a member of the Audit Committee. He is not holding any shares in the Company.
4. Mr.Sanjiv Singh born on 30.06.1960 was appointed as a Director on the Board of CPCL effective 03.07.2014. Mr. Sanjiv Singh is a Graduate in Chemical Engineering from IIT, Roorkee and also acquired Diploma in Management.
Presently, he is Director (Refineries) of Indian Oil Corporation Limited. He has more than three decades of experience and worked in various positions at Mathura, Barauni and Panipat Refineries.
He is a member of the Projects Committee and Remuneration Committee of the Board. He is not holding any shares in the Company.

By order of the Board of Directors
For Chennai Petroleum Corporation Limited

P. SHANKAR

Company Secretary

*Regd. Office: 536, Anna Salai,
Teynampet, Chennai 600 018.*

Email id: shankarp@cpcl.co.in

CIN: L40101TN1965GOI005389

Date : 16.07.2014
Place : Chennai

REPORT ON CORPORATE GOVERNANCE: 2013-14

1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

CPCL believes that good Corporate Governance practices permeate beyond compliances to ensure ethical and efficient conduct of the affairs of the company. The Corporate Governance in the Company has been strengthened by formulating and adopting a well defined policy framework, inter-alia consisting of various codes and policies like code of Conduct for Board Members and Senior Management Personnel, Insider Trading Code, Risk Management Policy, Integrity Pact, Conduct, Discipline and Appeal Rules for Employees, CSR&SD Policy and Whistle-Blower Policy.

The Company continuously endeavours to foster a culture, wherein high standards of accountability and transparency are ingrained in all its operations and shared by its Board of Directors, Management and Employees.

2.0 GOVERNANCE STRUCTURE

The Governance mechanism in the Company is monitored by the following bodies :

2.1 BOARD OF DIRECTORS

The Board of Directors is at the helm of our Corporate Governance practice and monitors the activities of the Company to protect the interest of all the stakeholders. Your Company firmly believes that a vibrant and a well informed Board is crucial to ensure 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 once a month to review various aspects of Company's operations. During the year, 12 meetings were held.

2.3 MANAGEMENT COMMITTEE

Meetings of Management Committee are held once in a month focusing primarily on various functional issues. Managing Director, Functional Directors, Chief Vigilance Officer, General Managers and Heads of Department participate in the Meeting. The Management Committee Meeting provides a platform 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 Board Meetings and Committee Meetings are regularly followed. The Company Secretary ensures that all the Directors are provided with relevant information and documents for effective decision making. He is also responsible for ensuring compliance with the requirements of all the applicable laws.

3.0 BOARD OF DIRECTORS

- 3.1 The composition of the Board of Directors of the company is governed by the provisions of the Companies Act, Clause 49 of the Listing Agreement and the DPE guidelines on Corporate Governance for Central Public Sector Enterprises and the Articles of Association of the company. The Board of Directors of the Company has an optimum combination of both Executive and Non-Executive Directors.



As on 31.03.2014, CPCL Board comprises of the following categories of Directors:

- One Non-Executive Chairman, who is the Chairman of Indian Oil Corporation Limited (the Holding Company).
- Managing Director
- Three whole-time Functional Directors, viz., Director (Operations), Director (Finance) and Director (Technical).
- Director (Refineries) of Indian Oil Corporation Limited, representing holding company.
- One Director, representing Ministry of Petroleum & Natural Gas
- 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.
- Three non-functional part-time Directors.

Note: The post of Director (Finance) is vacant & Managing Director was holding additional charge as Director (Finance).

3.2 Out of the total number of eleven Directors as on 31.3.2014, 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 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 8 Independent Directors.

Presently, the Company has three Independent Directors. 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.

3.5 Information placed before the Board

The agenda placed before the Board inter-alia includes the following:

- Capital and Revenue Budget
- Memorandum of Understanding with Indian Oil Corporation Limited, the Holding Company.
- MoU Evaluation report
- Quarterly and Annual Financial results
- Minutes of the Meetings of the Sub-Committees of the Board
- New Project proposals requiring Board's approval
- Status of the various plan and non-plan projects
- Action Taken Report on the Risk Management Policy
- Quarterly Reports on Manpower, Safety, Investment, Borrowings, Cash Flow Statement, Plan and Non-Plan projects status.

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- General notices / matters of interest of Directors
- Secretarial Audit Report
- Compliance of applicable laws
- Action Taken Report on the decisions of the Board

3.6 Six Board Meetings were held during the year 2013-14 on the following dates:

Board Meeting No.	Board Meeting Date
289	28.05.2013
290	30.07.2013
291	21.08.2013
292	07.11.2013
293	05.02.2014
294	19.03.2014

3.7 Details relating to the following are given below:

- Attendance of Directors at the Board Meetings held during the financial year 2013-14 and at the last Annual General Meeting held on 21.08.2013.
- Number of other directorships, and
- Number of memberships / chairmanships held by the Directors in the committees of various companies

Name of the Directors	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM?	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. R.S. Butola	6	6	Yes	4	-	-
Mr. A.S. Basu (upto 31.05.2014)	6	6	Yes	2	4	-
Mr. S. Venkataramana	6	6	Yes	1	3	-
Mr.T.S.Ramachandran	6	6	Yes	-	3	-
Ms.D.Lilly (upto 31.07.2013)	2	2	NA	2	4	-
Mr. Rajkumar Ghosh (upto 30.06.2014)	6	6	Yes	2	7	-
Mr.L.Sabaretnam	6	5	Yes	13	-	5
Mr. Venkatraman Srinivasan	6	5	Yes	4	4	3
Prof. M.S. Ananth (upto 07.11.2013)	4	-	Yes	2	2	-
Mr.G.Ramaswamy (From 07.11.2013)	3	3	NA	1	1	-
Mr. Mohan Lal (from 21.08.2013)	4	3	NA	1	-	-
Mr.Ahmad Azmoodeh or his Alternate Director (from 23.05.2013)	6	3	No	1	2	-
Mr.Mohammad Hassan Ghodsai or his alternate Director	6	5	Yes	1	2	-



4.0 COMMITTEES OF THE BOARD

- 4.1 The Board has constituted four mandatory Committees, viz., Audit Committee, Shareholders'/ Investors' Grievance Committee, Remuneration Committee and Committee on Corporate Social Responsibility & Sustainability Development and two non-mandatory Committees, viz., Project Committee and Research Advisory Committee.
- 4.2 The minutes of the Committee Meetings are circulated to the members after approval by the Chairman of the Committee and also placed before the Committee and Board in subsequent Meetings for taking on record.

4.3 AUDIT COMMITTEE

4.3.1 Composition of the Committee as on 31.3.2014:-

1. Mr.L.Sabaretnam, Independent Director – Chairman.
2. Mr.Ahmad Azmoodeh, Director – Member
3. Mr. Venkatraman Srinivasan, Independent Director – Member
4. Mr.G.Ramaswamy, Independent Director – Member

Note: Mr. G.Ramaswamy has been nominated in place of Prof. M.S.Ananth effective 07.11.2013

4.3.2 Terms and reference of the 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 and appointment of CFO ie., Whole time Finance Director after assessing the qualification, experience and background of the candidate.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. 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.

6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
7. Reviewing with the Management, the performance of statutory and internal auditors, adequacy of the internal control systems.
8. 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.
9. Discussion with internal auditors any significant findings and follow up thereon.
10. 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.
11. 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.
12. 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.
13. To review the functioning of the Whistle-Blower Mechanism, in case the same is existing.
14. 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 2013-14 and the Members present are given below:

Members Present	Date of the Meeting				
	27.05.2013	29.07.2013	21.08.2013	06.11.2013	05.02.2014
Mr. L.Sabaretnam	✓	✓	✓	✓	✓
Mr. Venkatraman Srinivasan	LoA	✓	✓	✓	✓
Prof. M.S. Ananth	✓	LoA	LoA	✓	-
Mr. G. Ramaswamy	-	-	-	-	✓
Mr. Ahmad Azmoodeh or his Alternate Director	✓	✓	LoA	✓	✓

Note : LoA denotes Leave of Absence

4.4 REMUNERATION COMMITTEE

4.4.1 The Board of Directors of the Company at the 262nd 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 as on 31.03.2014

The Remuneration Committee comprises of the following members :

- Mr. L. Sabaretnam, Independent Director – Chairman
- Mr. Venkatraman Srinivasan, Independent Director – Member
- Mr. S.Venkataramana, Director (Operations) – Member
- Mr.A.S.Basu, MD & D(F) – Member
- Mr. Rajkumar Ghosh, Director – Member

Note: Ms.D.Lilly was a member till 31.07.2013, the date of her superannuation. Mr.A.S.Basu, Managing Director, has been holding additional charge as Director (Finance) till 31.05.2014, the date of his superannuation. Mr. Sanjiv Singh has been nominated in place of Mr. Rajkumar Ghosh who ceased to be a member effective 30.06.2014



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 No Meeting was held during the financial year 2013-14

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 2013-14 is given below:

(₹ in Lakhs)

Name of the Director	Salaries & Allowances	Contribution to Provident Fund / Superannuation Fund etc	Other Benefits	Total
Mr. A.S. Basu	17.44	3.84	0.37	21.65
Mr.S. Venkataramana	20.13	3.62	0.12	23.87
Mr.T.S.Ramachandran	18.55	3.77	0.21	22.53
Ms.D.Lilly (till 31st July 2013)	11.53	1.28	0.01	12.82

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 payable to the eligible Directors for attendance at the meetings of the Board and its Committees is Rs.20000/-

4.4.8 The details of the sitting fees paid to non-executive Directors during 2013-14 are given below:

Mr.L.Sabaretnam	- ₹ 2,40,000/-
Mr. Venkatraman Srinivasan	- ₹ 1,80,000/-
Prof. M.S. Ananth	- ₹ 40,000/-
Mr. G. Ramaswamy	- ₹ 80,000/-

4.4.9 Shares held by Non-executive Directors:

Mr. L. Sabaretnam	- 35 shares
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4.5 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

4.5.1 Composition of the Committee as on 31.3.2014:-

1. Mr.L.Sabaretnam, Director, Coromandel Sugars Limited
2. Mr.A.S.Basu, MD & D(F)
3. Mr.T.S. Ramachandran, Director (Technical)
4. Mr.M.H. Ghodsi, Director, Naftiran Intertrade Company Ltd.

Mr.L.Sabaretnam, a Non-Executive Director is the Chairman of the Committee.

Note : Ms.D.Lilly was a member till 31.07.2013, the date of her superannuation. Mr.A.S.Basu, Managing Director, has been holding additional charge as Director (Finance) till 31.05.2014, the date of his superannuation.

4.5.2 Terms of Reference

To specifically look into the redressal of Shareholders' and Investors' complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of Dividends, etc.

4.5.3 The details of Shareholders' / Investors' Grievance Committee Meetings held during the Financial Year 2013-14 and Members present are given below:

Members Present	Date of the Meeting		
	29.07.2013	06.11.2013	05.02.2014
Mr. L.Sabaretnam	✓	✓	✓
Ms. D. Lilly	✓	-	-
Mr. T.S.Ramachandran	✓	✓	✓
Mr. Mohammad Hassan Ghodsi	✓	✓	LoA
Mr. A.S.Basu	-	✓	✓

Note : LoA denotes Leave of Absence

4.5.4 Name and designation of Compliance Officer:-

Mr.P.Shankar, Deputy Secretary has taken charge as Company Secretary effective 02.09.2013 and he is the compliance officer.

4.5.5 Number of shareholders' complaints received during the year 2013-14 and Number of pending complaints for the period from 01.04.2013 to 31.03.2014 are given below:

Sl No.	Nature of Complaints / Requests	Opening Balance as on 1.4.2013	Received during the Financial year 2013-14	Total	Solved During Financial Year 2013-14	Pending as on 31.03.2014
1	Non-receipt of dividend warrants	0	335	335	335	0
2	Non-receipt of refund orders	0	6	6	6	0
3	Non-receipt of share certificates	0	34	34	34	0
4	Non-receipt of stickers against payment of allotment/call money	0	1	1	1	0
5	Non-receipt of Annual Reports	0	54	54	54	0
6	Non-receipt of Duplicate Share Certificate	0	0	0	0	0
7	Non-receipt of Share Certificate Sent for Transfers	0	6	6	6	0
	Total	0	436	436	436	0



4.6 PROJECT COMMITTEE

4.6.1 The Composition of Project Committee as on 31.03.2014 is as follows:

1. Mr. L. Sabaretnam, Independent Director – Chairman
2. Mr. Rajkumar Ghosh, Member
3. Mr.A.S.Basu, MD & D(F), Member
4. Director (Technical) or Director (Operations), depending upon the Proposal considered

Note: Ms.D.Lilly was a member till 31.07.2013, the date of her superannuation. Mr.A.S.Basu, Managing Director, has been holding additional charge as Director (Finance) till 31.05.2014, the date of his superannuation. Mr. Sanjiv Singh has been nominated in place of Mr. Rajkumar Ghosh who ceased to be a member effective 30.06.2014

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 No meeting was held during the Financial Year 2013-14

4.7 COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY DEVELOPMENT:

4.7.1 The Composition of Committee on CSR & SD as on 31.03.2014 is as follows:

1. Mr. L. Sabaretnam, Independent Director – Chairman
2. Mr. S. Venkataramana, Director (Operations), Member
3. Mr.A.S.Basu, MD & D(F), Member
4. Mr. T.S. Ramachandran, Director (Technical), Member

Note: Ms.D.Lilly was a member till 31.07.2013, the date of her superannuation. Mr.A.S.Basu, Managing Director, has been holding additional charge as Director (Finance) till 31.05.2014, the date of his superannuation.

4.7.2 Terms of Reference

- To offer guidance / suggestions for improvement in CSR activities.
- To monitor the progress of the CSR Activities on a quarterly basis.
- To develop the sustainable development policy for the organization
- To provide guidance to the Management in identification of sustainable development projects
- To ensure preparation of implementation plans for the identified SD projects
- To approve the Sustainable Development budget for each accounting year
- To provide guidance in implementation of SD policy and SD projects
- To monitor and review implementation of SD projects and budget expenditure.

4.7.3 The details of CSR & SD Committee Meetings held during the Financial Year 2013-14 alongwith the Members present are given below:

Members Present	Date of the Meeting	
	21.05.2013	31.10.2013
Mr. L.Sabaretnam	✓	✓
Mr. S. Venkataramana	✓	✓
Ms. D.Lilly	✓	-
Mr. A.S.Basu	-	✓
Mr. T.S.Ramachandran	✓	✓

The Board of Directors of the Company at the 289th Meeting held on 28.05.2013 accorded approval for the proposal to merge CSR Committee and Committee on Sustainability Development and renamed the Committee as CSR and SD Committee of the Board.

5.0 COMPLIANCE WITH MANDATORY REQUIREMENTS OF CORPORATE GOVERNANCE

5.1 Compliance of Applicable Laws

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 01.10.2012 to 30.09.2013 at the 292nd Board Meeting held on 07.11.2013.

5.2 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.

To ensure alignment of Risk Management system with the Corporate and operational objective and to improve upon the existing procedure, the Executive Committee at its 246th Meeting held on 26.04.2011 constituted a Committee comprising of officials from various functional areas to identify the risks in the present context, prioritise them and formulate proper action plan for implementation. The Committee has formulated the Risk Management Policy with effect from 2012-13.

The Action Taken Report on the Risk Management Policy for the year 2013-14 was reviewed by the Board at the Meeting held on 24.05.2014.



5.3 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 67th Audit Committee Meeting held on 24.05.2014 and also placed before the Board of Directors at the 296th meeting held on 24.05.2014.

5.4 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 31.03.2014 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 31.3.2014 and the same was informed to the Board at the 296th Meeting held on 24.05.2014."

Place : Delhi

Date : 24.05.2014

A.S.BASU

Managing Director

5.5 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 260th 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.

5.6 Compliance Certificate

Department of Public Enterprises (DPE) has 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 less than half of the total strength of the Board. The Company has taken up the issue with the appointing authority, viz., Government of India. The appointment of additional Independent Directors is under the consideration of Government of India.

Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance 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 as required under the Clause 49 and DPE Guidelines and the Certificates are given as annexures to the Directors' Report.

6.0 COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

(i) Training to Directors

Training to Directors in the area of Corporate Governance is always given utmost importance by Management. The new Directors are nominated for relevant training programmes on need basis.

(ii) Evaluation of performance of Non-Executive Directors

CPCL, being a Government Company, the performance of the Board of Directors as a whole including Non-Executive Directors are reviewed by Government of India / Indian Oil Corporation Limited at the time of evaluation of Memorandum of Understanding entered into by CPCL with IOC, the holding Company and also while reviewing the Quarterly performance of the Company by the Ministry of Petroleum and Natural Gas, Government of India.

(iii) Whistle-Blower Policy

The Board of Directors of the Company at the 260th 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.

(iv) Half-Yearly Financial Results

Presently, the half-yearly financial results and the significant events are displayed in the website of the Company for the information of the shareholders.



7.0 DISCLOSURES

The following are the disclosures as required under Clause 49 of the Listing Agreement, DPE Guidelines on Corporate Governance and Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs :

7.1 Materially significant Related Party Transactions

Necessary disclosures have been made under the Accounting Standards 18 relating to the Related Party transactions forming part of the Accounts for the year 2013-14.

7.2 Details of Non-Compliance during last three years

There were no cases of Non-compliance by the Company and no penalties / strictures were enforced on the Company by Stock Exchange / SEBI / any statutory authority, on any matter related to capital markets during the last three years.

7.3 Accounting Aspects

- In the preparation of financial statement for the year 2013-14, the Company has not adopted an accounting treatment which is different from that prescribed in the Accounting Standard, in respect of any transaction.
- The Company has not incurred any expenditure not for the purpose of business during the year 2013-14.
- The Company has not incurred any expenses which are personal in nature for the Board of Directors and Key Management Personnel.
- The administrative and office expenses as a percentage of total expenses is 0.22% as compared to the previous year figure of 0.29%.
- The cost statements for the financial year 2013-14 will be filed before 30.09.2014 in XBRL mode.

7.4 Directors

- The Directors on the Board of CPCL are not related to each other.
- The letters issued to Non-Executive Directors on their appointment are displayed in the website of the Company.

7.5 Presidential Directives

The Company has been meticulously following the presidential directives and other guidelines issued by the Ministry of Petroleum and Natural Gas and the Department of Public Enterprises from time to time regarding reservation in services for SC / ST / OBC and Physically Challenged.

7.6 Nomination Committee

As per the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, the Company may have a Nomination Committee for evaluating and recommending Executive Directors, Independent Directors and Non-Executive Directors and the work done by the Committee is to be published in the Annual Report.

CPCL is a Government Company under Section 2(45) of the Companies Act, 2013. The Functional Directors are appointed by the Government of India. The Independent Directors are also to be appointed by the Government of India as per the procedures prescribed in the DPE Guidelines. In view of the above, the need is not felt for constituting a Nomination Committee.

8.0 MEANS OF COMMUNICATION

8.1 Financial Results

The Board of Directors of the Company approve the Un-audited Quarterly Financial Results in the prescribed form within 45 days, 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).

The Quarterly Results, Half yearly Results, Annual Results and Shareholding pattern are placed on the Company's web site at **www.cpcl.co.in**. Press releases are given on important occasions. They are also placed on Company's website.

8.2 Website

The Company's website, **www.cpcl.co.in** provides separate section for Investors where relevant Shareholders information is available. The Annual Report of the Company is also displayed in the website alongwith the other details like Share price, unclaimed dividend, Press Release, etc.

8.3 Chairman's Speech at AGM

Chairman's Speech at AGM 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.

8.4 Management Discussion and Analysis Report forms part of the Directors' Report 2013-14.

9.0 GENERAL SHAREHOLDER INFORMATION

9.1 Details of last three Annual General Meetings

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
12.09.2011	Kamaraj Arangam, 492, Anna Salai, Chennai 600 006	02.30 pm	1
11.09.2012	- do -	02.30 pm	1
21.08.2013	Narada Gana Sabha, 314, T.T.K.Road, Chennai - 600 018	03.00 pm	Nil



9.2 Postal Ballot Details:

No Resolution was passed by Postal Ballot during 2013 - 14.

9.3 48th Annual General Meeting

Date & Time : 20th August 2014 ; 03.00 p.m.
Venue : Kamaraj Arangam,
492, Anna Salai, Chennai – 600 006

9.4 Financial Calendar : April – March

9.5 Book Closure Date : 12.08.2014 to 20.08.2014 (both days inclusive)

9.6 Dividend despatch date : The Board has not recommended any dividend for the year 2013 - 14

9.7 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 2014-15 has been paid.

9.8 Stock Code : Madras Stock Exchange Ltd. - CPCL /
BSE – 500110

9.9 Trading Symbol in NSE : CHENNPETRO
Trading Symbol in
Madras Stock Exchange : CHENNAI PET

9.10 ISIN No. for dematerialized shares : INE 178A 01016

9.11 Market Price Data-High, Low and Close during each month in the last Financial Year (in Rupees)

	National Stock Exchange			Bombay Stock Exchange		
Month	High	Low	Close	High	Low	Close
Mar 2014	69.80	57.85	68.45	69.60	58.00	68.50
Feb 2014	69.35	57.50	58.45	69.50	57.65	58.30
Jan 2014	72.25	64.65	64.80	72.75	64.50	64.75
Dec 2013	72.25	61.35	69.55	72.45	61.80	69.45
Nov 2013	77.9	53.0	65.05	78.20	52.05	65.30
Oct 2013	57.15	51.75	52.80	57.45	52.00	52.65
Sep 2013	74.20	53.75	55.50	73.50	54.55	55.60
Aug 2013	74.00	57.95	58.45	73.35	57.70	58.50
Jul 2013	87.00	70.00	71.90	87.00	70.30	72.10
Jun 2013	99.50	79.00	84.10	100.20	79.10	84.65
May 2013	101.95	99.00	99.25	101.55	99.00	99.15
Apr 2013	125.90	105.00	108.65	125.95	101.65	108.90

Chennai Petroleum Corporation Limited

9.12 Performance of CPCL's Shares in comparison to BSE and NSE Index

Month	National Stock Exchange		Bombay Stock Exchange	
	Closing price in ₹	Index (CNX 500)	Closing price in ₹	Index (S&P BSE500)
APR-13	108.65	4641.75	108.9	7385.25
MAY-13	99.25	4681.45	99.15	7441.89
JUN-13	84.1	4510.9	84.65	7164.06
JUL-13	71.9	4379.65	72.1	6985.56
AUG-13	58.45	4175.85	58.5	6673.96
SEP-13	55.5	4392.05	55.6	7019.96
OCT-13	52.8	4804.85	52.65	7656.62
NOV-13	65.05	4770.1	65.3	7598.21
DEC-13	69.55	4914.85	69.45	7828.34
JAN-14	64.8	4709.15	64.75	7499.02
FEB-14	58.45	4849.5	58.3	7709.75
MAR-14	68.45	5224.85	68.5	8295.26

9.13 Registrars and Share Transfer Agents

(a) Hyderabad Office:

Karvy Computershare Private Limited
Unit : Chennai Petroleum Corporation Limited
Plot No. 17 to 24, Near Image Hospital, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Phone : 040 – 44655000 / 44655152
Fax : 040 - 44655024
E-mail : mohsin.mohd@karvy.com, einward.ris@karvy.com
Website : www.karvycomputershare.com

b) Chennai Office:

Karvy Computershare Private Limited
Unit: Chennai Petroleum Corporation Limited
Akshaya Plaza, Ist Floor, Flat No.F-11
New No.108, Adhithanar Salai,
(Opp: Chief City Metropolitan Court)
Egmore
Chennai 600002
Phone: 044-28587781 / 42028512 / 513
Fax : 044-42028514
Email id : chennaiirc@karvy.com



9.14 Share Transfer System

- a) To expedite the share transfer process, the Board of Directors has constituted a Share Transfer Committee (STC). Presently the STC comprises of Mr.P.Shankar, Company Secretary and Mr.A.S.Sriram, Officer (Secretarial) to approve share transfers, transmission of shares, dematerialisation requests and rematerialisation requests etc.,
- b) The number of transfers approved and shares transferred from 01.04.2013 to 31.03.2014 are given below:

SLNo.	Particulars	Number of Transfer Deeds	Number of Shares Involved
1	Number of transfer deeds received	191	16948
2	Transfer deeds processed	114	7848
3	Defective transfer deeds sent to the proposed transferee for rectification of defects	77	9100

- c) The number of meetings held for approving the Share Transfers from 01.04.2013 to 31.03.2014 is 38.
- d) The number of demat requests approved and shares dematted from 01.04.2013 to 31.03.2014 in National Securities Depository Ltd. (NSDL) are given below:-

SLNo.	Particulars	Number of Demat Request Form (DRF)	Shares
1	Number of demat requests received	250	32700
2	Number of demat requests processed	195	25800
3	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of NSDL	55	6900

- e) The number of meetings held for approving the demat requests through NSDL from 01.04.2013 to 31.03.2014 is 39.
- f) The number of demat requests approved and shares dematted from 01.04.2013 to 31.03.2014 in Central Depository Services (India) Ltd. (CDSL) are given below:

SLNo.	Particulars	Number of Demat Request Form (DRF)	Number of Shares Involved
1	Number of demat requests received	127	13400
2	Number of demat requests processed	85	9200
3	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of CDSL	42	4200

- g) The number of meetings held for approving the demat requests through CDSL from 01.04.2013 to 31.03.2014 is 30.

Chennai Petroleum Corporation Limited

9.15 Distribution of Shareholding as on 31.03.2014

Shareholding of nominal value	Shareholders		Share Amount	
Rs.	Number	% to total	Rs.	% to total
Upto - 5000	57010	94.53	60519640.00	4.06
5001 - 10000	1699	2.82	13643430.00	0.92
10001 - 20000	777	1.29	11480720.00	0.77
20001 - 30000	277	0.46	7052320.00	0.47
30001 - 40000	118	0.20	4220980.00	0.28
40001 - 50000	94	0.16	4398780.00	0.30
50001 - 100000	184	0.31	12812600.00	0.86
100001 & above	148	0.25	1374985530.00	92.34
TOTAL	60307	100.00	1489114000.00	100.00

9.16 Shareholding Pattern as on 31.03.2014

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)	1269100	10251846	11520946	7.74	11494	41761	53255
Bodies Corporate	23100	9560079	9583179	6.44	74	692	766
Banks, FIs and Insurance Companies	100	20084272	20084372	13.49	1	21	22
Mutual Funds and UTI	9000	1243845	1252845	0.84	16	5	21
Foreign Institutional Investors	4200	5098804	5103004	3.43	11	19	30
Non-Resident Indians/OCBs/FN	620200	548754	1168954	0.78	4667	1544	6211
TOTAL	1925700	146985700	148911400	100.00	16263	44044	60307



9.17 Top Ten Shareholders as on 31.03.2014 (Other than Promoters)

Sl. No.	Name of the Shareholder	No. of Shares	Shares as a percentage of total no. of shares
1	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	7331429	4.92
2	LIFE INSURANCE CORPORATION OF INDIA	6327823	4.25
3	THE NEW INDIA ASSURANCE COMPANY LIMITED	3821060	2.57
4	GENERAL INSURANCE CORPORATION OF INDIA	3341644	2.24
5	LIC OF INDIA MARKET PLUS 1 GROWTH FUND	2318346	1.56
6	UNITED INDIA INSURANCE COMPANY LIMITED	1913334	1.28
7	CREDIT SUISSE (SINGAPORE) LIMITED	1803782	1.21
8	CLSA (MAURITIUS) LIMITED	1397642	0.94
9	NATIONAL INSURANCE COMPANY LTD	1135751	0.76
10	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA PLUS	808131	0.54
	TOTAL	30198942	20.28

9.18 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 31.03.2014, 1,46,985,700 equity shares have been dematerialized, representing 98.71 % of the paid-up capital.

9.19 Due date of Transfer of Unclaimed Dividend:

The due date of transfer of Unclaimed dividend to the Investor Education and Protection Fund are as under:

Year	Date of Declaration	Due Date of Transfer
2006-07	10.09.2007	09.10.2014
2007-08 - interim	15.05.2008	14.06.2015
2007-08 – final	08.09.2008	07.10.2015
2008-2009	No Dividend	
2009-2010	06.09.2010	05.10.2017
2010-2011	12.09.2011	11.10.2018
2011-2012	11.09.2012	10.10.2019
2012-2013	No Dividend	

The Ministry of Corporate Affairs (MCA) had notified the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies), Rules, 2012, in May 2012, by which every company is required to file information of all unclaimed and unpaid amount, as referred to under section 205C(2) of the Companies Act, within 90 days after holding of the Annual General Meeting, in prescribed Form. Thereafter, a detailed investor-wise information is required to be uploaded on the IEPF website as well as the website of the Company.

In line with the said rules, CPCL has filed the information for the financial year 2006-07 to 2012-13 in the prescribed form / format with the MCA / IEPF website and also hosted it on CPCL's website www.cpcl.co.in.

Chennai Petroleum Corporation Limited

- 9.20 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity

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

- 9.21 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]

- 9.22 Address for Correspondence

Chennai Petroleum Corporation Limited,
No.536, Anna Salai, Teynampet,
Chennai-600 018.

Phone: 044-24349833 / 24346807

Fax : 044-24341753

Email: sld@cpcl.co.in / shankarp@cpcl.co.in

CIN No. : L40101TN1965GOI005389

Company's Website Address: **www.cpcl.co.in**





FOR THE KIND ATTENTION OF SHAREHOLDERS :

(I) TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

The unclaimed dividend declared at the 41st AGM held on 10.09.2007 for the financial year ended 31.03.2007 will be transferred by the Company on or before 09.10.2014 to the Investor Education and Protection Fund in accordance with the rules framed in this regard by the Government.

The unclaimed dividend (interim) declared at the meeting held on 15.05.2008 for the financial year ended 31.03.2008 will be transferred by the Company on or before 14.06.2015 to the Investor Education and Protection Fund.

Similarly, the unclaimed dividend (final) declared at the 42nd AGM held on 08.09.2008 for the financial year ended 31.03.2008 will be transferred by the Company on or before 07.10.2015 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.

(II) GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs, as part of Green Initiatives in Corporate Governance, vide Circular No. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively has allowed paperless compliance by the Companies, which now can send various notices/documents such as Notice of the General Meetings, Annual Report, etc. to its shareholders through Electronic mode at their e-mail address registered with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their e-mail IDs with the Company / Share Transfer Agents by submitting the e-Communication Registration Form forming part of the Annual Report. In case of shareholders holding shares in demat form, they are requested to register their e-mail IDs with their respective Depository Participants.

COMPANY SECRETARY

SECRETARIAL AUDIT REPORT

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company for the financial year ended on 31st March 2014. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Secretarial Audit was conducted on the compliance of applicable provisions of the following, namely,

1. The Companies Act, 1956 and The Companies Act 2013 and the rules made there under.
2. The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
3. The Securities Contracts (Regulation) Act, 1956 and the rules made there under.
4. The Securities and Exchange Board of India Act, 1992 and the Rules, Guidelines and Regulations made there under, as applicable, including:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
5. Corporate Governance Voluntary Guidelines- 2009 issued by the Ministry of Corporate Affairs, Government of India;
6. The Listing Agreements entered into by the Company with National Stock Exchange, Bombay Stock Exchange and Madras Stock Exchange;
7. Guidelines on Corporate Governance for Public Sector Enterprises issued by Department of Public Enterprises.

Based on our examination and verification of the books, papers, minute books, registers, records, forms and returns filed and other documents/records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that the Company has, during the audit period covering the financial year ended on 31st March 2014, in our opinion, complied with the applicable provisions of the Companies Act, 1956 and the Companies Act 2013 and the rules made there under and of the various Acts and the Rules, Regulations and Guidelines and the listing agreement as mentioned above and of the Memorandum and Articles of Association of the Company and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. Maintenance of statutory registers and documents and making necessary entries therein.
2. Filing of the requisite forms and returns with the Registrar of Companies.
3. Service of documents by the company on its members, Registrar of Companies and the Stock Exchanges.
4. Closure of Register of Members and Share Transfer Books of the company.
5. Service of notice and agenda of Board meetings and meetings of the Committees of Directors.
6. Meetings of the Board and its committees including passing of resolutions by circulation.



7. Holding of Annual General Meeting and production of the statutory registers thereat. The 47th Annual General Meeting for the financial year ended 31st March 2013 was held on 21st August 2013.
8. Recording Minutes of the proceedings of General Meetings and meetings of Board and its committees.
9. Constitution of Board of Directors and appointment, retirement and reappointment of directors.
10. Remuneration of Directors.
11. Transfers and transmission of shares and issue and delivery of original and duplicate certificates of shares, dematerialization, rematerialization of shares.
12. Declaration and payment of dividend.

We were informed that dividend for the financial years 2010-11 and 2011-12, could not be remitted to the account of Naftiran Inter Trade Co Ltd (NICO), one of the promoters due to the sanctions imposed by the United States of America and European countries against Iran and therefore the amount is lying in the "Unpaid Dividend Account 2010-11 & 2011-2012 – NICO" with State Bank of India, CAG Branch, Chennai.

13. Remittance of amounts as required under the Act to the Investor Education and Protection Fund.
14. Appointment and remuneration of Auditors.
15. Appointment of Cost Auditors under Section 233B of the Companies Act, 1956.
16. Non-acceptance of deposits falling within the purview of Section 58A of the Companies Act, 1956.
17. Creation, modification and satisfaction of charges during the year.
18. Dematerialization and rematerialization of shares.
19. Investment of company's funds.
20. Alteration of the Articles of Association.
21. Issue of Secured Redeemable Non-Convertible Bonds in the nature of Debentures (Series-II) of Rs. 10,00,000/- each for cash at par aggregating to Rs. 1000 crore on Private Placement basis. The allotment was made on 10th January 2014. The Debenture Trust Deed was registered on 13th March 2014.

22. We further report that

- (I) The Company has complied with the requirements of Equity Listing Agreements entered into with the Bombay stock Exchange Ltd, National Stock Exchange of India Ltd and the Madras Stock Exchange, excepting the requirement relating to independent directors on the Board as laid down in the Listing Agreements. In this connection, the Company has made representation to the Government of India to appoint independent directors on the Board.
- (II) The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 with regard to the disclosures and maintenance of records required under the regulations.
- (III) The Company complied with the provisions of Securities and Exchange Board of India (Prohibition on Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

Chennai Petroleum Corporation Limited

- (IV) The Company complied with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 with regard to disclosures and maintenance of records required under the Regulations.
- (V) The Company has complied with the provisions of the Depositories Act 1996, and Regulations framed there under with regard to dematerialization/rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- (VI) The Company has as far as practicable, been complying the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India.
- (VII) The Company has, as far as practicable complied with the Secretarial Standards issued by the Institute of Company Secretaries of India, although recommendatory in nature. The Secretarial Standards SS1 to SS10 has been complied with, except SS 9 Secretarial Standard on Forfeiture of Shares, since there was no instance of forfeiture of shares.
- (VIII) In our opinion and to the best of our information and according to explanations given to us by the management, except the composition of the Board of Directors with regard to Independent Directors, the appointment of the same which is to be made by the Government of India, the company has complied with the DPE Guidelines on Corporate Governance.

23. We further report that-

- (i) The Directors of the Company have complied with the various requirements relating to making of disclosures, declarations in regard to their other directorships, memberships of committees of the board of companies of which they are directors, their shareholding and interest or concern in the contracts entered into by the Company in pursuing its normal business, and
- (ii) There was no prosecution initiated against or show cause notice received by the Company and no fine or penalties were imposed on the Company under the aforementioned Acts, Rules, Regulations and Guidelines made there under or on its directors and officers.

For S Sandeep & Associates

Company Secretaries

S Sandeep

Date : 07.05.2014

Place : Chennai

Managing Partner

FCS 5853



Report to Shareholders

Directors' Report ~~~~~⇒ 38

Annexures to Directors' Report ~~~~~⇒ 50

Directors' Report 2013-2014 (Including Management Discussion and Analysis)

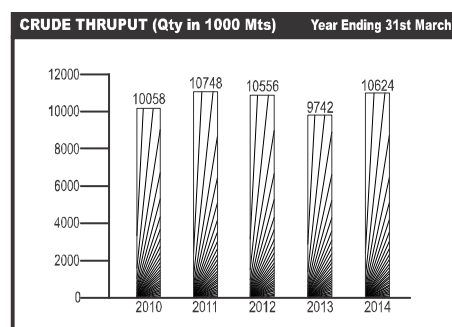
To the Shareholders of Chennai Petroleum,

On behalf of the Board of Directors of your Company, I present the 48th Annual Report on the working of your Company, together with the Audited Statement of Accounts for the year ended March 31, 2014.

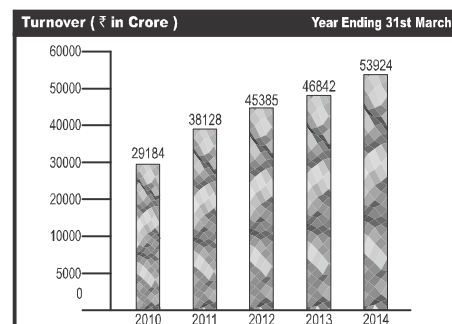
PERFORMANCE REVIEW

Physical

CRUDE THRUPUT (in TMT)	2013-14	2012-13
Imported	8777	8335
Indigenous	1847	1407
Total	10624	9742



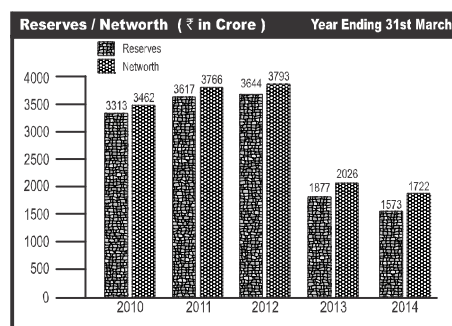
PRODUCTION (in TMT)	2013-14	2012-13
Light Ends	2269	2034
Middle Distillates	5317	4567
Lube Base Stocks	141	134
Paraffin Wax	23	21
Heavy Ends	1967	2036
Intermediates	11	49
Other Inputs	(37)	(24)
Fuel & Loss	933	925
Total	10624	9742



Financial

(₹ in Crore)

	2013-14	2012-13
Gross Turnover	53923.70	46842.47
Profit before Interest, Depreciation and Tax	626.58	(845.26)
Interest	567.97	477.90
Depreciation and Amortization	389.58	374.53
Profit/(Loss) before Tax	(330.96)	(1697.69)
Provision for Taxation		
- Income Tax (Net)	(23.42)	-
[Incl. pertaining to earlier years]		
- Deferred Tax	(3.69)	69.15
Profit/(Loss) after Tax	(303.85)	(1766.84)
Value Added	1283.15	(160.27)





Major Reasons for incurring Loss during the year 2013-14:

The following major factors adversely impacted the financial performance of the company in spite of better physical performance during the year 2013-14.

- Lower product cracks.
- Unprecedented depreciation of the Indian Rupee against the US Dollar and volatility in foreign exchange market resulting in exchange fluctuation loss
- Higher interest expenditure due to increased working capital requirements, inadequate internal accruals and servicing of loans on completed projects.
- Higher CST under recovery due to out of zone movement of products.

The borrowings as on 31.03.2014 was ₹ 5,599.62 crore as compared to ₹ 5905.45 crore in the previous year.

In order to meet long term fund requirements, the Company, during January 2014 on a direct placement basis, issued 10000 numbers of 9.65% Secured Redeemable Non-Convertible Debentures (Series – II) of ₹ 10 lakh each redeemable at par for ₹ 1000 crore.

Dividend

The Board of Directors of the Company has not recommended any dividend for the year 2013-14 due to loss.

Book Value

The book value per share of your Company was ₹ 115.67 as on 31.03.2014 as compared to ₹136.07 as on 31.03.2013.

Reserves and Surplus

The Reserves and Surplus as on March 31, 2014 was ₹ 1573.44 crore as compared to ₹ 1877.29 crore at the end of 2012-13.

Value Addition

The value addition during the year was ₹ 1283.15 crore as compared to ₹ (160.27) crore in the previous year.

Contribution to Ex-Chequer

The details are as under:

(₹ in Crore)

Particulars	2013-14	2012-13
Central Exchequer	4827.87	4113.74
State Exchequer	567.44	603.11
Total	5395.31	4716.85

Public Deposit Scheme

Your Company has not accepted any fresh public deposits during the year 2013-14.

Transfer of Unclaimed Dividend to IEPF

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.

Operational Performance

The total thruput of the Company during the year 2013-14 was 10624 TMT. The Fuel and Loss for the year was 8.78% as compared to 9.49% in the previous year.

Manali Refinery achieved the highest ever thruput of 10065 TMT as compared to the previous best of 10045 in 2010-11. Refinery III at Manali surpassed, for the first time, the expanded design capacity of 4.0 MMTPA during the year. Once Thru Hydro Cracker Unit (OHCU) achieved the highest ever thruput of 2007 TMT, as against the previous best of 1996 TMT in 2010-11. Fluidised Catalytic Cracking Unit (FCCU) achieved the highest ever thruput of 1065 TMT, as against the previous best of 1006 TMT in 2010-11. The energy index of Manali Refinery was lowest at 62.5 MBN as against the previous best of 65.8 MBN in 2012-13. HSD and propylene production in Manali Refinery achieved the highest ever crossing 4 MMTPA and 35.8 TMT respectively.

Manali Refinery increased the Spot Crude Oil Basket from 37 to 50 numbers, thereby increasing the chances of selection of crudes with higher intrinsic value. Further Manali refinery processed three new crudes viz., Kikeh from Malaysia and Agbami and Okwuibome from Nigeria. By processing these new crudes, the Company realizes the benefit of adding new crudes to the basket.

During the year, Cauvery Basin Refinery, processed a new Crude Oil, Agbami for the first time. CBR achieved the highest ever Crude coastal receipt parcel size of 44.4 TMT in March 2014 through Marg Karaikkal Port, as compared to the previous highest shipment of 42 TMT. CBR is being operated at maximum power import mode in order to reduce cost of power and utilities.

MoU PERFORMANCE

Your Company signed an MoU incorporating performance parameters with Indian Oil Corporation Limited, the holding Company, for the year 2013-14, as per the guidelines issued by the Department of Public Enterprises (DPE).

MARKETING

Indian Oil Corporation Limited, the holding Company, continues to market major portion of the fuel products of your Company.

Some of the speciality products are being directly marketed by your Company. The direct sales achieved during 2013-14 as compared to previous year are given below:

(Qty. in TMT)

S. No.	Product	2013-14	2012-13
1	Naphtha	208.97	207.5
2	Sulphur	50.38	45.9
3	PBFS	7.64	7.04
4	MEKFS	8.19	7.53
5	Paraffin wax	23.01	20.90
6	Propylene	35.64	27.89

About 10 new customers were registered during the year for supply of Sulphur, Hexane and Propane.

PROJECTS

Your Company lays emphasis on timely completion of all projects.



Completed Projects

Fire water storage tanks:

Your company constructed and commissioned two tanks with a capacity of 13,000m³ each in June '13, for storing fire water alongwith associated fire water pumps.

VOC Project:

Your company constructed and commissioned the Volatile Organic Compound (VOC) absorption facility with 3 nos. of activated carbon filters at Effluent Treatment Plant -II.

Additional slop Tank

Your company constructed a new Storage Tank of capacity 10,000 KL, to handle slop more effectively.

MS-Naphtha Tanks:

Your company constructed one Naphtha and one MS tank, each of capacity 10,000 KL to accommodate increased production of MS/Naphtha.

Projects Under Implementation

Manali Refinery

Mounded Bullet Storage

As a risk mitigation measure and in line with the norms prescribed by the Oil Industry Safety Directorate (OISD), your Company is implementing a Mounded Bullet Storage facility for LPG and Petrochemical products at an estimated cost of ₹ 279 Crore. The project was taken up in April 2013 and mechanical completion is expected by end of 2014.

Resid Upgradation Project

A Resid Upgradation project aimed at increasing the distillate yield by about 7 % by processing increased percentage of High Sulphur Crude is being implemented at Manali Refinery at an estimated cost of ₹ 3110.36 crore. The project comprises installation of Delayed Coker Unit (2.2 MMTPA), revamp of existing Hydro Cracker Unit from 1.85 MMTPA to 2.25 MMTPA and other associated facilities. The construction work has commenced at site. This project is scheduled for completion by December 2015.

New Crude Oil Pipeline

A new 42" Crude Oil Pipeline with enhanced safety features is planned from Chennai Port to Manali Refinery at an estimated cost of ₹ 257 Crore as a replacement for existing old pipeline. The new pipeline is aligned along the berm of Ennore Manali Road Improvement Project of NHAI. Coastal Regulatory Zone (CRZ) clearance was accorded for the pipeline in January 2014. The pipeline alignment clearance with NHAI is taken up. The project is scheduled for completion by July 2015.

Cauvery Basin Refinery

- Two Crude oil storage tanks of 10500 KL each at an estimated cost of ₹ 25crore is under construction to enhance the crude storage capacity.
- A product line from CBR to Trichy is under implementation to improve evacuation of products from CBR.

INITIATIVES TAKEN TO ACHIEVE OPERATIONAL EXCELLENCE

Your Company has taken following initiatives to achieve improvement in both Physical and Financial Performances.:

- Implementation of various energy conservation measures resulting in a saving of ₹ 36.5 crore.
- Implementation of various value addition measures like maximization of CCR feed and butene, resulting in a saving of about ₹ 16.90 crore.
- Increased import of power from grid to 5 MW to reduce energy consumption and overall cost of power.
- Implementation of measures to reduce the repairs and maintenance cost, overtime cost, manpower cost and interest cost
- Improving the reliability of the Plant.
- Reducing the crude inventory level to an average of 23 days.
- Increasing Distillate yield.

INDIAN ADDITIVES LIMITED

Indian Additives Limited (IAL), the joint venture between your Company and Chevron Chemical Company (now Chevron Oronite Company) , formed in the year 1989 for manufacturing Lube Additives, achieved a turnover of ₹ 589.52 Crore during the year 2013-14, as against ₹ 537.72 Crore in the previous year. The Profit after Tax for 2013-14 is ₹ 24.95 Crore as against ₹ 36.68 Crore in the previous year.

INFORMATION TECHNOLOGY

Your Company is marching ahead with the innovative use of Information Technology for enabling speedy decision making, improving operational efficiency and effective knowledge management. The SAP Payroll Module and Employee Enterprise Portal system were implemented during the year.

In line with the Information Security Policy and to strengthen the IT security, USB blocking software that enables blocking of USB drive in all PCs was successfully implemented.

Your Company introduced Web-based attendance program and On-line Kaizen registration system. The SAP based Weighbridge software for the newly commissioned Weighbridge, was internally developed and implemented.

Based on the directives from the Government of India, your company has taken steps for migrating from Internet Protocol Version 4 (IPV4) to Internet Protocol Version 6 (IPV6), in a phased manner with a target date of completion by end December 2017.

RESEARCH AND DEVELOPMENT (R&D)

Your company's R&D is committed to provide support to refinery operations by providing technological inputs to achieve technical excellence in all aspects of refinery operations, promote indigenous technology for refinery processes and develop new products and upgrade the quality of the existing products.

Your company has constituted a Research Advisory Committee to formulate, evaluate and monitor the R&D projects.

During the year, a new Micro-reactor for evaluation of catalyst and feedstock for Once through Hydro Cracker Unit was successfully commissioned.

Your company's R&D successfully carried out feasibility study for production of Food / Polymer Grade Hexane, using Hydro-processing route in the existing Pre-de-sulphuriser Unit and Pilot Plant studies on the use of co-solvents for NMP extraction of Lube distillates.

Your company's R&D also initiated a collaborative research program on "Algae to Biofuels" with M/s.Aban Infrastructure Pvt. Ltd. Initial studies were carried out with Microalgae from Saline and Fresh water sources and the study was presented at International Refining and Petrochemicals Conference 2014. An application for patenting of biocrude production from Microalgae was also submitted.



A demonstration unit with large raceway pond and Pilot plant for Hydrothermal Liquefaction has been planned and a proposal is submitted to CHT for evaluation by Research Advisory Committee (RAC) and funding.

Your company's R&D has a collaborative project with Indian Institute of Petroleum for developing strategies for the production of Low Sulfur Furnace oil, funded by Centre for High Technology (CHT) and monitored by Scientific Advisory Committee(SAC). The objective of the project is to reduce the sulfur in Furnace Oil to 0.5% level in line with MARPOL Specification on Marine Fuels.

SAFETY PERFORMANCE

Your Company keeps a constant vigil on its safety management practices and sets very high safety standards to ensure accident free man days in its work place. Initiatives were taken to augment safety training and safety briefings for further bolstering the safety culture.

Your company has installed and commissioned new High Volume Long Range (HVLR) monitors for fighting fire, if any, on tall structures and storage tanks both in Manali and Cauvery Basin Refinery. Further, Hydrocarbon Gas Detectors were installed and commissioned in storage tank farm in Manali and CBR for early detection of hydro carbon leaks. Off-site Mock Drill exercise was conducted at Manali Industrial area in coordination with M/s Tamilnadu Petroproducts Limited (TPL) in November 2013 under the guidance of National Disaster Management Authority (NDMA). Similarly, Offsite mock drill was conducted in CBR in coordination with IOCL- Chennai, Bangalore, Madurai & Trichy (CBMT) in January 2014.

External Safety Audit at Manali refinery was conducted by OISD team in August 2013 and the implementation of the recommendations is taken up on priority. In CBR, Seventh Surprise Safety Check by OISD was carried out in February 2014.

Your company has achieved the longest spell of 138 incident free days and the Man - hour lost due to accidents as a percentage of total man-hours was lower at 0.018 %.

In recognition of the Company's efforts in the areas of safety management, Greentech Foundation, along with Indian Institute of Corporate Affairs, Ministry of Corporate Affairs, Government of India awarded the company, the Greentech Occupational Health Safety Award 2013 in Silver category for Petroleum Refining Sector.

ENVIRONMENTAL PERFORMANCE

Your Company is constantly implementing various environmental protection measures to ensure that there are no adverse impact on the neighbourhood and the society as a result of its operations.

Significant environmental protection measures undertaken in Manali refinery include:

- Preparation of Emergency Response and Disaster Management plan in consultation with District Authorities and certified by Disaster Management Institute, Bhopal and submission of the document to Petroleum & Natural Gas Regulatory Board (PNGRB).
- Installation of Volatile Organic Compounds (VOC) Adsorption System in Effluent Treatment Plant-II (ETP) to reduce VOC emission.
- Manual analysis of all 12 parameters of ambient air quality as per revised National Ambient Air Quality Standards 2009.
- Installation of Rain Water Harvesting facility in 15 buildings.

Significant environmental protection measures undertaken in Cauvery Basin Refinery include:

- Provision of LED lights at housing complex and Refinery
- Completion of Green house gas emissions and removal survey for the year 2011-12 as per ISO 14064-1:2006 and certification from M/s BVC.
- Completion of Rainwater harvesting in 3 buildings.

In recognition of the efforts undertaken by the company in the areas of environmental protection, your company has been awarded the Greentech Environment Award - Silver category in Petroleum refining sector. The Cauvery Basin Refinery of your company has been awarded the Green Award for Industries by Tamilnadu Pollution Control Board for undertaking unique measures for preservation of environment.

ENERGY CONSERVATION

Your Company continues its efforts to implement various measures aimed at reducing the energy consumption and achieving energy conservation. The company has achieved the lowest ever energy index of 63.84 MBN.

Your company implemented the following encon measures resulting in a saving of ₹ 36.50 crore and a saving in Fuel and Loss to the extent of 9840 MT of fuel oil equivalent for the year 2013-14.

- Recovery of Diesel Hydrotreater (DHDt) off-gas Hydrogen
- Operation of low pressure DHDt
- Implementation of recommendations of National Thermal Power Corporation (NTPC) in Cogen Boiler-3.
- OHCu Hydrocom Step-less capacity control of Make-up gas compressor.
- Steam trap management of Refinery III

The details of proposals being implemented for energy conservation are given in **Annexure I**.

In appreciation of its energy conservation measures, your company was awarded the following prizes by Centre for High Technology (CHT) at the Refinery Technology Meet held at Kochi:-

- Special prize for best reduction in Steam leaks for the year 2013.
- Second prize for Furnace/Boiler efficiency for the year 2012.
- Special prize to CBR for Insulation effectiveness of Furnace for year 2012.

PROCESS IMPROVEMENTS

Your Company has successfully implemented the oxygen enrichment technology in the Sulphur Recovery Unit (Plant 78) which will enhance the capacity of SRU.

In view of the above achievement, your company, alongwith M/s.Engineers India Ltd., was jointly awarded a Special Commendation Award for “Innovator of the Year Team” in recognition of outstanding achievement in conceptualization, development and successful commercialization of Oxy Enrich process technology for capacity enhancement for Sulphur Recovery units, by PETROFED .

In addition, feed rate of Continuous Catalytic Reforming Unit (CCR) was increased by about 10% from 55 to 60 m³/hr during the year resulting in highest ever Feed processing of 358.8 TMT in CCR Unit.

QUALITY MANAGEMENT – TPM / ISO

Your company has taken several efforts to internalize the TPM culture across various functions and departments to ensure sustainable improvement in the functioning of the nine pillars of TPM.

During the year, recertification audit was carried out for Safety, Health, Environmental and Quality, Integrated Management System (SHEQ IMS). During the year, Bureau Veritas Certification India Pvt. Ltd carried out ISO 14064 Green House Gas (GHG) emission verification for 2012-13 for Manali and CBR.

HUMAN RESOURCES

Your Company regards its employees as one of the key drivers of growth by providing a congenial work environment.

The total manpower of your Company as on 31st March 2014 was 1688, comprising of 778 supervisors and 910 non-supervisors (1705 as on 31st March 2013, comprising of 805 supervisors and 900 non-supervisors).

During the year, two Communication meetings with Officers and Four Shop level communication meetings were conducted by Managing Director and Functional Directors wherein current business scenario was discussed. In addition, three communication meetings with the collectives and eight structured meetings with the Office Bearers of Welfare Associations were conducted.

Your company takes concerted efforts in Training and Development of the employees. During the year 4695 man days of training was imparted to all its employees. Skill Development Programmes covering 250 manhours have also been conducted for the benefit of the employees. During the year, training programme on business risk management covering 224 man hours was organized. In addition,



innovative programs aimed towards developing the physical as well as the mental health of the employees like yoga and meditation were organized. A two days course on “Refinery Economics” was conducted for the Office Bearers and Committee members of the collectives, to explain the nuances of economics of Refinery operations.

Your Company has been scrupulously following the Presidential Directives and various instructions of the Government relating to the welfare of the SC, ST, OBC, and differently abled persons. Out of the total manpower, there were 414 SC employees (previous year: 420) and 38 ST employees (previous year: 38) as on 31.03.2014 constituting 24.53% and 2.25% of the total manpower respectively.

The reports relating to representation of SCs / STs / OBCs in the prescribed proforma as on 01.01.2014 is given in the Annexure-II.

Your Company is implementing the provisions of the Disabilities Act 1995 by way of 3% reservation for differently abled persons. In addition, various concessions and relaxations are being extended to physically challenged persons in the recruitment process.

WELFARE OF WOMEN

Your Company endeavors to provide equal opportunity for women in employment. As on 31.03.2014, 88 women employees were on the rolls of the Company, of whom 42 are in the Supervisory Grade and 46 are in Non supervisory Grade, constituting 5.39% of the total Supervisory employees and 5.05% of the total Non-supervisory employees. International Women’s Day was celebrated in March 2014 on the theme “Inspiring change”.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company firmly believes in the process of inclusive development and accordingly aligns its organizational objectives and business goals with the social objectives.

Being a responsible corporate citizen, your company implemented a number of Corporate Social Responsibility (CSR) activities, benefitting many stakeholders. The focus of CSR activities is aimed at skill development, education, health and hygiene facilities and women empowerment. During the year an amount of ₹101 lakhs was spent on various CSR activities for the benefit of community around your Refineries at Manali and CBR, Nagapattinam.

Major CSR activities carried out during the year include the following:

- Running four Community Health Centers serving 50,000 people.
- Conducted two General Medical Camps in association with various Hospitals.
- Conducted one Comprehensive Eye Care Camp including treatment for cataract.
- Provision of assistance for implementation of Government sponsored National Pulse Polio Programme.
- Distribution of Merit Scholarships to the students of Rural Educational Institutions.
- Sponsorship of “Home Management for Visually Challenged Students” program.
- Management of a Creche through Women’s India Association for the benefit of working women.
- Installation of One 10KW grid connected Solar Photo Voltaic system at Polytechnic College, Manali.
- Sponsorship of sports meet for promoting sports among the school students
- Provision of toilet and drinking water facilities for school students and for public
- Provision of placement linked computer training program for 100 beneficiaries, in association with M/s ITCOT, Chennai at Computer Sciences Corporation (CSC) Nagapattinam at a cost of ₹ 10 Lakh. Of the 100 youths trained, around 72 nos of youths have been gainfully employed.
- Mobile Science Lab Education Program for the schools in Nagapattinam District conducted in association with M/s. Agastya International Foundation, Bangalore at a cost of ₹ 4.00 lakhs benefitting around 15,000 school students.

PUBLIC PROCUREMENT POLICY FOR MSMEs

Your company is making all efforts to comply with the Public Procurement Policy for MSMEs as per the directives of the Government of India and necessary steps have been initiated in this regard.

OCCUPATIONAL HEALTH SERVICES (OHS) CENTRE

Your Company gives extra impetus for achieving high standards of excellence in health care and has an Occupational Health Services (OHS) Centre equipped with latest equipments and the centre is manned by highly qualified professionals. During the year, a lecture session was arranged on the topic “Pain and Posture” for the benefit of the employees and also to educate the employees on the ill effects of bad postures.

In order to help the employees to overcome their stress levels, a program on “Ultimate in Stress Management” was organized. A study on the effect of exposure to organic solvents in the refinery work environment was carried out. Screening for Osteoporosis and general well being was conducted at CBR, for employees and their spouses.

In consideration of the pioneering efforts in the areas of health and safety, your company was bestowed with Golden Peacock Award for Occupational Health and Safety for the year 2013 by Institute of Directors (IOD), New Delhi.

PUBLIC GRIEVANCES

Your Company accords top priority to the timely redressal of public grievances and a Grievance redressal system is in place. Details and contact number of Public Grievance Officer are displayed in the website of the Company, viz. www.cpcl.co.in. As on 31.03.2014, there were no complaints pending.

RISK MANAGEMENT

A detailed and comprehensive Risk Management Policy addressing the various perceived risks in the sustained operations of the company is in place. The policy and the action taken report for the year 2013-14 was reviewed by the Board of Directors of the Company.

CORPORATE GOVERNANCE

Your Company firmly believes in doing the right things and all things right and adheres to the best practices in matters of transparency, accountability and disclosures.

Your Company complied with all the mandatory requirements of Corporate Governance Guidelines issued by Securities & Exchange Board of India and Department of Public Enterprises (DPE), Government of India for the year 2013-14, except the clause relating to the appointment of Independent Directors. A separate section on Corporate Governance forms part of this Annual Report.

Your Company also complies with the Voluntary Guidelines on Corporate Governance issued by Ministry of Corporate Affairs, Government of India in December 2009, as far as practicable.

SECRETARIAL AUDIT

In line with the provisions of the Voluntary Guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, your Company carried out Secretarial Audit for the year 2013-14 from M/s. S.Sandeep & Associates, Company Secretaries and their report forms part of the Annual Report. The Secretarial Audit Report confirms that the company has complied with all the applicable provisions of the Companies Act, SEBI Guidelines, rules etc except with the clause relating to appointment of Independent Directors. The appointment of additional Independent Directors is under the consideration of Government of India.

RIGHT TO INFORMATION

The Right to Information Act, 2005 is applicable to your company. In accordance with the provisions of the RTI Act, necessary disclosures have been made in the website of the company. During the year, 28 applications under the RTI Act were received and responded in time.

VIGILANCE

The vigilance department of your Company plays a proactive role in establishing a culture of integrity, probity, transparency, fairness and accountability in the organisation by conducting periodic/surprise inspections, major inspections and systems studies focusing on areas of improvement.

In order to create awareness as part of capacity building and to bridge knowledge gap, if any, training programs, and lectures on vigilance functions, procedures to be followed in procurement, contracts and execution of works were conducted.



The Vigilance Department firmly believes in leveraging of technologies as a result of which the payment of bills to vendors/ contractors effected through ECS/EFT touched a phenomenal 99%.

As a step towards e-governance, all open tenders are published in CPCL website in order to ensure competition and transparency. In line with CVC's guidelines, Notice Inviting Tenders, tender documents and details of Purchase Orders/Contracts awarded are hosted in the CPCL website. Procurement and contracts are being initiated through "e-tendering" mode.

During the year, the Vigilance Awareness Week program was conducted from 28th October to 2nd November, 2013. As part of the program, Interaction meetings with Vendors, Contractors, Customers and other Stakeholders, Lecture sessions for employees, Essay and Slogan Competitions for employees and school students were held.

INTEGRITY PACT

In order to improve transparency in business dealings, your Company implemented the Integrity Pact. 24 major contracts were covered under the Integrity Pact and the threshold limit for entering into Integrity Pact was revised from ₹10 Crore to ₹ 5.00 Crore.

OFFICIAL LANGUAGE POLICY

Your Company is sincerely implementing the Official Language Policy of the Government of India and steps were taken for the progressive use of Hindi in official communication.

Your Company received the prestigious Rajbhasha Shield (Third prize) 2013 instituted by Town Official Language Implementation Committee, Chennai under the category of Public Sector Undertaking (Big) in Chennai.

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 – Nil
- 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-I).
- Certificate 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 is Annexed and forms part of this Report (Please see Annexure-III).
- Management Discussion and Analysis Report as required under Clause 49 IV F of the Listing Agreement is annexed and forms part of the Report (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, that,

- i) in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments 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 or loss of the Company for the year under review;
- iii) 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;
- iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2014, on a going concern basis; and

v) Proper systems are in place to ensure compliance of all laws applicable to the Company.

STATUTORY AUDITORS

M/s. Chandran & Raman, Chennai and M/s S.Venkatram & Co., Chennai have been appointed as Joint Statutory Auditors of the Company for the financial year 2013-2014 by the Comptroller and Auditor General of India. The Board of Directors of the Company fixed a remuneration of ₹ 10 lakh (₹ 5 lakh to each of the Joint Statutory Auditors) in addition to the out-of-pocket expenses, if any, and applicable service tax.

Mr. K. Suryanarayanan, Cost and Management Accountant, Chennai was appointed as the Cost Auditor of Manali Refinery and Cauvery Basin Refinery of the Company in respect of Petroleum and Petrochemical sector at a total remuneration of ₹1,70,000/- p.a. plus applicable taxes and out of pocket expenses, if any, to conduct the audit of Cost Accounts maintained by the Company and ₹ 30000/ p.a plus applicable taxes towards certification fee for compliance report in respect of activity of power generation.

REPORTING UNDER SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

In terms of the requirements under Section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act 1985, ("SICA"), a report of the Board of Directors with regard to accumulated loss being in excess of 50% of the Company's peak network during the immediately preceding four financial years along with its causes and measures being taken is submitted.

The peak network of CPCL during the last four years was Rs. 3793 crores. If the network is reduced to less than 50% of such peak net worth, i.e. Rs. 1897 Crore, a report to Board for Industrial and Financial Reconstruction (BIFR) on the fact of such erosion is required to be made. The loss of CPCL for the Financial Year ending 31st March, 2014 was Rs.304 crore and consequently the network reduced to Rs. 1722 crore, which has resulted in erosion of more than 50% of its peak network over the last four Financial Years. Considering the network of Rs.1722 crore as on 31.03.2014, the fact of such erosion is to be reported to the BIFR within a period of 60 days from the date of adoption of accounts by the shareholders of the company.

REASONS FOR LOSSES

The following major factors adversely impacted the financial performance of the company during the years 2012-13 and 2013-14

- High Volatility in crude and product prices resulting in lower effective cracks.
- Unprecedented depreciation of the Indian Rupee against the US Dollar and volatility in foreign exchange market resulting in exchange fluctuation loss.
- Higher interest expenditure due to increased working capital requirements, inadequate internal accruals and servicing of loans on completed projects.
- Lower crude throughput during the year 2012-13 due to revamp shutdown of Refinery II, unplanned shutdown of Refinery III for packing replacement and reduced distillate yields.
- Higher CST under recovery.

MEASURES BEING TAKEN TO IMPROVE THE OPERATIONAL AND FINANCIAL PERFORMANCE

The Company has initiated following measures to achieve improvement in both Physical and Financial Performance:

Operational improvements and efficiencies:

Various margin improvement measures initiated by the company in the areas of energy conservation and consequent reduction in fuel & loss, value addition measures and optimization of crude mix are expected to improve the profitability.

Implementation of Resid Upgradation project:

The Residue Upgradation Project being implemented at a capital outlay of Rs. 3110 Crore is expected to significantly improve the Gross Refining Margins due to the conversion of bottoms into middle distillates. Keeping in view the huge requirement of funds for the project, the company has approached



Oil Industry Development Board (OIDB) to sanction 50% of the outlay as loan for the project which is expected to bring down the overall financing cost of the project.

Focus on Cost containment:

The company has identified specific cost containment measures in the areas of repairs & maintenance, staff cost and also optimization of utilities cost. These initiatives would yield results in the coming years. The company has requested Indian Oil Corporation Limited to reduce the credit period for payment towards supply of products so as to facilitate the reduction in working capital requirement and savings in interest cost.

Capital Infusion:

The company is exploring various options of infusion of capital which will augment the network of the company and reduce the interest cost.

DIRECTORS

Ms.D.Lilly, Director (Finance) ceased to be a Director on the Board of CPCL effective 31.07.2013 on attaining the age of superannuation. Mr.A.S.Basu, Managing Director was holding the additional charge of the post of Director (Finance) till 31.05.2014.

Mr. Mohan Lal, Director (R&A), Ministry of Petroleum and Natural Gas has been appointed as a Director on the Board of CPCL effective 21.08.2013 in place of Mr.P.K.Singh, who ceased to be a Director effective 11.09.2012.

Prof.M.S.Ananth, Independent Director, ceased to be a Director on the Board of CPCL effective 07.11.2013.

Mr.G.Ramaswamy, Practicing Chartered Accountant, has been appointed as an Independent Director on the Board of CPCL effective 07.11.2013 in place of Mr.M.S.Ananth.

Mr.A.S.Basu, Managing Director ceased to be a Director on the Board of CPCL effective 31.05.2014 on attaining the age of superannuation. Mr.S.Venkataramana, Director (Operations) has been holding the additional charge of the post of Managing Director.

Mr.R.S.Butola, Chairman, ceased to be a director on the Board of CPCL effective 31.05.2014.

Mr.Sanjiv Singh, Director (Refineries), Indian Oil Corporation Limited has been appointed as a Director on the Board of CPCL effective 03.07.2014 in place of Mr.Rajkumar Ghosh, who ceased to be director effective 30.06.2014.

Your Directors place on record their appreciation of the valuable contributions made by Ms.D.Lilly, Prof.M.S.Ananth, Mr.A.S.Basu, Mr.R.S.Butola and Mr.Rajkumar Ghosh during their tenure.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude for the valuable guidance and cooperation and support received from the 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, Central Vigilance Commission, Financial Institutions and commercial banks.

Your Directors are also thankful to the suggestions received from the Statutory Auditors and the Comptroller & Auditor General of India.

Your Directors specially thank all the shareholders for their support.

Your Directors sincerely acknowledge the commitment and perseverance of all the employees

For and on behalf of the Board of Directors

Date : 16.07.2014

Place : Chennai

S. VENKATARAMANA
Managing Director (i/c)

Annexures to Directors' Report

ANNEXURE-I

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:

- Slop reduction from CDU-III Desalter
- Instrument air interconnection between Cogen and Refinery-III
- Hydrogen recovery from DHDT off gas
- Routing Cold Low Pressure Separator (CLPS) Off gas to OHCU MUG Suction
- Reduction in Hydrogen flaring
- Improvement in Boiler efficiency
- Low pressure operation of DHDT
- Refinery -III Steam trap Management
- OHCU MUG Stepless loading
- HP Steam reduction in VBU

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

The following additional investment proposals are being implemented:

- PSA-II Adsorbent replacement (Improvement in Hydrogen recovery)
- MP steam interconnection (Maximising extraction)
- Energy improvement study.
- Routing of DHDT off gas to HGU compressor
- Routing of DHDT MUG D/C to wax HiFi
- FCCU Oxygen enrichment
- GT1/2 &/GT3 BFW inter connection

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 measures mentioned above, which were implemented in 2013-14, resulted in estimated saving of about 9840 MT 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 activities as per Form B is given in Attachment II.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports: Initiatives taken to increase exports. Development of new export markets for products and services and export plans.

The company has exported 1128.60 TMT of products comprising of Naphtha (359.68 TMT), HFO (758.10 TMT) and Lube oil (10.82 TMT) for a total value of ₹ 4711.03 Crore

b) Total foreign Exchange used and earned

(₹ in Lakhs)

	2013-14	2012-13
Used	17948.13	7120.51
Earned	-	-



ATTACHMENT - I
ANNEXURE TO DIRECTORS' REPORT ON ENERGY CONSERVATION
FORM A
Form for disclosure of particulars with respect to Conservation of Energy

	Current Year 2013-14	Previous Year 2012-13
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Unit (in million KW Hr.)	24.414	9.075
Total Amount (₹ in Crore)	13.78	4.84
(excluding demand and other charges)		
Demand and other charges (₹ in Crore)	17.47	15.36
Rate/Unit (average) (₹ /KWHr.)	5.64	5.33
(excluding demand and other charges)		
b) Own generation		
Through diesel generator	Not applicable	Not applicable
Through steam turbine/generator		
Unit (in million KW Hr.)	301.243	281.566
Units per litre of fuel oil/gas	3.56	2.62
Fuel Cost/Unit (₹)	9.67	12.95
2. Coal	Not applicable	Not applicable
3. Furnace Oil		
Quantity (in thousand K.Litres)	424.703	420.918
Average rate (₹ /MT)	37122.52	36399.80
4. Others/Internal generation fuel gas For Manali Refinery Only		
Gas Turbine		
Quantity		
Power (in million KW Hr.)	370.3	398.062
Fuel (in thousand MTs)	133.080	135.932
Total cost (₹ in Crore)	441.88	436.16
Fuel cost/Unit (₹)	11.93	10.96
Fuel Gas (TMT) (including CBR)	125.788	133.859
B. Consumption Per Unit of Production		
Electricity (KWHr/MT of crude)	65.23	70.69
Furnace oil (Kg/MT of Crude)	36.78	39.75
Coal	Not applicable	Not applicable
Other (specify)		
FCCU Coke (Kg/MT of Crude)	4.12	3.94
Fuel Gas (Kg/MT of Crude)	11.84	14.00

FORM B

RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES**1. Specific Areas in which R&D was carried out by the company**

1. Extraction studies on the effect of co solvents with NMP for production of LOBS
2. Pilot plant studies for the production of Food Grade Hexane by hydrotreating route
3. Algae to Biofuels

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

As per Annexure

3. Future plan of action

1. Blending studies for production of Rubber Process Oil
2. Hydrotreating studies for reduction of sulfur in VGO
3. Production of Algal biomass as a feedstock for combined wastewater treatment and bioenergy production

4. Expenditure on R&D

(₹ In Lakhs)

	2013 -14	2012 - 13
Capital	329.78	9.46
Recurring	406.30	410.63
Total	736.08	420.09
R&D expenditure as % of Turnover	0.0137	0.0096

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

CPCL R&D has initiated a collaborative research program on production of Algal Biomass and conversion of Algae to Bio Crude using high temperature liquefaction.

CPCL R&D has initiated a Research Fellowship at National Centre for Catalysis Research, IIT Madras for Development of catalyst for Isomerisation of Light Naphtha.

2. Benefits derived as a result of the above efforts, e.g. Product improvement cost reduction, product development, 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 feedstocks 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 - BENEFITS DERIVED AS A RESULT OF R&D ACTIVITIES

Crude Assay

- During the year Twelve Crude Assays, including four new crudes Agbami, Cambay Basin, Kikeh and Okwuibome processed in CPCL were carried out.

Process Optimization Studies:

- The use of FCC co catalyst was studied in detail.
- R&D provided analytical support to Refinery operations in trouble shooting process unit problems.
- Also following R&D studies were carried out in improving the quality and yield in the process units:

Improving BH HVGO feed quality to wax plant

Blending of UCO with lube raffinate for improving LOBS production

Use of commercial Dewaxing aid for Dewaxing process

- R&D also provided Technical Consultancy studies to other organizations.

ANNEXURE - II (SC/ST/OBC REPORT - I)

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs/STs & OBCs AS ON 01.01.2014
AND NUMBER OF APPOINTMENTS MADE DURING THE PRECEDING CALENDAR YEAR

GROUPS	Representation of SCs/STs/OBCs as on 01.01.2014				No. of appointments made during the calendar year 2013 (Jan - Dec 2013)									
					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 Managerial / Executive Level	594	161	20	50	Nil	Nil	Nil	Nil	76	17	2	3	1	Nil
Group B Supervisory Level	193	37	8	23	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil
Group C Workmen / Clerical Level	880	210	8	313	26	2	Nil	21	Nil	Nil	Nil	Nil	Nil	Nil
Group D	5	1	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Semi- skilled / unskilled excluding 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
TOTAL	1672	409	38	386	26	2	0	22	76	17	2	3	1	0

(SC/ST/OBC REPORT - II)

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCs/STs & OBCs IN VARIOUS
GROUP "A" SERVICES AS ON 01.01.2014 AND NUMBER OF APPOINTMENTS
MADE IN VARIOUS GRADES IN THE PRECEDING CALENDAR YEAR

PAY SCALE (In Rupees)	Representation of SCs/STs/OBCs as on 01.01.2014				No. of appointments made during the calendar year 2013 (Jan - Dec 2013)									
					By Dir.Recruitment				By Promotion			By Other Methods		
	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	238	58	7	24	Nil	Nil	Nil	Nil	37	6	Nil	Nil	Nil	Nil
32900 - 58000	145	38	6	15	Nil	Nil	Nil	Nil	20	7	Nil	1	Nil	Nil
36600 - 62000	73	26	4	10	Nil	Nil	Nil	Nil	10	3	2	Nil	Nil	Nil
43200 - 66000	69	20	3	1	Nil	Nil	Nil	Nil	3	Nil	Nil	Nil	Nil	Nil
51300 - 73000	41	13	0	0	Nil	Nil	Nil	Nil	2	1	Nil	1	1	Nil
51300 - 73000	19	5	0	0	Nil	Nil	Nil	Nil	2	Nil	Nil	1	Nil	Nil
51300 - 73000	9	1	0	0	Nil	Nil	Nil	Nil	2	Nil	Nil	Nil	Nil	Nil
TOTAL	594	161	20	50	0	0	0	0	76	17	2	3	1	0



ANNEXURE - III

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, 2014 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

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, 2014, except for the number of Independent Directors on the Board which was less than half of the strength of the Board 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.

For M/s. Chandran & Raman
Chartered Accountants

S. Pattabiraman
Membership No. 14309
FRN: 000571S

For M/s. S.Venkatram & Co.,
Chartered Accountants

R. Vaidyanathan
Membership No. 18953
FRN: 004656S

New Delhi
May 24, 2014

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, 2014 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the Financial Statements of the Company.

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, 2014, except for the number of Independent Directors on the Board which was less than half of the strength of the Board 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.

For M/s. Chandran & Raman
Chartered Accountants

S. Pattabiraman
Membership No. 14309
FRN: 000571S

For M/s. S.Venkatram & Co.,
Chartered Accountants

R. Vaidyanathan
Membership No. 18953
FRN: 004656S

New Delhi
May 24, 2014



ANNEXURE IV

MANAGEMENT DISCUSSION AND ANALYSIS (Forming part of the Directors' Report for the year ended 31.03.2014)

Economic Overview

The global economy has shown signs of recovery in spite of many challenges and registered a growth rate of about 3.0 % during 2013-14 as compared to 3.2% growth rate in the previous year. However, the economic growth during 2013-14 across the countries was uneven, with developing countries like China and India being major contributors while the Euro region experienced almost nil growth during the year.

It is also expected that the global economic growth will continue to gain momentum and is expected to grow further during 2014-15, with advanced economies like United States and European Countries anticipated to strengthen and contribute to global economic recovery. Growth in US economy is projected to increase to 2.8% in 2014 from 1.9% registered during 2013. Euro region is expected to turn the corner and achieve a growth rate of about 1.0% during 2014 though some countries among the region are expected to continue experiencing economic problems. In developing countries, economic growth is likely to continue with a projected rate of 5.1% in 2014 as against 4.7% in 2013, with China's GDP registering a growth of 7.5%.

The Indian Economy recorded a growth rate of 4.7% in 2013-14, a sub five percent growth for the second consecutive year. The agriculture sector, forestry and fishing sectors registered a growth rate of 4.7% in 2013-14 as compared to 1.4% growth rate in 2012-13, whereas the manufacturing and mining sectors experienced a negative growth during the year. But with many new initiatives, being taken to improve economic growth and infrastructure development through new investments, Indian economy, especially manufacturing sector, is expected to grow significantly during 2014-15, with focus on efficiency in implementation of projects and consequent employment generation. It is expected that India will achieve a growth rate of 5.4% to 5.9% in 2014-15, which augurs well for the energy sector providing impetus for growth.

The challenge of controlling inflation continued to trouble the Indian economy during the year with the retail inflation high at 9.7% at the end of March 2014. However, significant improvement has been achieved in Wholesale Price Index (WPI), which was reduced to around 6% as on March 2014 as compared to the average of 7.4% in 2012-13. With the Government focusing on elimination of supply-side constraints, especially the food items, the retail inflation is expected to come down to 6% in near future, which in turn will contribute to strong economic growth. The Current Account Deficit (CAD), a key indicator of country's external vulnerability, which impacted the Indian currency during the first half of 2013-14, has been brought under control by taking a number of measures. The volatility in the foreign exchange rate has been reduced and Indian currency has recovered substantially, easing the pressure on domestic prices of products that are based on imports.

Energy Scene

The global demand for primary energy is projected to increase at an average rate of 1.5% per annum in the near future. Oil continues to be the main energy source followed by Coal and Natural Gas, which is likely to grow faster than Oil. Also, the market share of Renewable sources of energy is expected to increase in the coming years with continuation of incentives by State Governments and the Central Government.

Chennai Petroleum Corporation Limited

In line with the expected global economic trends in future, energy growth is likely to take place in developing countries, contributing almost 95% of projected global additional energy demand. Energy consumption in developing countries is estimated to increase at 2.3% per annum whereas in advanced countries, the energy growth rate is projected at 0.2% p.a upto 2035. It is anticipated that energy consumption in China and India will propel the global demand for energy, as the industrialization in these two countries will expand significantly in the next two decades, to meet the rising expectations of people in these two countries. Primary energy consumption by industries will continue to be the dominant driver for energy demand growth, accounting for about 50% of the growth, followed by energy needs of residential, services, agriculture and transport sectors.

With the advent of shale gas and tight oil production, mostly from US, as a result of technological developments in the oil industry, US, instead of net energy importer, is likely to become net exporter of energy by 2018, which will change global oil trading relationships, with Asia's increasing demand for energy import. Expected production of energy from tar sands in Canada will also increase the global oil supply and may become a good source of energy.

India continues to depend on imports to meet its ever expanding energy needs. During 2013-14, the country imported 189.2 Million Metric Tonnes (MMT) of crude as compared to 184.8 MMT in 2012-13. Due to relatively subdued prices of crude oil prices during the year, the foreign exchange outgo on crude oil imports was \$142.96 billion as against \$144.3 billion in the previous year. The average crude oil price of Indian basket of crudes has come down from \$107.97/barrel in 2012-13 to \$ 105.52 /bbl in 2013-14 as per data from Petroleum Planning & Analysis Cell. The global prices of crude oil depend on many factors and are not expected to reduce substantially during 2014-15, as geo-political factors continue to disrupt crude oil production from some countries.

Refining Industry and Oil Market Developments

The global oil consumption is projected to grow from the present level of about 90 Million Barrels per day (MBD) and reach 109 MBD by 2035. The consumption of oil in advanced economies is expected to decrease to a level of 38 MBD, while consumption by developing countries is expected to reach 71 MBD, by 2035. In line with the increase in demand for oil, refining capacity is anticipated to increase at a similar pace.

The growth in petroleum products consumption in India during 2013-14 was the lowest in the last decade with 0.7% increase over the previous year. Major petroleum products like Diesel, Naphtha, Kerosene, Fuel Oil & LSHS and Lubricants registered negative growth. Petroleum products which recorded positive growth rate include Motor Gasoline (8.8%), Aviation Turbine Fuel (4.4%) and Petroleum Coke (15%). The overall demand for petroleum products in India increased from 157.1 MMT in 2012-13 to 158.2 MMT in 2013-14.

Indian refineries have processed more crude during 2013-14 at 222.4 MMT as against 218.8 MMT in 2012-13, improving the capacity utilization further.

Opportunities and Challenges

India has been identified as one of the major developing nations, next to China , that will drive the energy consumption in the global market with expected massive industrialization to improve quality of life of its population. With many policy initiatives in pipeline and envisaged investments in infrastructure development, the demand for petroleum products will increase in the near future. To meet ever increasing demand for petroleum products that are required to sustain the economic growth, investments in Petroleum Refineries are needed , either through expansion of existing refineries or by setting up gross root refineries. With the global oil consumption projected to reach 109 MBD by 2035, the demand for petroleum products is also expected to increase, which offers tremendous scope for new investments in refineries, crude & product pipelines and marketing infrastructure.



The demand for Natural Gas continues to outstrip domestic supply, indicating continued dependence on import of Liquefied Natural Gas (LNG) from other countries. Though prices of LNG in the international market hardened in the recent years, demand for LNG in India will continue to increase, since growing Indian economy needs energy which is much cleaner compared to coal or Oil. The increasing need for Compressed Natural Gas (CNG) as transportation fuel for better environment conditions in major cities and towns and Natural Gas being a much cleaner fuel and environment friendly, will contribute to rise in usage of LNG.

CPCL has signed an Heads of Agreement with IOCL to supply LNG from the proposed 5.0 MMTPA LNG facility at Ennore, Chennai.

With increased industrialization in future and to meet energy needs of rising population, Power is likely to become a major source of energy for which demand will increase. CPCL is currently implementing Resid project with a investment of Rs.3110 crore, which will become operational in 2015-16 and produce about 6.5 lakh tonnes of pet-coke that can be utilized for producing power. Various technological options are being examined by CPCL to generate much needed power that can add value to the bottom line of the company.

CPCL continuously pursues avenues to improve energy efficiency in operations of existing refineries and a number of energy conservation initiatives are under implementation, resulting in saving of precious fuel that will enhance profitability of the company. Besides, it will indirectly reduce the carbon foot-print in and around refinery, benefitting the environment. In addition, the company also is taking number of steps to reduce water consumption including reduction of steam consumption by close monitoring of steam trap management system.

While CPCL has achieved excellent physical performance and incurred lower operating expenditure, the financial performance continues to be a major challenge due to number of external factors, especially impact of the foreign exchange fluctuation on gross refinery margins and inventory loss during the year. As part of efforts to improve profitability of the company, CPCL has developed various strategies to reduce crude inventory levels, strengthen operational reliability systems, and to implement cost reduction measures. Focussed communication programs have been conducted to sensitize all employees to issues being faced by the company and ensuring their active participation in rejuvenating the organisation to higher levels of performance.

Risks and Concerns

CPCL monitors risks facing the company through a well defined Risk-Management policy framework and develops and implements action plans to mitigate the identified risks through well coordinated efforts. These risks include wide fluctuations in Foreign Exchange rates, restrictions on oil imports from Iran, safety & security and Increase in Interest rates, which are discussed in the following paragraphs.

a) Fluctuations in Foreign Exchange:

Indian rupee depreciated by about 11.75% during the year 2013-14 against US dollar, affecting the corporation's financial performance specifically in view of huge crude import dependence. However, during the year 2014-15 till date, the fluctuations have been minimal which will reduce the risk of impact on company's profitability.

b) Restrictions on Oil imports from Iran:

Due to restrictions on oil imports from Iran on account of international factors, CPCL is unable to import crude from Iran, which is available with a credit period of three months as against one month of credit period offered by other crude exporting nations. As a result, the working capital requirement of the company has increased, resulting in higher interest expenses. With the expected easing of restrictions on Iran, CPCL can consider resuming of oil imports from Iran in near future.

c) Safety & Security:

Petroleum industry being very sensitive to safety and security related issues, utmost care is taken to ensure strict adherence to compliance of safety procedures with active participation from employees and project contractors. Regular safety audits by various teams including external agencies are undertaken at periodic intervals and their observations and recommendations are implemented with timeline targets. During the year, CPCL has implemented HVLR systems based on latest technology, to enhance the fire fighting capabilities in the event of any major fire. As regards security risks, close monitoring of security arrangements is being done with focus on security drills and strict implementation of recommendations of statutory agencies.

d) Increase in Interest Cost

The retail inflation continues to remain a concern for the economy which results in sustenance of elevated interest rate scenario. High interest rate will have a significant impact on interest cost for the company. To mitigate the high interest rate risk, company has adopted a judicious mix of long term and short-term loans to finance the project expenditure and working capital requirement. Foreign currency loans are availed whenever the all inclusive rate including hedging cost is more economical than Indian Rupee loans to the extent of export obligations.

Internal Control Systems and their Adequacy

Your Company ensures that adequate Internal Control Systems are in place to protect the interests of the company. The internal control systems are continuously reviewed by the Company to ensure that the objectives of the system are achieved.

Your Company has an Internal Audit Department with qualified personnel to carry out audits covering various areas of operations. Significant audit findings, Replies to Government audit paras, Internal Audit Plan are periodically reviewed by the Audit Committee.

Financial Performance

The Directors' Report has adequately dealt with this subject.

Operational Performance

The Directors' Report has adequately dealt with this subject.

Material Developments and Human Resources / Industrial Relations

The Directors' Report has adequately dealt with this subject.

Cautionary Statement

Statements in the Management's Discussion and Analysis, describing the Company's focal objectives, expectations or anticipations may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from the expectations. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of products, input availability and prices, changes in Government regulations / tax laws, economic developments within the country and factors such as litigation and industrial relations.



Report of the Statutory Auditors

Independent Auditors' Report ~~~~~⇒ 62

Annexures to Auditors' Report ~~~~~⇒ 64

Independent Auditors' Report

To

The Members of Chennai Petroleum Corporation Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of Chennai Petroleum Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
 - b) in the case of the Statement of Profit and Loss, of the loss 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.



Report on other Legal and Regulatory Requirements:

7. 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 Act, we enclose in the Annexure-I, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
8. As required by section 227(3) of the Act, we report that
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - e) 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.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

CHANDRAN & RAMAN
Chartered Accountants
FRN NO: 000571 S
S.Pattabiraman
Partner
Membership No. 14309

S.VENKATRAM & CO
Chartered Accountants
FRN NO: 004656 S
R.Vaidyanathan
Partner
Membership No. 18953

Place : New Delhi
Date : May 24, 2014

Referred to in paragraph 7 of Our Report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) In respect of Fixed Assets
 - 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 program of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) During the year, no substantial part of fixed assets of the Company was disposed off.
- (ii) In respect of Inventories:
 - 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 were not material.
- (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 exist an adequate internal control system 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 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 of the Company.
- (v) We are informed that there is no Company, firm or party to be listed in 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. Hence we have no comments to offer in respect of clause 4 (vi) of 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) In respect of Statutory Dues:
 - 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, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. We are informed that there are no employees who are eligible to be covered under Employee's State Insurance Scheme.



The Company, in the absence of suitable notification by the Central Government specifying the applicable rates 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.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were in arrears as at 31.03.2014 for a period of more than six months from the date they became payable.
- 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 accumulated losses of the Company as at 31st March, 2014 is more than 50% of its Networth. The Company has not incurred cash loss during the financial year covered by our audit. The Company has incurred cash loss of ₹132316.12 lacs 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 financial institutions 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. 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 provision of clause 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. Hence we have no comments to offer in respect of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003.
- (xvi) No term loans were obtained by the Company during the year under Audit.
- (xvii) According to the information and explanations given to us and on 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) According to the information and explanations given to us, during the year the Company had issued 10,000 Secured Redeemable Non Convertible Debentures (Series II) of ₹ 10 lakhs each. The Company has created security in respect of debentures issued.
- (xx) The Company has not raised any money by public issue during the year under audit. Hence we have no comments to offer in respect of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : New Delhi
Date : May 24, 2014

CHANDRAN & RAMAN
Chartered Accountants
FRN NO: 000571 S
S.Pattabiraman
Partner
Membership No. 14309

S.VENKATRAM & CO
Chartered Accountants
FRN NO: 004656 S
R.Vaidyanathan
Partner
Membership No. 18953

Statement of Disputed Dues

Annexure - II

Name of the Statute	Nature of the dues	Disputed Amounts (₹ in Lakhs) (Including Interest)	Amount paid under protest / Predeposit (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
TamilNadu Value Added Tax Act	Value Added Tax Dues	5592.08	-	2007-08	High Court (Tamil Nadu)
TamilNadu Value Added Tax Act	Value Added Tax Dues	1029.75	470.16	2007-08	Dy. Commissioner CT - III Tamilnadu
TamilNadu Value Added Tax Act	Value Added Tax Dues	6829.01	-	2008-09	High Court (Tamil Nadu)
TamilNadu Value Added Tax Act	Value Added Tax Dues	442.58	129.18	2008-09	Dy. Commissioner CT - III Tamilnadu
TamilNadu Value Added Tax Act	Value Added Tax Dues	3916.48	-	2009-10	High Court (Tamil Nadu)
TamilNadu Value Added Tax Act	Value Added Tax Dues	1543.07	762.80	2009-10	Dy. Commissioner CT - III Tamilnadu
Andhra Pradesh Value Added Tax Act	Value Added Tax Dues	1731.81	626.20	Apr - 2005 to Nov - 2007	AP State Appellate Tribunal
Central Sales Tax Act	Sales Tax Dues	161.99	-	1991-92	Dy. Commissioner CT - III Tamilnadu
Central Excise Act	Excise Dues	136.96	-	Aug 2003 to May 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	108.45	6.50	Jan 2005 to Feb 2005	Customs Excise and Service Tax Appellate Tribunal
Income Tax Act	Income Tax Dues	2472.61	422.17	AY 2011-12	Commissioner of Income Tax (Appeals)



Comments of CAG

Comments of the Comptroller and Auditor General of India ~~~⇒ 69



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 FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of **Chennai Petroleum Corporation Limited** for the year ended 31 March 2014 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 Standards on auditing 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 **24-05-2014**.

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** for the year ended 31 March 2014. 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 Auditor's report under section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(G . SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place: Chennai

Date: 01.07.14



Financial Information

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Balance Sheet as at March 31, 2014

(₹ in Lakhs)

Particulars	Note No.	March 31, 2014	March 31, 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
a) Share Capital	2	14900.46	14900.46
b) Reserves and Surplus	3	157344.36	187729.25
		172244.82	202629.71
(2) Non-Current Liabilities			
a) Long-term borrowings	4	200000.00	114277.91
b) Deferred tax liabilities (Net)	5	70339.89	70709.19
c) Other Long-term liabilities	6	410.27	593.49
d) Long-term provisions	7	3699.10	2795.51
		274449.26	188376.10
(3) Current liabilities			
a) Short-term borrowings	8	345219.81	456434.02
b) Trade payables	9	521546.21	470890.61
c) Other current liabilities	6	73082.68	78258.58
d) Short-term provisions	7	7682.96	13522.18
		947531.66	1019105.39
TOTAL		1394225.74	1410111.20
II ASSETS			
(1) Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	10	428407.84	455731.23
ii) Intangible Assets	11	779.62	1052.69
iii) Capital Work-in-Progress	12	33939.76	16869.88
iv) Intangible Assets under development	13	472.02	472.02
		463599.24	474125.82
b) Non-current investments	14	2482.05	2424.64
c) Long-term loans and advances	15	9332.99	7622.32
		475414.28	484172.78
(2) Current Assets			
a) Inventories	17	669773.93	638652.03
b) Trade receivables	18	222282.15	254973.15
c) Cash and cash equivalents	19	4602.49	4091.15
d) Short-term loans and advances	15	22093.83	28138.48
e) Other current assets	16	59.06	83.61
		918811.46	925938.42
TOTAL		1394225.74	1410111.20
Statement of Significant Accounting Policies	1		
Notes on Financial Statement	2 to 33		

(A.S.Basu)
Managing Director &
Director (Finance)

(S.Venkataramana)
Director (Operations)

(P.Shankar)
Company Secretary

As per our Report of even date

Place : New Delhi
Date : May 24, 2014

Chandran & Raman
Chartered Accountants
S.Pattabiraman
Membership No.14309
FRN: 000571S

S. Venkatram & Co.
Chartered Accountants
R. Vaidyanathan
Membership No.18953
FRN: 004656S



Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Lakhs)

	Particulars	Note No.	March 31, 2014	March 31, 2013
I.	Revenue from Operations (Gross)	20	5395472.95	4685923.82
	Less: Excise Duty		461210.43	397595.71
	Revenue from Operations (Net)		4934262.52	4288328.11
II.	Other Income	21	2734.77	2375.98
III.	Total Revenue		4936997.29	4290704.09
IV.	Expenses:			
	Cost of materials consumed	22	4707503.64	4133931.91
	Purchase of Stock-in-Trade		37377.73	132326.24
	Changes in Inventories of finished goods and Work-in-progress (Increase) / Decrease	23	(7210.98)	(20499.22)
	Employee benefits expense	24	29185.56	31543.37
	Finance costs	25	56797.03	47789.79
	Depreciation and Amortisation on :			
	a) Tangible Assets	10	38635.20	36992.77
	b) Intangible Assets	11	322.46	459.87
	Other expenses	26	108829.09	97868.23
	Total expenses		4971439.73	4460412.96
V.	Profit / (Loss) before Prior Period, Exceptional and Extraordinary Items and Tax		(34442.44)	(169708.87)
VI.	Income / (Expenses) pertaining to previous years (Net)	27	1346.47	(59.89)
VII.	Profit / (Loss) before Exceptional and Extraordinary Items and Tax		(33095.97)	(169768.76)
VIII.	Exceptional Items		-	-
IX.	Profit / (Loss) before Extraordinary Items and Tax		(33095.97)	(169768.76)
X.	Extraordinary Items		-	-
XI.	Profit / (Loss) Before Tax		(33095.97)	(169768.76)
XII.	Tax expenses:			
	(a) Current tax		-	-
	(b) Pertaining to earlier years		(2341.78)	-
	(c) Deferred tax		(369.30)	6915.22
XIII.	Profit / (Loss) for the period from continuing operations(XI-XII)		(30384.89)	(176683.98)
XIV.	Profit / (Loss) from discontinuing operations		-	-
XV.	Tax expense of discontinuing operations		-	-
XVI.	Profit / (Loss) from discontinuing operations(after tax) (XIV-XV)		-	-
XVII.	Profit / (Loss) for the period (XIII+XVI)		(30384.89)	(176683.98)
XVIII.	Earning per equity share:			
	(a) Basic (₹)		(20.40)	(118.65)
	(b) Diluted (₹)		(20.40)	(118.65)
	Face Value per share (₹)		10.00	10.00

Statement of Significant Accounting Policies 1

Notes on Financial Statement 2 to 33

(A.S.Basu)
Managing Director &
Director (Finance)

(S.Venkataramana)
Director (Operations)

(P.Shankar)
Company Secretary

As per our Report of even date

Place : New Delhi
Date : May 24, 2014

Chandran & Raman
Chartered Accountants
S.Pattabiraman
Membership No.14309
FRN: 000571S

S. Venkatram & Co.
Chartered Accountants
R. Vaidyanathan
Membership No.18953
FRN: 004656S

Chennai Petroleum Corporation Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lakhs)

Particulars	March 31, 2014	March 31, 2013
A. Cash Flow from Operating Activities		
Profit Before Tax	(33095.97)	(169768.76)
Adjustments for :		
Depreciation and Amortisation (Including Prior period)	39015.98	37452.64
Income from Long - term Investment	(649.11)	(653.32)
Profit on Sale of Assets	(1.49)	(9.71)
Liabilities/Prov. for Claims written back	(310.14)	(167.69)
Provision for Doubtful Debts, Advances, Claims, CWIP, Obsolescence Stores, Capital Stores etc.	470.29	546.66
Loss on Assets Sold /Discarded	63.41	839.15
Finance Cost	56797.03	46876.23
Interest income from short term investment	(30.94)	(3.06)
B. Operating Profit Before Working Capital Changes	62259.05	(84887.86)
C. Changes in Working Capital		
(Excluding Cash & Bank Balances)		
Trade and Other Receivables	37049.53	90848.38
Inventories	(31592.19)	(2839.10)
Trade and Other Payables	46343.38	(138129.03)
Change in Working Capital	51800.71	(50119.75)
D. Cash generated from Operations	114059.77	(135007.61)
E. Adjustments for		
Direct Taxes	-	-
F. Net Cash Flow from Operating Activities	114059.77	(135007.61)
G. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(28569.30)	(39972.89)
Sale of Assets	17.98	52.98
Investments (Net)	(57.41)	(61.62)
Interest Income	30.94	3.06
Income from long term investment	649.11	653.32
Net Cash used in Investment Activities	(27928.68)	(39325.15)



(Contd.,)
(₹ in Lakhs)

Particulars	March 31, 2014	March 31, 2013
H. Net Cash Flow from Financing Activities		
Proceeds from / (Repayments of) Long Term Borrowings	80631.33	26198.25
Proceeds from / (Repayments of) Short Term Borrowings	(111214.21)	197112.58
Interest Paid	(55036.86)	(45672.90)
Dividend Paid	-	(2591.21)
Corporate Dividend Tax Paid	-	(483.14)
Net Cash Generated/(Used) from Financing Activities	(85619.74)	174563.58
I. Net change in Cash & Cash Equivalents (F + G + H)	511.34	230.82
J. Cash and Cash Equivalents at the end of Financial Year	4602.49	4091.15
K. Cash and Cash Equivalents at the beginning of Financial Year	4091.15	3860.32
Net Change in Cash and Cash equivalents (J-K)	511.34	230.82

Notes :

1. Cash and Cash Equivalents include

1. Cash Balances

a) Cash balances including imprest	-	-
b) Cheques in hand	-	-

2. Bank Balances with Scheduled Banks :

a) Current Account	4171.92	3687.79
b) Deposit Account	430.57	4602.49
	403.36	4091.15

Total	4602.49	4091.15
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2. The Previous year's figures have been regrouped wherever necessary for uniformity in presentation

(A.S.Basu)
Managing Director &
Director (Finance)

(S.Venkataramana)
Director (Operations)

(P.Shankar)
Company Secretary

As per our Report of even date

Chandran & Raman
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S.Pattabiraman
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S. Venkatram & Co.
Chartered Accountants

R. Vaidyanathan
Membership No.18953
FRN: 004656S

Place : New Delhi
Date : May 24, 2014

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1

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 Tangible Assets

- 2.1.1 Fixed assets are stated at cost of acquisition less accumulated depreciation / amortization.
- 2.1.2 Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land.
- 2.1.3 Land acquired on lease for 99 years or less is treated as leasehold land.
- 2.1.4 Technical know-how / license fee relating to plants/facilities are capitalised as part of cost of the underlying asset.

2.2 Capitalisation of Construction Period Expenses

- 2.2.1 Revenue expenses exclusively attributable to projects incurred during construction period are capitalised.
- 2.2.2 Financing cost incurred during construction period on loans specifically borrowed and utilised for projects is capitalised on quarterly basis up to the date of capitalisation.
- 2.2.3 Financing cost, if any, incurred on general borrowings used for projects is capitalised at the weighted average cost.

2.3 Capital Stores

- 2.3.1 Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.

2.4 Intangible Assets

- 2.4.1 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.
- 2.4.2 Expenditure incurred on Research and Development, other than on capital account, is charged to revenue.
- 2.4.3 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 'Intangible Assets Under Development'.
- 2.4.4 Cost of Right of Way for laying pipelines is capitalized and amortised on a straight line basis over the period of such Right of way or 99 years whichever is less.

2.5 Depreciation / Amortisation

- 2.5.1 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/ dismantled during the year.
- 2.5.2 Assets costing upto ₹ 5000/- per item are depreciated fully in the year of capitalisation.
- 2.5.3 Capital expenditure on assets on which the ownership and control that does not vest with the company are charged to revenue in the year in which it is incurred.
- 2.5.4 Cost of leasehold land (including premium) for 99 years or less is amortised over the lease period.

2.6 Impairment of Assets

As at each balance sheet date, the carrying amount of Cash Generating Units/Assets is tested for impairment so as to determine:

- (a) the provision for impairment loss, if any, required; or
- (b) the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognised where the carrying amount of an asset exceeds recoverable amount.



3. 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.

4. FOREIGN CURRENCY TRANSLATION

- 4.1 Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.
- 4.2 Monetary items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the end of reporting period are translated at exchange rates prevailing as at the end of reporting period.
- 4.3 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.
- 4.4 (a) Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to long-term foreign currency monetary items relating to acquisition of depreciable assets.

(b) Exchange differences on long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and fully depreciated over the balance life of the assets.
- 4.5 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.

5. INVESTMENTS

- 5.1 Long-term investments are carried at cost and provision for diminution in the value thereof other than temporary in nature, is accounted.
- 5.2 Current investments are carried at lower of cost or market value.

6. INVENTORIES

6.1 Raw Materials

- 6.1.1 Crude oil is valued at cost determined on weighted average basis or net realisable value, whichever is lower.
- 6.1.2 Crude oil in-transit is valued at cost or net realisable value, whichever is lower.

6.2 Stock-in-process

Stock-in-process is valued at raw material cost plus fifty percent of the cost of conversion as applicable or net realisable value, whichever is lower.

6.3 Finished Products

- 6.3.1 Finished products are valued at cost determined 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.
- 6.3.2 Imported products in-transit is valued at CIF cost or net realisable value, whichever is lower.

6.4 Stores and Spares

- 6.4.1 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.
- 6.4.2 Stores and Spares in transit are valued at cost.

7. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

7.1 Contingent Liabilities

- 7.1.1 Show Cause Notices issued by various Government Authorities are not considered as Obligation.
- 7.1.2 When the demand notices are raised against such show cause notices and are disputed by the Company, then these are classified as disputed obligations.
- 7.1.3 The treatment in respect of disputed obligations, in each case above ₹ 5 lakhs, is as under:
- a) A provision is recognized in respect of present obligations where the outflow of resources is probable.
 - b) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

7.2 Capital Commitments

Estimated amount of contracts remaining to be executed on capital account above ₹ 5 lakhs in each case are considered for disclosure.

8. STATEMENT OF PROFIT AND LOSS

- 8.1 Revenue from sale of goods is recognised when significant risks and rewards are transferred to customers in accordance with the terms of sale.
- 8.2 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.
- 8.3 Other claims (including interest on outstandings) are accounted:
- a) When there is certainty that the claims are realizable
 - b) Generally at cost
- 8.4 Income and expenditure are disclosed as prior period items only when the value exceeds ₹ 5 lakhs in each case.
- 8.5 Prepaid Expenses upto ₹ 5 lakhs in each case are charged to revenue.

9. 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.

10. EMPLOYEE BENEFITS

10.1 Short Term Benefits:

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

10.2 Post-Employment Benefits and Other Long Term Employee Benefits:

- 10.2.1 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.
- 10.2.2 The Company operates defined benefit plans for Gratuity. 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 are administered through a fund maintained by Insurance Company. Actuarial gains/losses are charged to Statement of Profit and Loss.
- 10.2.3 The liability of the Company in respect of superannuation scheme is restricted to the fixed contribution paid by the Company on a monthly basis towards the defined contribution scheme maintained by Insurance Company, which is charged off to revenue.
- 10.2.4 Obligations on Compensated Absences, 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.
- 10.3 **Termination Benefits:**
- Payments made under Voluntary Retirement Scheme are charged to Statement of Profit and Loss.

11. COMMODITY HEDGING

The realized gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year are recognised in the Statement of Profit and Loss. However, in respect of those contracts the pricing period of which extends beyond the balance sheet date, suitable provision for likely loss, if any, is made.



NOTE "2" - SHARE CAPITAL

(₹ in Lakhs)

Particulars	Note	March 31, 2014	March 31, 2013
(1) Authorised			
40,00,00,000 Equity Shares of ₹ 10 each		40000.00	40000.00
(2) Issued			
17,00,00,000 Equity Shares of ₹ 10 each (i)		17000.00	17000.00
(3) Subscribed, Called-up and Paid-up			
14,89,11,400 (2013: 14,89,11,400)			
Equity Shares of ₹ 10 each		14891.14	14891.14
Add: Forfeited Shares (amount originally paid up)		9.32	9.32
TOTAL		14900.46	14900.46

(i) 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.

(4) Reconciliation of No. of Shares (Opening and Closing)

Opening Balance	148911400	148911400
Add : Bonus Shares issued during the year	-	-
Add : Shares issued on Amalgamation	-	-
Less : Shares bought back	-	-
Closing Balance	148911400	148911400

(5) Rights, preferences and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

(6) Shares held by Holding Company

(₹ in lakhs)

7,72,65,200 Equity Shares of ₹10 each (51.89%)
fully paid-up, held by Indian Oil Corporation Limited,
the Holding Company.

March 31, 2014	March 31, 2013
7726.52	7726.52

(7) Details of shareholders holding more than 5% shares

S.No.	Name of Shareholder	March 31, 2014		March 31, 2013	
		Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
a)	Indian Oil Corporation Limited	7,72,65,200	51.89	7,72,65,200	51.89
b)	Naftiran Intertrade Company Limited	2,29,32,900	15.40	2,29,32,900	15.40
c)	Bajaj Allianz Life Insurance Company Limited	73,31,429	4.92	77,68,899	5.22

NOTE " 3 " - RESERVES AND SURPLUS

(₹ in Lakhs)

Particulars	March 31, 2014	March 31, 2013
(1) Securities Premium Account :		
As per last account	25003.82	25003.82
(2) General Reserve :		
As per last account	339409.41	339409.41
(3) Statement of Profit and Loss :		
Balance brought forward from last year	(176683.98)	-
Add: Profit / (Loss) for the Year	(30384.89)	(176683.98)
Balance carried forward to next year	(207068.87)	(176683.98)
TOTAL	157344.36	187729.25

NOTE " 4 " - LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	Note	Non Current		Current Maturities	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(1) SECURED LOANS					
Debentures :					
10000 Nos. of 9.65% Secured Redeemable Non-Convertible Debentures of ₹ 10 Lakhs each redeemable at par - Series - II	(i)	100000.00	-	-	-
10000 Nos. of 8.85% Secured Redeemable Non-Convertible Debentures of ₹ 10 Lakhs each redeemable at par - Series - I	(ii)	100000.00	100000.00	-	-
Term Loans:					
From Banks					
Foreign Currency Loan - (USD 8.25 Mn; 2013 - USD 19.24 Mn)	(iii)		4477.91	4942.28	5970.54
Sub - Total		200000.00	104477.91	4942.28	5970.54
(2) UNSECURED LOANS					
Term Loans:					
a) From Banks		-	-	-	-
b) From Others					
Oil Industry Development Board	(iv)	-	9800.00	9800.00	13862.50
Sub - Total		-	9800.00	9800.00	13862.50
TOTAL		200000.00	114277.91	14742.28	19833.04



Nature of Security and Terms of repayment for Secured Loans

Nature of Security	Terms of Repayment
(i) Secured Redeemable Non Convertible Debentures (Series-II) - First Charge on specific Plant & Machinery alongwith the underlying land together with all the building and structures standing on the said land to the extent of ₹ 100000 Lakhs.	Principal repayable at the end of 5 years from 10.01.2014 being date of allotment. Interest payable annually at the rate of 9.65% p.a.
(ii) Secured Redeemable Non Convertible Debentures (Series-I) - First Charge on specific Plant & Machinery alongwith the underlying land together with all the building and structures standing on the said land to the extent of ₹ 100000 Lakhs.	Principal repayable at the end of 5 years or on the exercise of put/call option either in whole or in part at the end of 3 years from 18.02.2013 being date of allotment. Interest payable annually at the rate of 8.85% p.a.
(iii) Term Loan from EXIM Bank - First Pari Passu Charge on select movable fixed assets to the extent of ₹ 20000 lakhs	Principal along with interest repayable in 16 equal quarterly instalments after one year moratorium at six months Libor plus 250 bps with interest reset option after one year. Out of the 16 equal quarterly instalments (EQI), 13 EQI have already been paid on the respective due dates and remaining 3 EQI are outstanding on the Balance sheet date. Current interest rate is six months LIBOR plus 300 bps with effect from 1st April 2012.

Terms of repayment for Unsecured Loans

Borrowings	Terms of Repayment
(iv) Term Loans from Oil Industry Development Board	
1. ₹ 9800 Lakhs is due from the loan drawn on 31st March 2010	Repayable in 4 equal annual instalments after a moratorium of 1 year. Out of 4 EAI, 3 EAI have already been paid on the respective due dates and the remaining 1 EAI is outstanding on the Balance Sheet date. Rate of interest - 7.26% p.a payable quarterly.

NOTE "5" - DEFERRED TAX LIABILITIES / (ASSETS) (NET)

In compliance with Accounting Standard – 22 on “Accounting for Taxes on Income”, Deferred Tax Asset (-)/ Liability (+) for the financial period ended 31st March 2014 amounting to ₹ (369.30) Lakhs (2013: ₹ 6915.22 Lakhs) has been provided for the current year. The year end position of Deferred Tax Liability is given below:

		(₹ in Lakhs)	
Particulars		March 31, 2014	March 31, 2013
<u>Deferred Tax Liability:</u>			
Depreciation		70339.89	70709.19
Total Deferred Tax Liability (A)		70339.89	70709.19
<u>Deferred Tax Assets: (B)</u>		-	-
Deferred Tax Liability (Net)	TOTAL (A-B)	70339.89	70709.19

NOTE "6" - OTHER LIABILITIES

		(₹ in Lakhs)			
Particulars	Note	Non Current		Current	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(1) Current Maturities of Long-Term Debt (Refer Note "4")		-	-	14742.28	19833.04
(2) Interest accrued but not due on loans		-	-	3446.53	1686.36
(3) Investor Education & Protection Fund : - Unpaid Dividend	(i)	-	-	3568.69	3617.84
(4) Security Deposits		406.96	590.18	1455.54	2124.29
(5) Others	(ii)	3.31	3.31	49869.65	50997.05
Statutory Liabilities		-	-	29806.53	30740.14
Sundry Creditors - Projects		-	-	13505.73	12128.02
Employee Liabilities & Others		3.31	3.31	6557.38	8128.89
TOTAL		410.27	593.49	73082.68	78258.58

(i) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end . Balance as at 31st March 2014 includes ₹ 3210.61 Lakhs (2013 : ₹ 3210.61 Lakhs) of unpaid dividend to Naftiran Inter trade company Limited (NICO) for the financial years ending 2011 and 2012 which could not be remitted due to sanctions imposed by US / European Union against Iran.

(ii) Other current liabilities includes due to Indian Oil Corporation Ltd., the holding company - ₹ 16.03 Lakhs (2013 : ₹ 54.87 Lakhs)

NOTE " 7 " - PROVISIONS

(₹ in Lakhs)

PARTICULARS	Non Current		Current	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
1 Provision for Employee Benefits	3699.10	2795.51	7682.96	7792.70
2 Provision for Taxation (Net)	-	-	-	5729.48
TOTAL	3699.10	2795.51	7682.96	13522.18



NOTE " 8 " - SHORT-TERM BORROWINGS

(₹ in Lakhs)

PARTICULARS	Note	March 31, 2014	March 31, 2013
(1) SECURED LOANS			
Loans repayable on demand			
From Banks:			
a) In Foreign Currency			
Packing credit foreign currency loan		-	65148.00
(Nil ; 2013 : USD 120.0 Mn)			
b) In Indian Rupees			
Working Capital Demand Loan - SBI		135000.00	84000.00
Cash Credit		-	711.71
Sub-Total	(i)	135000.00	149859.71
(2) UNSECURED LOANS			
Loans repayable on demand			
From Banks/Financial Institutions:			
a) In Foreign Currency			
Packing credit foreign currency loan		209720.00	157441.00
(USD : 350 Mn; 2013 : USD 290 Mn)			
b) In Rupees			
Book Overdraft		499.81	633.31
Working Capital Demand Loan		-	73500.00
Commercial Paper		-	75000.00
Total Unsecured Loans		210219.81	306574.31
TOTAL SHORT-TERM BORROWINGS		345219.81	456434.02

- (i) Against hypothecation of entire current assets to the extent of ₹ 317500 lakhs with State Bank of India (2013: ₹ 317500 lakhs)

NOTE " 9 " - TRADE PAYABLES

(₹ in Lakhs)

PARTICULARS	Note	March 31, 2014	March 31, 2013
Trade Payables:			
a) Total Outstanding dues to Micro, Small and Medium Enterprises	(i)	22.93	-
b) Total Outstanding dues to Related Parties	(ii)	490126.35	436433.97
c) Total dues to creditors other than Micro, Small and Medium Enterprises		31396.93	34456.64
TOTAL		521546.21	470890.61

- (i) 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 interest amount remains unpaid to such Micro and Small enterprises as on 31.03.2014 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.
The above has been determined to the extent, such parties could be identified on the basis of information made available to the company.
- (ii) Represents due to Indian Oil Corporation Ltd., the holding company.

NOTE "10" - TANGIBLE ASSETS

(₹ in Lakhs)

GROSS BLOCK							DEPRECIATION/ AMORTISATION				NET BLOCK	
	Note	Gross Block as at 01-Apr-13	Additions	Disposals	Transfers/ Deductions/ Adjustments/ Reclassifications	Gross Block as at 31-Mar-14 (Ref. Note No. E)	Depreciation and Amortisation as at 01-Apr-13	Depreciation and Amortisation for the year	Depreciation on disposals/ transfers/ deductions etc	Total Depreciation and Amortisation upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Land												
- Freehold	A	3776.84	-	-	-	3776.84	-	-	-	-	3776.84	3776.84
- Leasehold	B	780.85	-	-	-	780.85	103.31	12.19	-	115.50	665.35	677.54
Buildings, Roads etc.		20221.06	727.14	-	-	20948.20	6035.69	477.83	-	6513.52	14434.69	14185.37
Plant and Machinery	C	770336.39	8774.09	213.28	1204.50	780101.70	339221.05	37664.83	202.48	375683.39	404418.31	432115.34
Office Equipment		4022.13	224.57	103.31		4143.39	2297.88	272.40	70.51	2499.77	1643.62	1724.25
Transport Equipments		2262.60	162.01	4.80		2419.81	1897.67	68.47	2.16	1963.97	455.84	364.93
Furniture and Fixtures		1773.81	286.28	71.49		1988.60	916.14	102.02	37.81	980.34	1008.26	857.67
Railway Sidings	D	6.12	-	-	-	6.12	5.82	-	-	5.82	0.30	0.30
Drainage, Sewage and Water Supply System		2388.29	13.11	-	-	2401.40	359.29	37.47	-	396.76	2004.64	2029.00
Total		805568.09	10187.20	392.88	1204.50	816566.91	349836.85	38635.20	312.97	388159.07	428407.84	455731.24
Previous Year		688592.46	121854.00	6030.43	1152.06	805568.09	318460.49	36992.76	5616.40	349836.85	455731.23	370131.97

A : Gross Block of Land includes ₹ 18.36 Lakhs deposited towards 50.93 acres of Land for which assignment deed is yet to be received from Govt. of TamilNadu.

B : Refer S.No. 2.1.3 and 2.5.4 of Note - 1 ,Significant Accounting Policies.

C : Adjustments under Plant & Machinery includes ₹ 1204.50 Lakhs (2013: ₹1078.10 Lakhs) of exchange differences on long term foreign currency loans relating to acquisition of fixed assets adjusted to the carrying cost of the asset as per para 46A of AS 11 in line with Notification dated 29.12.2011 of Ministry of Corporate Affairs. Ref. Sl No. 4.4 of Significant Accounting Policies.

D : Represents 5/24 share of total cost of the Railway Siding jointly owned by the Company along with Madras Fertilizers Limited , Madras Petrochem Limited , Steel Authority of India Limited and Rashtriya Ispat Nigam Limited.

E : The cost of assets are net of VAT /CENVAT, wherever applicable.



NOTE "11": INTANGIBLE ASSETS

(₹ in Lakhs)

	AT COST						AMORTISATION				NET BLOCK	
	Note	Gross Block as at 01-Apr-13	Additions	Disposals	Transfers/ Deductions/ Adjustments/ Reclassifications	Gross Block as at 31-Mar-14	Amortisation as at 01-Apr-13	Amortisation for the year	Amortisation on disposals/ transfers/ deductions etc	Total Amortisation upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Right of Way	A	30.68	-	-		30.68	-	3.49	-	3.49	27.19	30.68
Technical Know-How, Royalty and License Fees	B	3473.17	-	-	-	3473.17	2451.16	346.01	-	2797.17	676.00	1022.01
Software		1249.68	107.70			1357.38	1249.68	31.28	-	1280.96	76.42	-
Total		4753.53	107.70	-	-	4861.23	3700.84	380.78	-	4081.62	779.61	1052.69
Previous Year		4753.53	-	-	-	4753.53	3240.97	459.87	-	3700.84	1052.69	1512.56

A : Right of way for laying pipelines is right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. This right being perpetual, was not considered for amortisation hitherto. Due to the change in accounting policy the said right of way has now been considered for amortization on a straight line basis over the period of such right of way or 99 years whichever is less. The change has resulted in increase in the loss for the current year by ₹ 3.49 Lakhs.

B : Amortisation for the year includes ₹ 58.32 Lakhs (2013 : Nil) pertaining to prior year shown in Note 27



NOTE "12" CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

PARTICULARS	March 31, 2014	March 31, 2013
(1) Construction Work in Progress - Tangible Assets (Including unallocated capital expenditure)	30407.62	12739.47
(2) Capital stores	3437.88	4101.92
(3) Capital Goods in Transit	94.25	28.49
(4) Construction Period Expenses pending allocation: Net expenditure during the year (Note - "12.1")	1196.70	10335.20
Less: Allocated to assets during the year	(1196.70)	(10335.20)
TOTAL	33939.76	16869.88

NOTE "12.1" CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

(₹ in Lakhs)

PARTICULARS	March 31, 2014	March 31, 2013
(1) Payments to and Provision for Employees	916.03	997.47
(2) Own Fuel	-	5151.53
(3) Travelling & Conveyance	16.48	10.90
(4) Interest	250.69	4171.37
(5) Other Expenses	13.50	3.93
Net Expenditure during the year	1196.70	10335.20

NOTE "13" INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

PARTICULARS	March 31, 2014	March 31, 2013
Capital Work in Progress - Intangible Assets	472.02	472.02
TOTAL	472.02	472.02

NOTE "14" NON CURRENT INVESTMENTS

(₹ in Lakhs)

PARTICULARS	NO. AND PARTICULARS OF SHARES/ UNITS	FACE VALUE PER SHARE ₹	March 31, 2014	March 31, 2013
(1) Trade Investments (Unquoted, at cost):				
Investment in Equity Instruments In Joint Venture Companies :				
a) Indian Additives Ltd.	1183401 Equity Shares fully paid	100	1183.40	1183.40
b) National Aromatics and Petrochemical Corporation Limited	25000 Equity Shares fully paid	10	2.50	2.50
Less: Provision for Diminution			2.50	2.50
			-	-
Investment in Others :				
Petroleum India International (AOP of Oil Companies)	Capital Fund Share in accumulated surplus		500.00	500.00
			787.75	730.34
			1287.75	1230.34
(2) Other Investments (Unquoted, at cost) :				
Investment in Equity Instruments				
BioTech Consortium India Ltd	100000 Equity Shares fully paid	10	10.00	10.00
Investment in Others :				
MRL Industrial Cooperative Service Society Ltd	9000 Shares fully paid	10	0.90	0.90
TOTAL			2482.05	2424.64
Aggregate value of Unquoted Non Current Investments			2484.55	2427.14
Aggregate value of provisions on Unquoted Non Current Investments			2.50	2.50

NOTE " 15 " - LOANS AND ADVANCES

(₹ in Lakhs)

PARTICULARS	NOTE	LONG TERM		SHORT TERM	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(1) Capital Advances					
Unsecured, Considered Good		2035.84	258.16	-	-
(2) Advance recoverable in cash or in kind for value to be received:					
a) From Related Parties					
i) Unsecured, Considered Good	(i)	4.10	4.12	0.62	0.62
b) From Others					
i) Secured, Considered Good	(ii)	4315.67	4669.73	489.52	502.95
ii) Unsecured, Considered Good	(iii)	1698.03	1694.08	2530.20	9642.17
		6017.80	6367.93	3020.34	10145.74
(3) Claims Recoverable :					
a) From Related Parties					
i) Unsecured, Considered Good	(iv)			0.50	17.85
ii) Unsecured, Considered Doubtful	(v)			1440.36	1440.36
				1440.86	1458.21
				1440.36	1440.36
Less : Provision for Doubtful Claims				0.50	17.85
b) From Others					
i) Unsecured, Considered Good		-	-	9132.56	8869.24
ii) Unsecured, Considered Doubtful		-	12.36	364.95	364.95
		-	12.36	9497.51	9234.20
Less : Provision for Doubtful Claims		-	12.36	364.95	364.95
		-	-	9132.56	8869.24
(4) Balance with Customs, Port Trust and Excise Authorities:					
Unsecured, Considered Good				1837.06	1969.47
(5) Deposits for Leave Encashment Fund				6483.08	6013.60
(6) Advance Income Tax		230.83	-	-	-
(7) Materials given on loan to Related party - Unsecured, Considered Good	(iv)			7.96	-
(8) Advances against materials taken on loan from Related Party-Unsecured, Considered Good				9.21	9.21
Less: Material taken on Loan	(iv)			8.15	8.15
				1.06	1.06
(9) Sundry Deposits					
Unsecured, Considered Good		1048.53	996.23	1611.27	1121.52
TOTAL	(vi)	9332.99	7622.32	22093.83	28138.48



NOTE " 15 " - LOANS AND ADVANCES

PARTICULARS		LONG TERM			SHORT TERM	
		March 31, 2014	March 31, 2013		March 31, 2014	March 31, 2013
(₹ in Lakhs)						
(i) Includes:						
Due from Directors						
Maximum amount due during the year (2013-14 : 4.74 , 2012-13 : 5.01)		4.10	4.12		0.62	0.62
(ii) Due from Officers		2.01	2.32		0.65	0.49
(iii) Due from Officers		4.64	-		0.50	-
Maximum amount due during the year (2013-14 : 8.31 , 2012-13 : 3.36)						
(iv) Represents dues from Indian Oil Corporation Ltd, the holding company						
(v) Represents dues from National Aromatics and Petrochemicals Corporation Limited, Joint Venture Company						
(vi) Disclosure requirements of SEBI under Clause 32 of the Listing agreement						
1	Loans and advances in the nature of loans to parent company, Indian Oil Corporation Limited	Nil	Nil		Nil	Nil
	Maximum amount outstanding during the year	Nil	Nil		Nil	Nil
2	Loans and advances in the nature of loans to associates	Nil	Nil		Nil	Nil
	Maximum amount outstanding during the year	Nil	Nil		Nil	Nil
3	Loans and advances in the nature of loans where there is (i) no repayment schedule or repayment beyond seven years or (ii) no interest or interest under section 372 A of Companies Act	Nil	Nil		Nil	Nil
4	Loans and advances in the nature of loans to firms/companies in which directors are interested	Nil	Nil		Nil	Nil



NOTE "16" OTHER CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
(1) Interest Accrued on Investments/ Bank Deposits	36.43	35.41
(2) Gold Coins on Hand (at Cost)	22.63	48.20
(3) Premium on Forward Contract		
As per Last account	-	381.90
Add:-Expenditure during the year	-	-
	-	381.90
Less:Amortised during the year	-	381.90
	-	-
TOTAL	59.06	83.61

NOTE "17" INVENTORIES

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Raw Materials			
On Hand		198470.11	208281.88
In Transit		153012.55	120865.65
		351482.66	329147.53
(2) Stores, Spares etc.			
On Hand		25225.17	22788.24
Less : Provision for Losses		2337.17	1979.06
		22888.00	20809.18
In Transit		265.99	769.02
		23153.99	21578.20
(3) Finished Products			
On Hand		215259.02	224193.02
(4) Stock in Process			
On Hand		79878.26	63733.28
TOTAL	(i)	669773.93	638652.03

(i) Refer SL No 6 of Significant Accounting Policies for mode of valuation

NOTE "18" TRADE RECEIVABLES

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Over Six Months:			
From Related Parties			
Unsecured, Considered Good	(i)	0.79	-
From Others			
Unsecured, Considered Good		607.64	925.94
(2) Other Debts :			
From Related Parties			
Unsecured, Considered Good	(i)	152374.84	211231.01
From Others			
a) Secured Considered Good	(ii)	9347.19	9567.94
b) Unsecured, Considered Good	(iii)	59951.69	33248.26
		221673.72	254047.21
TOTAL		222282.15	254973.15

(i) Represents due from Indian Oil Corporation Ltd, the holding company.

(ii) Represents dues for which mortgage and first charge on an asset is in favour of the company to the extent of ₹ 10000 Lakhs. (2013: ₹ 10000 Lakhs)

(iii) Includes receivables from Indian Additives Limited, Joint Venture Company - ₹ 353.03 Lakhs. (2013: Nil)

NOTE "19" - CASH AND BANK BALANCES

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Cash and Cash Equivalents			
a) Bank Balances with Scheduled Banks : Current Account		603.23	69.95
(2) Other Bank Balances			
Balances with bank held as other commitments		430.57	403.36
Earmarked Balances (Unpaid Dividend)	6 (3) (i)	3568.69	3617.84
		3999.26	4021.20
TOTAL		4602.49	4091.15

NOTE "20" - REVENUE FROM OPERATIONS

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Sale of Products	(i)	5395559.87	4691274.71
Less: Trade Discounts		3189.91	7028.33
Sales (Net of Discounts)		5392369.96	4684246.38
(2) Other Operating Revenues (Note "20.1")		3102.98	1677.44
		5395472.95	4685923.82
TOTAL		5395472.95	4685923.82

(i) 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 ₹ 395447.74 Lakhs (2013: ₹ 250510.05 Lakhs) 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, the holding company. Accordingly, Gross Sale of Products and Consumption of Raw Materials for the year are net of ₹ 395447.74 Lakhs. (2013: ₹ 250510.05 Lakhs).

Refer Note 30 - Finished Products - Quantity and Value Particulars, for product wise sales.

NOTE "20.1" - OTHER OPERATING REVENUES

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
(1) Sale of Power	48.40	512.80
(2) Unclaimed liabilities / provisions written back	310.14	167.69
(3) Recoveries from Employees	103.09	39.15
(4) Sale of Scrap	2641.35	957.80
TOTAL	3102.98	1677.44



NOTE "21" - OTHER INCOME

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Interest on :			
a) Loans and Advances		258.61	259.57
b) Short Term Deposits with Banks		30.94	3.06
c) Customer Outstandings		349.74	156.28
d) Others	(i)	753.54	752.66
		1392.82	1171.58
(2) Dividend from Joint Venture	(ii)	591.70	591.70
(3) Profit on sale and disposal of Assets		1.49	9.71
(4) Other Non Operating Income	(iii)	748.76	602.99
TOTAL		2734.77	2375.98

(i) Includes interest on Income Tax refunds ₹ 219.30 Lakhs (2013: ₹ 209.18 Lakhs)

(ii) Represents income from Non current Trade Investment - Indian Additives Limited - Joint Venture Company.

(iii) Includes income from Petroleum India International (Non current Trade Investments) ₹ 57.41 Lakhs (2013: ₹ 61.62 Lakhs)

NOTE "22" - COST OF MATERIALS CONSUMED

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
Raw Materials Consumed :			
Opening Balance		329147.53	348748.40
Add : Purchases	(i)	4729838.77	4114331.04
		5058986.30	4463079.44
Less: Closing Stock		351482.66	329147.53
TOTAL	(ii)	4707503.64	4133931.91

(i) Refer Note 20 (i) - Revenue from Operations.

(ii) Refer Note 31 - Consumption particulars of Raw Material.

NOTE "23" - CHANGES IN INVENTORY

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
Closing Stock			
a) Finished Products	(i)	215259.02	224193.02
b) Stock in Process		79878.26	63733.28
		295137.28	287926.30
Less:			
Opening Stock	(i)		
a) Finished Products		224193.02	226089.28
b) Stock in Process		63733.28	41337.80
		287926.30	267427.08
NET INCREASE/(DECREASE)		7210.98	20499.22

(i) Refer Note 30 - Finished Product - Quantity and Value Particulars.

NOTE " 24 " - EMPLOYEE BENEFIT EXPENSES

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Employee Benefit Expenses:	(i)		
a) Salaries, Wages, Bonus etc		22943.89	23000.14
b) Contribution to Provident & Other Funds		2812.41	3811.97
c) Staff Welfare Expenses		3429.26	4731.26
TOTAL	(ii)	29185.56	31543.37

(i) Disclosure in compliance with Accounting Standard-15 (Revised) on "Employee Benefits" is given in Note 28. (Annexure I)

(ii) Remuneration paid/payable to Directors

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
a) Salaries and Allowances	67.65	85.63
b) Contribution to Provident Fund/Superannuation Fund, etc	12.52	15.03
c) Other benefits and perquisites	0.72	0.99
TOTAL	80.89	101.65

NOTE "25" - FINANCE COST

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
(1) Interest Expense on:		
a) Fixed period loans from Banks/ Financial Institutions/ Others	1738.65	3438.83
b) Debentures	11103.52	1188.08
c) Short Term loans from Banks/Financial Institutions/ Others	29172.83	37500.33
d) Others	12.40	18.87
	42027.39	42146.11
(2) Other Borrowing Cost	53.37	39.15
(3) Applicable net (gain)/loss on foreign currency transactions and translation	14716.26	5604.53
TOTAL (Net)	56797.03	47789.79



NOTE " 26 " - OTHER EXPENSES

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
(1) Consumption:		
a) Stores, Spares and Consumables	6490.79	8158.84
b) Packages & Drum Sheets	111.59	84.70
	6602.38	8243.54
(2) Power, Water & Fuel	377443.62	415442.41
Less : Fuel from own production	372538.95	410109.26
	4904.67	5333.15
(3) Irrecoverable taxes	21131.09	13017.11
(4) Repairs and Maintenance		
i) Plant & Machinery	15563.28	17446.30
ii) Buildings	657.87	238.48
iii) Others	2854.18	3533.11
	19075.33	21217.89
(5) Freight, Transportation Charges and Demurrage	3081.27	5785.98
(6) Office Administration, Selling and Other Expenses (Note "26.1")	56961.47	47449.56
TOTAL	111756.21	101047.24
Less: Company's use of own Products	-	5155.92
	111756.21	95891.32
(7) Excise Duty	458283.31	399572.62
Less: Excise Duty on Transfer of Products	461210.43	397595.71
Excise Duty (Net)	(2927.12)	1976.91
TOTAL (Net)	108829.09	97868.23

NOTE "26.1" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(₹ in Lakhs)

PARTICULARS	NOTE	March 31,2014	March 31,2013
(1) Rent		2197.03	2065.99
(2) Insurance		2424.15	1944.71
(3) Rates & Taxes		387.91	419.29
(4) Payment to auditors			
a) Audit Fees		10.00	10.00
b) Tax Audit Fees		2.25	1.50
c) Other Services		5.90	6.27
		18.15	17.77
(5) Travelling & Conveyance		1979.04	1783.43
(6) Communication Expenses		199.31	223.51
(7) Printing & Stationery		97.86	94.37
(8) Electricity & Water		49.86	33.81
(9) Bank Charges		101.49	45.13
(10) Loss on Assets Sold /Discarded		63.41	839.15
(11) Technical Assistance Fees		535.86	442.90
(12) Exchange Fluctuation (net)		43660.11	33187.02
(13) Provision for Doubtful Debts, Advances, Claims, CWIP, Obsolescence Stores, Capital Stores etc.		470.29	546.66
(14) Security Force Expenses		1676.14	1641.74
(15) Terminalling & Handling Charges		1584.44	1851.48
(16) Expenses on CSR Activities		116.97	193.57
(17) Miscellaneous Expenses	(i)	1399.44	2119.04
TOTAL		56961.47	47449.56

(i) Refer Sl No.12 in Note 28 (Annexure -II)

(ii) Miscellaneous Expenses include:

a) Expenditure on Public Relations and Publicity amounting to ₹ 149.56 lakhs (2013: ₹ 192.68 lakhs). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00002412:1 (2013: 0.00004113:1).

b) Entertainment Expenses ₹ 24.12 lakhs (2013: ₹ 24.96 lakhs).

NOTE " 27 " – INCOME / EXPENSES RELATING TO PREVIOUS YEARS

(₹ in Lakhs)

PARTICULARS	March 31,2014	March 31,2013
Income:		
(1) Miscellaneous Income	-	(52.20)
Total Income	-	(52.20)
Expenditure:		
(1) Raw Materials Consumption	(1430.68)	-
(2) Amortization on Intangible assets	58.32	-
(3) Technical fees	-	62.00
(4) Power and Fuel	25.90	-
(5) Other Expenses	-	(54.31)
Total Expenses	(1346.47)	7.69
NET INCOME /(EXPENDITURE)	1346.47	(59.89)



NOTE 28

1. Contingent Liabilities:

- a) Claims against the company not acknowledged as debts ₹ 30524.95 lakhs (2013: ₹ 29101.34 lakhs).
These mainly include:
 - i) ₹ 344.19 lakhs (2013: ₹ 572.31 lakhs) in respect of Central Excise.
 - ii) ₹ 20620.57 lakhs (2013: ₹ 21454.65 lakhs) in respect of Sales Tax.
 - iii) ₹ 6926.63 lakhs (2013: ₹ 4695.27 lakhs) in respect of Income Tax.
 - iv) ₹ 1628.03 lakhs (2013: ₹ 1342.70 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 ₹ 184959.97 lakhs (2013: ₹ 38854.22 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, twenty three and half acres and eleven acres and sixty two cents of land of the company are in the possession of IOT Infrastructure & Energy Services Limited, CPCL Educational Trust and Indian Oil Corporation Limited respectively under 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) The company is in possession of 135.93 acres of land (classified as Poramboke) for which value is to be determined and Assignment deed is yet to be received from Govt. of Tamilnadu.
(c) Pending decision of the Government/Court, additional compensation, if any, payable to the landowners and the Government for certain lands acquired, is not considered.
 5. The company, in the absence of 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 6.3 in Note – 1 – “Statement of Significant Accounting Policies”).
 7. The Company has no export obligation (2013: ₹ 1153.65 Lakhs) on account of concessional rate of customs duty availed under EPCG scheme on import of capital goods/Advance License scheme on import of crude oil.
 8. The company operates in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.
 9. No provision for Income Tax (Current Tax) has been made in view of loss for the current year.
 10. Foreign currency exposures as on 31.03.2014 is ₹ 703338.45 Lakhs (2013: ₹ 650903.20 Lakhs). The company has not entered into any derivative transaction. There are no outstanding Forward contracts as on 31st March 2014 (2013: Nil).
 11. Disclosure as required under Accounting Standard – 15 (Revised) on “Employee Benefits” is provided in Annexure – I to this Note.
 12. In compliance with Accounting Standard – 18 on “Related Party Disclosures”, the required information is given in Annexure – II to this Note.

Chennai Petroleum Corporation Limited

13. Disclosure as required under Accounting Standard – 19 on “Leases” is as under:

Operating Leases:

Lease rentals charged in the Statement of Profit and Loss is as follows :

(₹ in Lakhs)

PARTICULARS	2013 - 14	2012 - 13
Lease rentals recognised during the year	706.69	715.33
Lease obligation - not later than one year	680.81	724.10
Lease obligation - later than one year and not later than five years	2723.23	2896.40

These lease rentals relate to operating leases in respect of Product Tankages taken on lease from IOC on a renewal basis.

14. In compliance with Accounting Standard – 20 on “Earnings Per Share”, the elements considered for calculation of Earnings Per Share (Basic and Diluted) are as under:

PARTICULARS	2013 - 14	2012 - 13
Profit / (Loss) After Tax (₹ in Lakhs)	(30384.89)	(176683.98)
Weighted Average number of equity shares	148911400	148911400
Earnings Per Share (Basic and Diluted) (₹)	(20.40)	(118.65)
Face value per share (₹)	10	10

15. Disclosure as required under Accounting Standard – 27 on “Financial Reporting of Interests in Joint Ventures” is as under:

a) Name of the Joint Venture Indian Additives Ltd.

Proportion of ownership interest 50%

Country of Incorporation India

Aggregate amount of interest in Joint Venture

(₹ in Lakhs)

Company's share of	2013 - 14 #	2012 - 13##
Assets	13058.28	11923.79
Liabilities	3432.57	3542.50
Income	26335.28	24000.94
Expenditure	24348.54	21082.21
Contingent Liabilities	719.88	678.01

Unaudited figures ## 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 interest in Joint Venture is not given since the joint venture is not operational.

16. 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”. Based on such review, no provision for impairment is required to be recognised for the year.

17. In Compliance of Accounting Standard – 29 on “ Provisions, Contingent Liabilities & Contingent Assets”, the required information on each class of contingent liability is as under :

(₹ in Lakhs)

PARTICULARS	OPENING BALANCE	ADDITIONS DURING THE YEAR	REVERSAL DURING THE YEAR	CLOSING BALANCE
Sales Tax	21454.65	-	834.08	20620.57
Central Excise	572.31	17.99	246.11	344.19
Income Tax	4695.27	2487.90	256.54	6926.63
Others	2379.11	288.97	34.52	2633.56
Total	29101.34	2794.86	1371.25	30524.95



18. The Research and Development Expenses incurred by the Company are as under:

(₹ in Lakhs)

PARTICULARS	2013 - 14	2012 - 13
Capital Expenditure	329.78	9.46
Revenue Expenditure	406.30	410.63
Total	736.08	420.09

19. 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 Serial No: 11

Defined Contribution Schemes:

The net amount expended in respect of employer's contribution to the provident fund and superannuation fund during the year, are ₹ 1574.98 Lakhs (2013: ₹ 1860.21 Lakhs) and ₹ 1443.42 Lakhs (2013: ₹ 1416.81 Lakhs) respectively.

Defined Benefits Plans: General Description

Gratuity:

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service subject to a maximum of ₹ 10 Lakhs at the time of separation from the company.

Leave Encashment:

Each employee is entitled to get 8 earned leaves for each completed quarter of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 15 days subject to maximum accumulation upto 300 days. In addition, each employee is entitled to get 5 sick leaves at the end of every six months. The entire accumulation of sick leaves is permitted for encashment only at the time of retirement.

PRMS

Post Retirement Medical Scheme (PRMS) provides medical benefit to retired employees and eligible dependant family members.

Long Service Award:

On completion of specified period of service with the company and also at the time of retirement, employees are rewarded with Gold Coins of different weight based on the duration of service completed.

Defined Benefit Schemes:

(₹ in Lakhs)

NET EMPLOYEE BENEFIT EXPENSE	UNFUNDED SCHEMES						FUNDED SCHEME	
	POST RETIREMENT MEDICAL BENEFITS		SERVICE AWARD		LEAVE ENCASHMENT		GRATUITY	
	2014	2013	2014	2013	2014	2013	2014	2013
Current Service Cost	37.78	26.90	46.30	44.72	270.70	226.88	103.62	125.31
Interest cost on benefit obligation	224.19	188.78	37.79	41.63	554.50	404.36	517.38	468.52
Expected (return) / loss on plan assets	-	-	-	-	-	-	(509.08)	487.34
Net actuarial (gain)/ loss recognized in the year	912.63	74.09	21.77	(57.71)	314.80	2251.32	(423.32)	362.43
Net (Benefit)/Expense	1174.60	289.77	105.86	28.64	1140.00	2882.56	(311.40)	468.92

(₹ in Lakhs)

CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	UNFUNDED SCHEMES						FUNDED SCHEME	
	POST RETIREMENT MEDICAL BENEFITS		SERVICE AWARD		LEAVE ENCASHMENT		GRATUITY	
	2014	2013	2014	2013	2014	2013	2014	2013
Opening defined benefit obligation	2559.09	2357.65	507.09	524.58	7461.57	5164.71	6500.84	5797.34
Interest Cost	224.19	188.78	37.79	41.63	554.50	404.36	517.38	468.52
Current service cost	37.78	26.90	46.30	44.72	270.70	226.88	103.62	125.31
Benefits paid	(190.89)	(88.33)	(87.96)	(46.13)	(1332.42)	(585.69)	(320.85)	(305.10)
Net actuarial (gain)/ loss on obligation	912.63	74.09	21.77	(57.71)	314.80	2251.32	(423.32)	362.43
Closing defined benefit obligation	3542.80	2559.09	524.99	507.09	7269.15	7461.58	6301.10	6500.84

1% increase in cost of post retirement medical benefits will increase the liability by ₹ 113.17 Lakhs (2013: ₹ 199.14 Lakhs).

1% decrease in cost will decrease the liability by ₹ 98.40 Lakhs (2013: ₹ 170.69 Lakhs)

FUNDED SCHEME:

(₹ In lakhs)

CHANGE IN FAIR VALUE OF PLAN ASSETS	GRATUITY	
	2014	2013
Opening Fair value of plan assets	6149.65	5856.78
Expected return	509.08	487.34
Contributions	-	-
Contributions towards Direct Benefit Payments	-	58.29
Benefits paid	(320.86)	(246.80)
Direct Benefit Payments	-	(58.29)
Actuarial gain /(loss)	(76.57)	52.33
Closing Fair value of plan assets	6261.31	6149.65
Investment details	Insurer Managed funds –100%	

FUNDED SCHEME:

(₹ In lakhs)

BALANCE SHEET	GRATUITY	
	2014	2013
Defined benefit obligation	6301.10	6500.84
Fair value of plan assets	6261.31	6149.65
Plan asset / (liability)	(39.79)	(351.19)



FUNDED SCHEME:

ACTUARIAL ASSUMPTIONS	GRATUITY	
	2014	2013
Discount Rate (per annum)	9.10%	8.16%
Rate of escalation in salary (per annum)	8%	8%
Mortality table	Indian Assured Lives 2006-08	
Attrition rate	2%	2%
Expected rate of return on plan assets (per annum)	8.5%	8.5%

UNFUNDED SCHEMES:

ACTUARIAL ASSUMPTIONS	POST RETIREMENT MEDICAL BENEFITS		SERVICE AWARD		LEAVE ENCASHMENT	
	2014	2013	2014	2013	2014	2013
Mortality table (before Retirement)	Indian Assured Lives 2006-08					
Discount Rate (per annum)	9.10%	8.16%	9.10%	8.16%	9.10%	8.16%
Inflation Rate /Salary Escalation (per annum)	7%	7%	-	-	8%	8%

ANNEXURE - II

DISCLOSURE REQUIREMENTS UNDER AS – 18 AS PER SERIAL NO: 12

(₹ in Lakhs)

Sl. No.	DETAILS OF TRANSACTIONS	KEY MANAGEMENT PERSONNEL		JOINT VENTURES		ENTITY OVER WHICH KMP EXERCISE SIGNIFICANT INFLUENCE		TOTAL	
		2014	2013	2014	2013	2014	2013	2014	2013
1.	Remuneration / Other Benefits & entitlements	80.89	101.65	-	-	-	-	80.89	101.65
2.	Dividend Received	-	-	591.70	591.70	-	-	591.70	591.70
3.	Outstanding Loans/ advances receivables	4.72	4.74	-	-	-	-	4.72	4.74
4.	Claims Recoverable	-	-	1440.36	1440.36	-	-	1440.36	1440.36
5.	Provisions for Doubtful Claims	-	-	1440.36	1440.36	-	-	1440.36	1440.36
6.	Assets on Hire	7.48	4.65	-	-	-	-	7.48	4.65
7.	Trade receivable	-	-	353.03	-	-	-	353.03	-
8.	Sale of Products (Gross)	-	-	1555.94	-	-	-	1555.94	-
9.	Other expenses	-	-	-	-	128.35	499.12	128.35	499.12

- a) The remuneration/other benefits & entitlements to KMP stated above does not include the impact of provision made on actuarial valuation of retirement/post retirement benefit schemes as the same are not ascertainable separately.
- b) Sl No 2, 7 & 8 represents transactions with Joint Venture Company – Indian Additives Limited.

Chennai Petroleum Corporation Limited

Key Management Personnel (KMP)

Whole-time Directors

- 1) Mr A.S Basu
- 2) Mr S. Venkataramana
- 3) Mr T. S. Ramachandran
- 4) Ms D. Lilly (till 31st July 2013)

Joint Venture Companies

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

Entity over which KMP exercise significant influence

- 1) CPCL Educational Trust

NOTE "29" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

(Figures in Lakhs)

		UNIT	Licensed Capacity		Installed Capacity		Actual Production		
			31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	Note	31 March 2013
1.	Crude Processing	MTs	115.00	115.00	115.00	115.00	106.24		97.42
2.	Propylene Recovery Unit	MTs	0.30	0.30	0.30	0.30	0.36	A	0.28
3.	Wax Plant	MTs	0.30	0.30	0.30	0.30	0.23	A	0.21

A. Represents finished petroleum products

NOTE "30" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity MT (in lakhs)	Value (₹in lakhs)	Quantity MT (in lakhs)	Value (₹in lakhs)	Quantity MT (in lakhs)	Value (₹in lakhs)	Quantity MT (in lakhs)	Value (₹in lakhs)
1. PETROLEUM / PETRO-CHEMICAL PRODUCTS								
Year ended 31.03.14	4.06	221876.77	0.63	37377.73	98.16	5373729.99	3.59	212993.78
Year ended 31.03.13	4.00	224518.36	1.17	68847.35	88.84	4610640.42	4.06	221876.77
2. WAX								
Year ended 31.03.14	0.03	2316.25	-	-	0.23	21829.88	0.02	2265.24
Year ended 31.03.13	0.02	1570.92	-	-	0.21	17155.40	0.03	2316.25
3. TOTAL								
Year ended 31.03.14	4.09	224193.02	0.63	37377.73	98.39	5395559.87	3.61	215259.02
Year ended 31.03.13	4.02	226089.28	1.17	68847.35	89.05	4627795.82	4.09	224193.02



NOTE 31- CONSUMPTION PARTICULARS OF RAW MATERIALS, STEEL COILS / SHEETS / STORES / SPAREPARTS AND COMPONENTS

	Imported		Indigenous		Quantity	Total
	Value (₹ in Lakhs)	% to total Consumption	Value (₹ in Lakhs)	% to total Consumption	MTs (in Lakhs)	Rupees (in Lakhs)
31 March 2014						
Crude Oil and Gas	4193385.28	89	514118.36	11	106	4707503.64
Packing Materials Consumed			111.59	100		111.59
Steel Coils/Sheets/Stores/ Component and Spare Parts	1800.00	12	12785.96	88		14585.96
31 March 2013						
Crude Oil and Gas	3719199.29	90	414732.62	10	97	4133931.91
Packing Materials Consumed			84.70	100		84.70
Steel Coils/Sheets/Stores/ Component and Spare Parts	2576.00	15	14564.81	85		17140.81

NOTE "32" (i) - EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOW-HOW, PROFESSIONAL & CONSULTATION FEES & OTHER MATTERS

(₹ in Lakhs)

PARTICULARS	Note	31 March, 2014	31 March, 2013
1. Professional, Technical and Consultation Fees		79.25	20.24
2. Interest		17769.77	6984.27
3. Others		99.11	114.25
Total	A	17948.13	7118.76

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

NOTE "32" (ii) - DIVIDEND REMITTED IN FOREIGN CURRENCY

(₹ in Lakhs)

Particulars	Note	31 March, 2014	31 March, 2013
Dividend (Net of taxes)	A	-	1.75

A - No dividend was declared for FY 2012-13. Dividend payment to Non- Resident Shareholders for the current year - Nil (2013 - 365 No. of Non Resident Shareholders for the year 2011-12 holding 87300 number of shares).

NOTE - "33" - CIF VALUE OF IMPORTS

(₹ in Lakhs)

Particulars	Note	31 March, 2014	31 March, 2013
1. Crude Oil	A	4202936.32	3734269.10
2. Capital Goods		48.49	641.72
3. Revenue Stores, Component, Spare and Chemicals		1953.88	2935.68
Total		4204938.69	3737846.50

A - Value of imports made through Indian Oil Corporation Ltd, the holding company



Ten Year Profile

Ten year profile ~~~~~⇒ 106-107

WHAT WE OWE AND WHAT WE OWN

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
(₹ in lakhs)										
WHAT WE OWE										
Share Capital	14900	14900	14900	14900	14900	14900	14900	14900	14900	14900
Reserves	185445	213051	248874	331552	291824	331308	361692	364413	187729	157345
Networth	200345	227951	263774	346452	306724	346208	376592	379313	202629	172245
Borrowings	239746	274789	183413	245045	154790	407789	422253	367234	590545	559962
Deferred Tax Liability	55082	56679	57352	60736	41400	57596	60447	63795	70710	70340
Total	495173	559419	504539	652234	502915	811593	859293	810342	863884	802547
What We Own										
Fixed Assets										
(including Capital WIP)	475322	483316	502939	536188	588211	672547	740217	790537	823168	853014
Less: Depreciation	138925	160627	181038	205410	230557	253579	282792	318460	349837	388159
Fixed Assets (Net WDV)	336398	322689	321901	330778	357654	418967	457425	472077	473331	464855
Intangible Assets	5980	6011	6011	6011	2563	3792	4215	4754	4754	4862
Less: Amortisation	506	1107	1705	2303	1212	1773	2470	3241	3701	4082
Intangible Assets (Net WDV)	5474	4904	4306	3708	1351	2020	1745	1513	1053	780
Investments	2279	11553	11190	11047	2281	2343	2250	2363	2425	2482
Working Capital	151022	220273	167142	306702	141628	388263	397872	334390	387075	334430
Total	495173	559419	504539	652234	502915	811593	859293	810342	863884	802547



WHAT WE EARNED AND WHAT WE SPENT

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
(₹ in lakhs)										
WHAT WE EARNED										
Income										
Turnover	1629588	2540918	2934949	3288931	3648967	2918384	3812826	4538491	4684246	5392370
Interest	632	1252	2165	1472	1933	2285	2798	4435	1172	1393
Miscellaneous Receipts	6965	2931	4231	11374	3474	21224	8809	4111	2882	4445
Inventory Difference	39740	39996	38836	51001	(122443)	65799	44661	53739	20499	7211
Adjustment - Prior Years	(229)	833	0	78	877	0	(7)	(921)	(60)	1346
Sub-Total	1676697	2585930	2980181	3352857	3532807	3007692	3869087	4599855	4708739	5406765
WHAT WE SPENT										
Expenditure										
Raw Materials	1280537	1978415	2314838	2590368	2980350	2395053	3155635	3973042	4270888	4746943
Manufacturing Expenses	233487	449922	492038	512116	469572	453382	524605	485570	429705	489005
Salaries & Benefits to Employees	9357	9683	15063	14264	19294	27232	24022	25321	31543	29185
Other Expenses	23349	34587	27130	19305	74820	23198	31579	70263	62042	78973
Interest	15666	17403	18830	19481	22366	13736	25446	24938	46876	56797
Depreciation	20938	23584	24194	25161	25717	26714	31447	36542	37453	38958
Sub-Total	1583334	2513594	2892093	3180695	3592118	2939316	3792735	4615676	4878508	5439861
Profit Before Tax	93363	72336	88088	172163	(59311)	68376	76352	(15822)	(169769)	(33096)
Provision for Taxation	33666	24240	31561	59868	(19583)	8054	25199	(22004)	6915	(2711)
Profit After Tax	59697	48096	56527	112295	(39728)	60322	51152	6183	(176684)	(30385)
Dividend	17871	17871	17869	25315	0	17869	17869	2978	0	0
Dividend Distribution Tax	2525	2506	3037	4302	0	2968	2899	483	0	0

FINANCIAL INDICATORS

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Equity Ratio	1.20	1.21	0.70	0.71	0.50	1.18	1.12	0.97	2.91	3.25
Earnings per share (₹.)	40.08	32.29	37.96	75.41	(26.68)	40.51	34.35	4.15	(118.65)	(20.40)
Profit After Tax to Average Network (%)	33.04	22.46	22.99	36.80	(12.16)	18.48	14.15	1.64	(60.72)	(16.21)
Dividend (%)	120	120	120	170	0	120	120	20	0	0
Dividend Payout (%)	34.17	42.37	36.98	26.37	0.00	34.54	40.60	55.99	0	0
(Including Dividend Distribution Tax)										



E-COMMUNICATION REGISTRATION FORM
(exclusively meant for Shareholders holding shares in physical form)

To,

Karvy Computershare Private Limited
Unit: **CHENNAI PETROLEUM CORPORATION LIMITED**
Plot No.17 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081.

RE:- Green Initiative in Corporate Governance

Regd. Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	
Registered Address	
E-mail ID to be registered (IN CAPITAL LETTERS)	

Date:

Signature

(First Holders)

1. On registration, all the communications, including the Annual Reports, will be sent at the registered e-mail address aforesaid.
2. Shareholders are requested to keep the Company / its Share Transfer Agent / Depository Participant informed of any change in their e-mail address.



Chennai Petroleum Corporation Limited

CIN: L40101TN1965G01005389

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

PROXY

Name of the Member(s) :		e-mail id :	
Registered Address :		Folio	
		No./*client id :	
		*DP id	

I/We being the member(s) holding shares of Chennai Petroleum Corporation Limited, hereby appoint :

- 1) of having e-mail id or failing him
- 2) of having e-mail id or failing him
- 3) of having e-mail id

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the 48th ANNUAL GENERAL MEETING of the Company, to be held at 3.00 p.m. on Wednesday, August 20, 2014, at Kamaraj Arangam, 492, Anna Salai, Chennai – 600 006.

**I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions:	For	Against
1. To receive, consider and adopt Audited statement of Profit and Loss of the Company for the period 01.04.2013 to 31.03.2014 and the audited Balance sheet as at 31.03.2014 together with Directors' Report and Auditors' Report.		
2. Re-appointment of Shri.T.S.Ramachandran, who retires by rotation		
3. Appointment of Mr.Mohan Lal as a Director		

[P.T.O.]



Chennai Petroleum Corporation Limited

CIN: L40101TN1965G01005389

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDERS MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING

DP Id*		Folio No.	
Client Id*		No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 48th ANNUAL GENERAL MEETING of the Company to be held at 3.00 p.m. on Wednesday, August 20, 2014 at Kamaraj Arangam, 492, Anna Salai, Chennai - 600 006.

Signature of the Shareholder / proxy

* Applicable for investors holding shares in electronic form

Chennai Petroleum Corporation Limited

4. Appointment of Mr.G.Ramaswamy as a Director		
5. Appointment of Mr.Sanjiv Singh as a Director		
6. Ratification of Remuneration of Cost Auditor for the year 2014-15		
7. Taking note of erosion of more than 50% of the networth of the Company		

Signed this day of 2014.
Signature of the Shareholder

Affix a 30
paise
Revenue
Stamp

.....
Signature of the first proxy holder Signature of the second proxy holder Signature of the third proxy holder

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) **This is only optional. Please put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' Column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of jointholders, the signature of any one of the holder will be sufficient, but names of all the jointholders should be stated.





Secretary, MOP & NG holding discussions with officials of CPCL & other Oil Companies



Both Manali & Cauvery Basin Refinery conferred the energy conservation award



Commissioning of High Volume Long Range Monitors.



The Department related Parliamentary Standing Committee on Industry under the Chairmanship of Mr.K.C.Tyagi, Hon'ble Member of Parliament, met the officials of CPCL in Chennai on March 4, 2014.



Special commendation Award for "Innovator of the year team" by Petrofed.



CPCL distributed sewing machines and hand mover tri-cycles to downtrodden people living in and around Tiruvottiyur Area at a function on April 13, 2013.



चेन्नै पेट्रोलियम कॉर्पोरेशन लिमिटेड

(इंडियनऑयल की ग्रुप कम्पनी)

Chennai Petroleum Corporation Limited

(A group company of IndianOil)

536, Anna Salai, Teynampet, Chennai-600 018

Visit us at: www.cpcl.co.in

FORM A

(FORM FOR SUBMISSION OF UNQUALIFIED AUDIT REPORT ALONG WITH ANNUAL REPORT AS
REQUIRED UNDER CLAUSE 31 (a) OF THE LISTING AGREEMENT)

1.	Name of the Company :	CHENNAI PETROLEUM CORPORATION LIMITED
2.	Annual financial statements for the year ended	31st March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable



(S.VENKATARAMANA)
MANAGING DIRECTOR

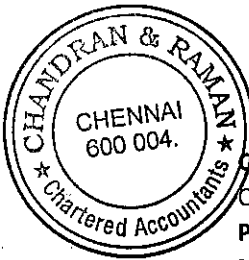


(A.PAUL CHRISTUDASS)
GENERAL MANAGER (FINANCE)



(L. SABARETNAM)
CHAIRMAN AUDIT COMMITTEE

STATUTORY AUDITORS



CHANDRAN & RAMAN
Chartered Accountants
P.N. Ramachandran
Membership No.13871
FRN: 000571S



S. VENKATRAM & Co.
Chartered Accountants
R. Vaidyanathan
Membership No.18953
FRN: 004656S

