Chennai Petroleum Corporation Limited

(A group company of IndianOil)

Annual Report 2009-10

चेन्नै पेट्रोलियम कार्पोरेशन लिमिटेड

(इंडियनऑयल की ग्रूप कम्पनी)

Green Fuels for Clean Environment

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

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

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

स्वच्छ पर्यावरण के लिए हरित ईंधन
Green Fuels for Clean Environment

वार्षिक प्रतिवेदन 2009 - 2010
ANNUAL REPORT 2009 - 2010

Corporate Information ..... ▶ *3*

Report to Shareholders ..... ▶ *27*

Report of the Statutory Auditors ..... ▶ *53*

Comments of CAG ..... ▶ *59*

Financial Information ..... ▶ *61*

ECS Mandate Format ..... ▶ *93*

Proxy / Attendance Slip ..... ▶ *95*

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

REFINERIES
Manali Refinery, Manali,
Chennai - 600 068.

Cauvery Basin Refinery
Panangudi Village, Nagapattinam District,
Tamil Nadu

Visit CPCL at www.cpcl.co.in

PRINCIPAL BANKER
State Bank of India
Corporate Accounts Group Branch
Greams Road, Chennai - 600 006.

AUDITORS
M/s. M.Thomas & Co.
Chartered Accountants,
Plot No.G 11, Marina Square,
No.27, Santhome High Road, Mylapore,
Chennai 600 004.

M/s.Sreedhar, Suresh & Rajagopalan
Chartered Accountants,
3B, Green Haven, 26, III Main Road,
Gandhi Nagar, Adyar, Chennai 600 020.

COST AUDITORS
M/s.J.V. Associates
Cost Accountants,
Q-2 & 4, Lotus Colony,
Nandanam, Chennai 600 035.

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Karvy Computershare Private Limited

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

G-1, Swathy Court, 22, Vijayaraghava Road, T.Nagar, Chennai - 600 017.

33/1, Venkataraman Street, T. Nagar, Chennai - 600 017.

Chennai Petroleum Corporation Limited

Vision

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

Mission

To maximize profit through
- the manufacturing and supply of petroleum products and
- other related businesses

in a reliable, ethical and socially responsible manner

Corporate Information

Board of Directors ..... ▶ *4*

Executives ..... ▶ *5*

Notice ..... ▶ *6*

Corporate Governance ..... ▶ *9*

Board of Directors

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

Executives

- **Mr. R. Balakrishnan**
  Chief Vigilance Officer

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

NOTICE

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

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Profit & Loss Account of the Company for the period from 1st April 2009 to 31st March 2010 and the Audited Balance Sheet as at 31st March 2010, together with the Directors' Report and the Auditors' Report.

2. To declare dividend

3. To appoint a Director in place of Mr.Venkatraman Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Prof. M.S.Ananth, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr.S.Chandrasekaran, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

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

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

By order of the Board
M. SANKARANARAYANAN
Company Secretary

Date : 30.07.2010
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. The instrument of Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
4. Members/Proxies should bring their attendance slip, duly filled in, to the meeting.
5. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification at the time of Annual General Meeting.
6. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolution set out under "Special Business" of the Notice is annexed.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 24.08.2010 to 06.09.2010 (both days inclusive).

8. Members are requested to immediately intimate any change in their addresses registered with the Company.

9. Members are informed that the Company is extending the Electronic Clearing Service (ECS) facility to the Members to enable them to receive their Dividend through electronic mode to their bank account. In order to avail the ECS facility, the Members are requested to fill, sign and send the ECS mandate form, which forms part of this Annual Report, alongwith a photocopy of the cheque issued by the Bank for verifying the accuracy of the MICR Code Number, to:

   (a) M/s.Karvy Computershare Private Limited, Plot No.17 to 24, Near Image Hospital, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081 (in case of Members holding shares in physical mode).

   (b) the Depository Participants concerned (in case of Members holding shares in electronic mode/ dematerialized form).

10. Securities and Exchange Board of India (SEBI), has mandated the submission of Permanent Account Number (PAN) by every participant in Securities market. Members holding shares in Electronic form are requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form are requested to submit their PAN details to M/s. Karvy Computershare Pvt. Ltd., the share transfer agents of the Company.

11. The shares of the company are compulsorily traded in dematerialized form and therefore, the shareholders are requested to dematerialize their shares to facilitate trading in CPCL shares.

12. As per the provisions of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Nomination form can be downloaded from the website of the company at www.cpcl.co.in.

13. The Board of Directors have recommended a Dividend of 120% for the year 2009-2010. Dividend, upon its declaration at the Meeting, will be paid in respect of physical shares to those Members, whose names appear in the Register of Members of the Company as on 6th September 2010 and in respect of electronic shares, to those members, whose names appear in the Beneficial List to be furnished by the depositories to the Company for this purpose.

14. A brief Resume of the Directors of the Company, seeking appointment/re-appointment at this Annual General Meeting, and their expertise in specific functional areas, is given as part of the Notice of 44th Annual General Meeting.

15. Inspection of Documents:- The relevant documents are available for inspection by the members at the Registered Office of the Company at any time during the working hours till the date of the meeting.

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

Item No.6

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

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

Memorandum of Interest :

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

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

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

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

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

   He is not holding any shares in the Company.

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

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

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

   He is not holding any shares in the Company.

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

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

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

   He is not holding any shares in the Company.

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

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

   He is not holding any shares in the Company.

By order of the Board
M. SANKARANARAYANAN
Company Secretary

Date : 30.07.2010
Place : Chennai