



चेन्नई पेट्रोलियम कॉर्पोरेशन लिमिटेड
(इंडियन ऑयल की ग्रुप कम्पनी)

Chennai Petroleum Corporation Limited

(A group company of IndianOil)



Rising to the Challenge

53rd Annual Report 2018-19

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 stake holders wealth



TABLE OF CONTENTS

Corporate Information	02
Board of Directors	03
Executives	04
Ten Years Profile	05
Notice	07
Report on Corporate Governance	14
Directors' Report 2018-19	34
Annexure - I (Dividend Distribution Policy)	49
Annexure - II (Energy Conservation, Technology Absorption and Foreign Exchange Earnings)	50
Annexure - III (SC/ST/OBC Report - I & II)	52
Annexure - IV (Annual Report on CSR Activity)	53
Annexure - V (Compliance Certificate on Corporate Governance)	58
Annexure - VI (Management Discussion and Analysis)	59
Annexure - VII (Business Responsibility Report 2018-19)	63
Annexure - VIII (Form No. MR-3)	75
Annexure - IX (Related Party Disclosures)	78
Annexure - X (Form No. MGT 9)	82
Independent Auditors' Report (Standalone Financial Statements)	93
Standalone Balance Sheet	101
Standalone Statement of Profit and Loss	102
Standalone Statement of Changes in Equity	103
Standalone Statement of Cash Flows	104
Notes forming part of the Standalone Financial Statements	106
Independent Auditors' Report (Consolidated Financial Statements)	160
Consolidated Balance Sheet	166
Consolidated Statement of Profit and Loss	167
Consolidated Statement of Changes in Equity	168
Consolidated Statement of Cash Flows	169
Notes forming part of the Consolidated Financial Statements	171
Comments of the Comptroller and Auditor General of India (Standalone Financial Statements)	229
Comments of the Comptroller and Auditor General of India (Consolidated Financial Statements)	230
E-Communication Registration Form	231
Attendance Slip	233
Location Map	234
Proxy Form	235



Corporate Information

REGISTERED OFFICE

No. 536, Anna Salai, Teynampet,
Chennai – 600 018.
Phone: 044-24349833

REFINERIES

Manali Refinery, Manali,
Chennai – 600 068.
Phone: 044-25944000

Cauvery Basin Refinery

Panangudi Village, Nagapattinam District
Tamil Nadu
Phone: 04365-256700

Mail id: sld@cpcl.co.in
Website: www.cpcl.co.in

REGISTRAR & TRANSFER AGENT

M/s. Karvy Fintech Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial
District, Nanakramguda, Hyderabad – 500 032.
Phone: 040-67162222
Mail id: einward.ris@karvy.com
Website: www.karvyfintech.com

PRINCIPAL BANKER

State Bank of India

Corporate Accounts Group Branch, Egmore,
Chennai – 600 006.
Phone: 044-28576176

PUBLIC INFORMATION OFFICER

Mr. C.K. Ravikumar,
Dy. General Manager (Corporate Communications)
Phone: 044-24340367

COMPLIANCE OFFICER

Mr.P.Shankar
Company Secretary
Phone: 044-24346807

AUDITORS

Padmanabhan Ramani & Ramanujam Chartered Accountants

1F, Arudhra, No.15, Habibullah Road,
T.Nagar, Chennai – 600017.
Phone: 044-45502181
Mail id: prrfca@gmail.com

S. Viswanathan LLP

Chartered Accountants

No.17, Bishop Wallers Avenue (West)
Mylapore, Chennai – 600 004.
Phone: 044-24991147/24994423
Mail id: vck@sviswallp.in
Website: www.sviswallp.in

COST AUDITORS

M/s. M. Krishnaswamy & Associates, Cost Accountants,

Flat 1K, Ramaniyam Ganga,
Plot No. 27-30, First Avenue,
Ashok Nagar, Chennai – 600083.
Phone: 044-23710069
Mail id: mahalingamkrishnaswamy@gmail.com
Website: www.gica.in

SECRETARIAL AUDITOR

M/s.S.Sandeep & Associates

No.20, 'F'Block, Ground Floor, Gemini Parsn Apts,
New No.448, Old No. 599, Cathedral Garden Road
(Behind Hotel Palmgrove), Anna Salai, Chennai – 600 006.
Phone: 044-43057999
Mail id: sandeep@sandeep.cs.in
Website: www.sandeep.cs.in

STOCK EXCHANGES

National Stock Exchange of India Ltd., (NSE)

Exchange Plaza, 5th Floor, Plot C/1, 'G'Block,
Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.
Website: www.nseindia.com

BSE Ltd

PJ Towers, Dalal Street
Mumbai 400 001
Website: www.bseindia.com

DEBENTURE TRUSTEE

Allahabad Bank

Corporate Office:

Allahabad Bank Bldg;
No.37, Mumbai Samachar Marg, Fort, Mumbai – 400 023
Phone : 022-22631997

Board of Directors



Mr. Sanjiv Singh
Non-Executive Chairman



Mr.S.N.Pandey
Managing Director



Mr.G.Aravindan
Director(Operations)



Mr.Rajeev Ailawadi
Director(Finance)



Mr.R.Srikanthan
Director(Technical)



Mr.B.V. Rama Gopal
Director (Refineries) IOC Limited
[Upto 31.07.2019]



Ms. Perin Devi
Government Nominee Director



Mr.Babak Bagherpour
Director
Naftiran Intertrade Co. Ltd
Tehran, Iran



Mr. Mohammad Bagher Dakhili
Director
Naftiran Intertrade Co Ltd
Tehran, Iran



Mr.Mrutunjay Sahoo
Independent Director



Dr.P.B.Lohiya
Independent Director



Mr.D.Duraiganesan
Independent Director



Executives

Mr. J.T.Venkateswarlu

Chief Vigilance Officer

Mr. B. Panneerselvam

Chief General Manager (Operations)

Mr. P. Subrahmanyam

Chief General Manager (Corporate Planning)

Mr.G.Sureshkumar

Chief General Manager (Projects and Development/R&D- Upto 30.06.2019)

Mr. Tarlana Kamaraju

Chief General Manager (Logistics)

Mr. M. Sankaranarayanan

Chief General Manager (HR & Legal)

Mr. S. Krishnan

Chief General Manager (Maintenance)

Mr. K. Venkatesan

Chief General Manager (Technical)

Mr. V. Shankar

Chief General Manager (CBR- 9 MMTPA)

Mr. M.S. Raghunathan

Chief General Manager (Finance)

Mr. P. Jeevankumar

Chief General Manager (Projects and Development/R&D - from 01.07.2019)

Mr. P. Shankar

Company Secretary

Ten Years Profile

WHAT WE OWE AND WHAT WE OWN

(₹ in Crore)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
What We Owe										
Equity Share Capital	149	149	149	149	149	149	149	149	149	149
Reserves	3313	3617	3644	1877	1573	1506	2212	3165	3708	3161
Networth	3462	3766	3793	2026	1722	1655	2361	3314	3857	3310
Borrowings	4078	4223	3672	5906	5600	5399	3567	4501	3411	6168
Preference Share Capital	-	-	-	-	-	-	1000	1000	1080	500
Total Borrowings	4078	4223	3672	5906	5600	5399	4567	5501	4491	6668
Deferred Tax Liability	576	604	638	707	703	-	-	24	206	121
Total	8116	8593	8103	8639	8025	7054	6928	8839	8554	10099
What We Own										
Fixed Assets	5445	6246	6886	8056	8166	8176	4379	4456	6829	8341
Less: Depreciation	2536	2828	3185	3499	3882	4106	265	578	940	1387
Fixed Assets (Net WDV)	2909	3418	3701	4557	4284	4070	4114	3878	5889	6954
Intangible Assets	38	42	48	48	49	49	6	7	28	28
Less: Amortisation	18	25	33	37	41	42	1	2	3	5
Intangible Assets (Net WDV)	20	17	15	11	8	7	5	5	25	23
Capital WIP	1281	1156	1019	176	364	840	1753	2843	1439	1221
Investments	23	23	24	24	25	25	12	12	12	12
Working Capital	3883	3979	3344	3871	3344	2112	1044	2101	1190	1889
Total	8116	8593	8103	8639	8025	7054	6928	8839	8554	10099

FINANCIAL INDICATORS

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Equity Ratio	1.18	1.12	0.97	2.91	3.25	3.26	1.93	1.66	1.16	2.01
Earnings per share (₹)	40.51	34.35	4.15	(118.65)	(20.40)	(2.62)	49.82	69.15	61.31	(14.33)
Profit After Tax to Average Networth (%)	18.48	14.15	1.64	(60.72)	(16.21)	(2.31)	36.94	36.29	25.46	(5.95)
Dividend (%)	120	120	20	-	-	-	40	210	185	-
Dividend Payout (%)	29.62	34.93	48.17	-	-	-	8.03	30.37	30.18	-



WHAT WE EARNED AND WHAT WE SPENT

(₹ in Crore)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
WHAT WE EARNED										
Income										
Turnover	29184	38128	45385	46842	53924	47878	34954	40586	44135	52177
Interest	23	28	44	12	14	26	16	16	19	29
Miscellaneous Receipts	212	88	41	29	45	29	38	46	73	54
Change in Inventories	658	447	537	205	72	(1321)	(209)	(105)	607	410
Prior Period Income/ (Expenses)	-	-	(9)	(1)	13	(4)	-	-	-	-
Sub-Total	30077	38691	45999	47087	54068	46608	34799	40543	44834	52670
WHAT WE SPENT										
Expenditure										
Raw Materials	23951	31557	39731	42709	47469	39558	23107	24442	29728	39634
Excise Duty	4257	5026	4630	3996	4583	6010	9125	12916	11661	10863
Manufacturing Expenses	273	217	224	296	306	277	310	315	322	448
Employee Benefits Expenses	272	240	253	315	292	339	357	513	582	461
Other Expenses	236	319	705	625	791	536	515	378	418	688
Finance Costs	137	254	249	469	568	404	352	273	321	420
Depreciation and Amortisation	267	314	365	375	390	226	274	279	340	453
Impairment on Property, Plant and Equipment/ CWIP	-	-	-	-	-	-	-	62	4	1
Sub-Total	29393	37927	46157	48785	54399	47350	34040	39178	43376	52968
Profit Before Tax	684	764	(158)	(1698)	(331)	(742)	759	1365	1458	(298)
Provision for Taxation	81	252	(220)	69	(27)	(703)	17	335	545	(85)
Profit After Tax	603	512	62	(1767)	(304)	(39)	742	1030	913	(213)
Other Comprehensive Income	-	-	-	-	-	-	(2)	(6)	6	(2)
Total Comprehensive Income	603	512	62	(1767)	(304)	(39)	740	1024	919	(215)
Dividend	179	179	30	-	-	-	60	313	275	-
Dividend Distribution Tax	30	29	5	-	-	-	12	64	57	-

Details of significant changes of 25% or more as compared to the immediately previous financial year in the following financial ratios

Ratio	2017-18	2018-19	Change in %
Interest Coverage Ratio	5.54	0.29	-95%
Debt Equity Ratio	1.16	2.01	-73%
Operating Profit Margin (%)	4.37	-0.86	-120%
Net Profit Margin (%)	2.81	-0.52	-118%
Return On Net Worth	0.24	-0.06	-127%



Chennai Petroleum Corporation Limited

(A group company of IndianOil)

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

Website: www.cpcl.co.in; Email id: shankarp@cpcl.co.in/ sld@cpcl.co.in

Tel: 044-24349833 / 24346807

CIN: L40101TN1965GOI005389

Notice

Notice is hereby given that 53rd Annual General Meeting of the members of CPCL will be held **at Kamaraj Arangam, 498, Anna Salai, Chennai 600 006 at 3.00 pm on Wednesday, the 21st August 2019** to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Financial Statement (Standalone and Consolidated) of the Company for the period from 1st April 2018 to 31st March 2019, together with the Director's Report and the Auditor's Report.
2. To appoint a Director in place of Mr G.Aravindan (DIN 07992886), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mrs Perin Devi (DIN 7145051), who retires by rotation and being eligible, offers herself for reappointment.

SPECIAL BUSINESSES:

4. APPOINTMENT OF MR.R.SRIKANTHAN (DIN 08198470) 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 Section 161(1) of the Companies Act, 2013, read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force and the Articles of Association of the Company, Mr.R.Srikanthan (DIN 08198470) who was appointed as an Additional Director and designated as Director(Technical) by the Board of Directors w.e.f. 25.08.2018 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(Technical) of the Company liable to retire by rotation."

5. APPOINTMENT OF MR.D.DURAIGANESAN (DIN 08200628) AS AN INDEPENDENT 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 Section 161(1), 149 & 152 and other applicable provisions of the Companies

Act, 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, the Articles of Association of the Company and Regulation 17 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, Mr.D.Duraiganesan (DIN 08200628), who was appointed as an Additional Director and designated as an Independent Director by the Board of Directors w.e.f. 25.08.2018 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 for a period of 3 years from the date of appointment by the Board, not liable to retire by rotation."

6. RATIFICATION OF REMUNERATION OF COST AUDITOR FOR THE YEAR 2019-20

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 ₹ 2,50,000 /- (Rupees Two lakh fifty 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 2019-20 payable to M/s.Vivekanandan Unni & Associates, Cost Accountants, Chennai, the cost auditor of the company be and is hereby ratified."

7. INCREASING THE BORROWING POWERS OF THE COMPANY FROM ₹ 8000 CRORE TO ₹ 10,000 CRORE

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

"RESOLVED THAT in supersession of the special resolutions passed by shareholders through postal ballot on 20.07.2015 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force), the rules notified thereunder and the Articles of Association of the



Company, approval of the Shareholders be and is hereby accorded to the Board of Directors to borrow money through loans, advances, credit, etc. for both domestic and foreign currency borrowings upto ₹ 10,000 crore (excluding temporary loans obtained from the Company's bankers in the ordinary course of business) from banks, financial institutions and other sources from time to time for the purpose of financing the working capital requirements as also for acquisition of capital assets and/or for the purpose of any other requirements of the Company, both for capital and revenue in nature, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes."

8. CHARGING/ MORTGAGING THE MOVABLE/ IMMOVABLE PROPERTIES OF THE COMPANY FOR THE BORROWINGS UNDER SECTION 180 (1)(A) OF THE COMPANIES ACT, 2013.

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

"RESOLVED THAT in supersession of the special resolutions passed by shareholders through postal ballot on 20.07.2015 and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force), the rules notified thereunder and the Articles of Association of the Company and such other approvals as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to mortgage and/or charge, in addition to the mortgages / charges created / to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable / immovable properties of the Company, both present and future and/or whole or any part of undertaking(s) of the Company in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) in foreign currency and/or rupee currency and Securities (comprising fully / partly Convertible Debentures and/or Non-Convertible Debentures, on all or any of the above, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes / bonds or other debt instruments) issued / to be issued by the Company, from time to time, subject to the limits approved under section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest, in case of default

accumulated interest, liquidated damages, commitment charges premia on prepayments, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s), in respect of the said loans / borrowings / debentures / bonds or other securities and containing such specific terms and conditions covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s) / Agent(s) / Trustee(s)."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Managing Director or Director (Finance) or any officer(s) authorized by them in this regard be and are hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid."

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: 29.06.2019
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