

**CPCL**  
**Corporate Governance**  
**For the year**  
**2008-09**



## **Corporate Governance**

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

Corporate Governance is the mechanism by which the values, policies and principles of a Company are inculcated and manifested. The essence of good Corporate Governance lies in promoting and maintaining transparency, integrity and accountability in the higher echelons of Management. It is a firm belief of your Company that good Corporate Governance should result in sustainable development of all stakeholders, efficient management and distribution of wealth, effective discharge of Corporate Social Responsibility, application of best Management practices, adherence to moral and ethical standards and compliance of all applicable laws in both letter and in spirit.

Your Company views Corporate Governance as a powerful tool in the hands of the Management which helps to ensure sustainable growth of the Company which in turn powers economic development and builds better societies through sharing of benefits and opportunities that flow from free, fair and efficient markets. Your Company believes sound Corporate Governance practices inspire investors and lender confidence, spur domestic and foreign investment and improve competitiveness.

Your Company continues its endeavours in adopting well established Corporate Governance practices and in recognition of this fact, CPCL was shortlisted as one of the top 25 Companies adopting good Corporate Governance by the Institute of Company Secretaries of India for the third time in a row.

### **2.0 GOVERNANCE STRUCTURE**

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

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

The Board of Directors of the Company consists of an optimum combination of whole-time Functional Directors, part-time non-executive Directors and Independent Directors.

The day-to-day business is conducted by the management of the Company under the direction of the Managing Director, Functional Directors and supervision of the Board. The Board of Directors reviews and discusses the performance of the Company, its future plans, strategies and other relevant issues pertaining to the Company.

In addition, the Board of Directors performs specific functions relating to assessing the critical risks faced by the Company and measures undertaken for their mitigation.

#### **2.2 EXECUTIVE COMMITTEE**

The Executive Committee of the Company which is one level below the Board consists of Managing Director, Functional Directors, Chief Vigilance Officer and Company Secretary. During 2008-09, the Executive Committee has met 18 times. All new initiatives and major project proposals are discussed and deliberated by the Executive Committee before circulating to the Board of Directors for approval.

### 2.3 MANAGEMENT COMMITTEE

Management Committee of the Company which comprises of General Managers and Heads of Department regularly meets once a month wherein highlights of activities of various departments including areas of concern are discussed and deliberated.

## 3.0 BOARD OF DIRECTORS

3.1 The total strength of the Board as on 31.03.2009 is 12 as against the maximum strength of 16 prescribed under the Articles of Association of the Company.

3.2 As on 31.03.2009, CPCL Board comprises of the following categories of Directors:

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

3.2.2 Four whole-time Functional Directors, viz., Managing Director, Director (Finance), Director (Technical) and Director (Operations).

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

3.2.4 One Government Director who is Chairman, Chennai Port Trust.

3.2.5 Two Directors nominated by National Iranian Oil Company, one of the promoters, in terms of the Formation Agreement.

3.2.6 Three non-official Directors.

3.3 Out of the total number of twelve Directors as on 31.3.2009, 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 per the amendment to Clause 49 of the Listing Agreement, introduced by SEBI vide Circular dated 08.04.2008, if the non-executive Chairman is a Promoter of the Company or is related to any promoter or person occupying Management positions at the Board level or at one level below the Board, atleast one-half of the Board of the Company shall consist of Independent Directors. Since, the Company has a non-executive Chairman who is on the Board of Indian Oil Corporation Limited, the Company needs to have 6 Independent Directors.

Presently, the Company has three Independent Directors as against the requirement of six.

### 3.4 Conduct of Board Meetings

The Company has well defined procedures for conducting the Meetings of the Board of Directors and Sub-Committees of the Board so as to facilitate decision making in an informed and efficient manner. The dates of the Board Meetings and the venue are decided after ascertaining the convenience of the Chairman, well in advance, to enable the Directors plan their schedules.



Agenda proposals are circulated well in advance to all the Directors. Only urgent matters and financial results are circulated to the Directors at the time of the Meeting with the approval of the Chairman. Regular presentations on physical performance, financial performance, status of Projects, etc. are made to the Board as per statutory as well as based on other managerial requirements.

### 3.5 Information placed before the Board

The Board has full access to any information within the Company. The information regularly supplied to the Board inter-alia, includes the following :

<b>Items</b>	<b>Periodicity</b>
Revenue Budget / Capital Budget	Yearly
Financial statements	Quarterly
Status of Projects	Quarterly
Risk Assessment and Minimisation Reports	Yearly
Report on compliance of Applicable Laws	Yearly
Report on Manpower	Quarterly
Disclosure of Interest by Directors	Yearly
Progress of Arbitration cases	Quarterly
Report on Share Transfers, Transmissions, etc.	Every Board Meeting

### 3.6 Six Board Meetings held during the year 2008-09 on the following dates :

<b>Board Meeting No.</b>	<b>Board Meeting Date</b>
255	15.05.2008
256	18.07.2008
257	08.09.2008
258	21.10.2008
259	24.01.2009
260	24.03.2009

### 3.7 Details relating to :

- (a) Attendance of Directors at the Board Meetings held during the financial year April 2008 to March 2009 and at the last Annual General Meeting held on 08.09.2008
- (b) Number of other directorships, and

(c) Number of memberships / chairmanships held by the Directors in the committees of various companies, are given below:

<b>Name of the Directors</b>	<b>No. of Board Meetings Attended</b>	<b>Whether attended last AGM?</b>	<b>Other Directorships</b>	<b>Committee Memberships</b>	<b>Committee Chairmanships</b>
Mr.S.Behuria	6	Yes	2	-	-
Mr. K.K. Acharya	6	Yes	2	-	-
Mr.N.C.Sridharan	6	Yes	2	3	-
Mr. S. Chandrasekaran	6	Yes	1	2	-
Mr. K. Balachandran	6	Yes	1	2	-
Mr.V.C.Agrawal	6	Yes	1	3	-
Mr.Rohit Bhardwaj (Refer Note-1)	5	Yes	-	1	-
Mr.L.Sabaretnam	5	Yes	7	-	3
Mr.K.Suresh	1	Yes	3	1	1
Mr. Venkatraman Srinivasan	6	Yes	4	2	1
Mr. K.L. Kumar (Refer Note - 2)	3	Yes	1	5	-
Prof. M.S. Ananth	1	No	3	-	1
Mr. Pramod Nangia (Refer Note – 3)	4	Yes	-	-	-
Mr. Mansoor Rad or his alternate Director	4	Yes	1	2	-
Mr.M.Vaezi or his alternate Director (Refer Note – 4)	2	Yes	1	3	-

Notes :-

1. Mr. Rohit Bhardwaj, Executive Director (M&I), IOC ceased to be a Director effective 28.2.2009 and Five Board Meetings were held during his tenure in the financial year 2008-09.
2. Mr. K.L. Kumar, Former C&MD, Kochi Refineries Limited, ceased to be a Director effective 24.03.2009. Five Board Meetings were held during his tenure, in the financial year 2008-09.
3. Mr. Pramod Nangia, Director (M), Ministry of Petroleum & Natural Gas, ceased to be a Director effective 24.03.2009, consequent to completion of his tenure in the Ministry of Petroleum & Natural Gas. Five Board Meetings were held during his tenure, in the financial year 2008-09.
4. Mr. M. Vaezi, Director, Naftiran Intertrade Company Limited ceased to be a Director effective 25.04.2009 as Mr. Mohammed Hassan Ghodsi has been appointed as a Director in his place.



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

4.1 The Board has constituted three Sub-Committees of the Board, viz., Audit Committee, Shareholders'/ Investors' Grievance Committee and Board Projects Sub-Committee.

4.2 The minutes of the above Sub-Committee Meetings are placed before the Board of Directors for confirmation. Action Taken Reports on the decisions of the above Sub-Committee are also placed before the Sub-Committee for information.

#### **4.3 AUDIT COMMITTEE**

##### **4.3.1 Composition of the Committee as on 31.3.2009**

1. Mr. L.Sabaretnam, Chief Executive Officer, Coromandel Sugars Limited, Chennai.
2. Mr. Mansoor Rad, Financial Director, Naftiran Intertrade Company Limited or his Alternate Director.
3. Mr. Venkatraman Srinivasan, Senior Partner, M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai.

Mr. L.Sabaretnam, an Independent Director is the Chairman of the Committee.

Note :

Mr. K.L. Kumar, Former C&MD, Kochi Refineries Limited was a member of the Committee till 24.03.2009.

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

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

##### **4.3.3 POWERS**

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

##### **4.3.4 FUNCTIONS**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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



4.3.5 The details of Audit Committee Meetings held during the Financial Year 2008-09 and the Members present are given below:

<b>S.No.</b>	<b>Meeting Date</b>	<b>Members Present</b>
1.	15.05.2008	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan, Mr.K.L.Kumar and Mr.Mansoor Rad.
2.	16.07.2008	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan, Mr.K.L.Kumar and Mr.Mansoor Rad.
3.	08.09.2008	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan and Mr.K.L.Kumar.
4.	20.10.2008	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan and Mr.K.L.Kumar.
5.	23.01.2009	Mr.L.Sabaretnam, Mr.Venkatraman Srinivasan and Mr.Mohammad Hassan Ghodsi – Alternate Member for Mr.Mansoor Rad.
6.	23.03.2009	Mr.L.Sabaretnam and Mr.Venkatraman Srinivasan .

#### **4.4 REMUNERATION COMMITTEE**

4.4.1 The Remuneration of the whole time Functional Directors are determined by the Government of India. As such, the need for a Remuneration Committee is not felt by the Company in view of the fact that the Company is a Government Company as per Section 617 of the Companies Act, 1956.

4.4.2 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 2008-09 is given below:

(Rs. in Lakhs)

<b>Name of the Director</b>	<b>Salaries &amp; Allowances</b>	<b>Contribution to Provident Fund</b>	<b>Contribution to Superannuation Fund and Gratuity</b>	<b>Other Benefits</b>	<b>Total</b>
Mr.K.K. Acharya, Managing Director	16.89	1.29	1.29	0.73	20.20
Mr. N.C. Sridharan, Director (Finance)	11.18	0.71	0.70	2.56	15.15
Mr. S. Chandrasekaran Director (Technical)	12.78	0.79	0.80	0.30	14.68
Mr. K. Balachandran Director (Operations)	16.14	1.24	1.24	0.89	19.51

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

4.4.4 No stock option scheme is prevalent in the Company.

4.4.5 A sitting fee of Rs.10,000/- is paid by the Company for each meeting of the Board/Sub-Committee of the Board, to each of the Non-Executive Directors, who are not the full-time employees of the shareholders. The details of the sitting fees paid during the financial year are given below:

Mr. L.Sabaretnam	-	Rs.1,90,000/-
Mr. Venkatraman Srinivasan	-	Rs.1,20,000/-
Mr. K.L. Kumar	-	Rs. 80,000/-
Prof. M.S. Ananth	-	Rs. 10,000/-

4.4.6 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.

In line with the above article, the Board of Directors of the Company at the 220<sup>th</sup> Meeting held on 28.10.2002 has fixed a sum of Rs. 5000/- as Sitting fees to certain categories of non-executive Directors who are not the full-time employees of the shareholders of the Company for attendance at every meeting of the Board of Directors or any Committee thereof and the amount of sitting fees has been increased from Rs.5000/- to Rs.10000/- by the Board of Directors of the Company at the 244<sup>th</sup> Board Meeting held on 25.07.2006 for attending each meeting of the Board / Sub-Committee of the Board.

4.4.7 Shares held by Non-executive Directors:

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

4.4.8 Compliance with the Code of Conduct for Board Members and other Senior Management Personnel:

As required under Clause 49 I (D) (ii) of the revised 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 31.03.2009 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 31.3.2009 and the same was informed to the Board at the 261<sup>st</sup> Meeting held on 28.05.2009”.

Date : 08.07.2009

Place : Chennai

**K.K. ACHARYA**  
*Managing Director*



#### 4.4.9 Code of Conduct for prevention of Insider Trading in dealing with the Securities of CPCL :

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

### 4.5 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

#### 4.5.1 Composition of the Committee as on 31.3.2009:-

1. Mr.L.Sabaretnam, CEO, Coromandel Sugars Limited
2. Mr.N.C.Sridharan, Director (Finance)
3. Mr.S.Chandrasekaran, Director (Technical)
4. Mr.M.Vaezi, Director, Naftiran Intertrade Company Ltd.

Note : Mr.M.Vaezi, Director, Naftiran Intertrade Company Ltd. ceased to be a member effective 25.04.2009. Mr.L.Sabaretnam, a Non-Executive Director is the Chairman of the Committee.

#### 4.5.2 The details of Shareholders' / Investors' Grievance Committee Meetings held during the Financial Year 2008-09 and Members present are given below:

<b>S.No.</b>	<b>Meeting Date</b>	<b>Members Present</b>
1.	20.10.2008	Mr.L.Sabaretnam and Mr.N.C.Sridharan
2.	23.03.2009	Mr.L.Sabaretnam, Mr.N.C.Sridharan and Mr.S.Chandrasekaran

#### 4.5.3 Name and designation of Compliance Officer:-

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

4.5.4 Number of shareholders' complaints received during the year 2008-09, Number not solved to the satisfaction of shareholders and Number of pending complaints for the period from 01.04.2008 to 31.03.2009 are given below:

Sl. No.	Nature of complaints	Opening Balance as on 1.4.2008	Received during the Financial year 2008-09	Total	Solved during the Financial year 2008-09	Pending as on 31.03.09
1	Non-receipt of dividend warrants	0	405	405	405	0
2	Non-receipt of refund orders	0	9	9	9	0
3	Non-receipt of share certificates	0	142	142	142	0
4	Non-receipt of stickers against payment of allotment / call money	0	16	16	16	0
5	Non-receipt of confirmation of Demat requests	0	38	38	38	0
6	Non receipt of Annual Reports	0	39	39	39	0
7	Non-receipt of Duplicate Share Certificates	0	33	33	33	0
	<b>Total</b>	<b>0</b>	<b>682</b>	<b>682</b>	<b>682</b>	<b>0</b>

#### 4.6 BOARD PROJECTS SUB-COMMITTEE (BPSC)

4.6.1 The Composition of BPSC as on 31.03.2009 is as follows:

1. Mr. L. Sabaretnam, CEO, Coromandel Sugars Limited
2. Mr. V.C. Agrawal, Director (HR), IOC

Note : Mr. Rohit Bhardwaj, Executive Director (M&I), Indian Oil Corporation Limited was a member of the Committee till 28.02.2009

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

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

4.6.2 Terms of Reference

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



4.6.3 The details of Board Project Sub-Committee Meetings held during the Financial Year 2008-09 alongwith the Members present are given below:

<b>S. No.</b>	<b>Meeting Date</b>	<b>Members Present</b>
1.	17.07.2008	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.Rohit Bhardwaj, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).
2.	07.09.2008	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.Rohit Bhardwaj, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).
3.	24.02.2009	Mr.L.Sabaretnam, Mr.Rohit Bhardwaj, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).
4.	24.03.2009	Mr.L.Sabaretnam, Mr.V.C.Agrawal, Mr.N.C.Sridharan, Director (Finance) and Mr.S.Chandrasekaran, Director (Technical).

## 5.0 GENERAL BODY MEETING

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

<b>AGM Date</b>	<b>Location</b>	<b>Time</b>	<b>No. of Special Resolutions passed</b>
25.08.2006	Kamaraj Arangam, 492, Anna Salai, Chennai 600 006	03.00 pm	Nil
10.09.2007	- do -	03.00 pm	Nil
08.09.2008	- do -	02.00 pm	One

5.2 Postal Ballot Details

Postal ballot was not conducted in any of the General Meetings held so far in the Company.

## 6.0 DISCLOSURES

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

Necessary disclosures under the Accounting Standards 18 relating to the Related Party transactions form part of the Accounts for the year 2008-09.

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

6.3 Disclosure of Accounting treatment

In the preparation of financial statement for the year 2008-09, the Company has not adopted an accounting treatment which is different from that prescribed in the Accounting Standard, in respect of any transaction.

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

**6.4.1 Compliance of laws applicable to the Company:**

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

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

The Board reviewed the Compliance Report of all laws applicable to the Company for the period 01.10.2007 to 30.09.2008 at the 258<sup>th</sup> Board Meeting held on 21.10.2008.

**6.4.2 Risk Assessment and Minimisation Procedures:**

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

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

The details of reports under the Risk Assessment and Minimisation procedures for the financial year 2008-09 were reviewed by the Board at its 259<sup>th</sup> Meeting held on 24.01.09.

**6.4.3 Internal Control Systems - CEO / CFO Certification :**

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

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

The required certification from the Managing Director and Director (Finance) being the CEO and CFO respectively was obtained and placed before the Board of Directors at the 261<sup>st</sup> meeting held on 28.05.2009.

**6.4.4. Integrity Pact :**

In a bid to maintain complete transparency in Contracts and procurements, your Company entered into a Memorandum of Understanding (MoU) with Transparency International India (TII) on 24.3.2009 for the implementation of Integrity Pact.

Mr. P. Shankar, IAS., (Retd.), Former Central Vigilance Commissioner (CVC) and Mr. Justice K. Govindarajan, Retd., Judge of the Hon'ble High Court of Madras are the Independent External Monitors, approved by CVC, for implementation of the Integrity Pact in CPCL. Integrity Pact is applicable for contracts with a threshold value of Rs. 10 crores and above.

**6.4.5 Certificate of compliance with the requirements of Clause 49 of the Listing Agreement :**

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



Department of Public Enterprises (DPE) has also issued Corporate Governance guidelines applicable for Central Public Sector Enterprises. CPCL has complied with the mandatory requirement of the guidelines on Corporate Governance issued by DPE except the requirement relating to minimum number of Independent Directors.

#### 6.4.6 Compliance with certain non-mandatory Requirements :

Training to Directors in the area of Corporate Governance was one of the focused area during the year. One Director was sponsored for training programme in Corporate Governance organized by Standing Conference of Public Enterprises (SCOPE) in November 2008.

The Board of Directors of the Company at the 260<sup>th</sup> Meeting held on 24.03.2009, has 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.

## 7.0 MEANS OF COMMUNICATION

- 7.1 The Board of Directors of the Company approve the Un-audited Quarterly Financial Results in the prescribed form within one month of the close of every quarter and announces the results to all the Listed Stock Exchanges. The same are also published, within 48 hours in the following newspapers normally: The Hindu, New Indian Express, The Economic Times, Business Line, Financial Express, News Today and Makkal Kural (Tamil).
- 7.2 The Quarterly Results, Half yearly Results and the Annual Results 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.
- 7.3 Quarterly Results / Annual Results, Shareholding Pattern, Annual Report are posted on the SEBI EDIFAR website, viz., **www.sebiedifar.nic.in**
- 7.4 Chairman's Speech is also distributed to the shareholders who attend the Annual General Meeting of the Company and the same is also displayed in the website of the Company.
- 7.5 Management Discussion and Analysis Report forms part of the Directors' Report 2008-09.

## 8.0 GENERAL SHAREHOLDER INFORMATION

1. 43<sup>rd</sup> Annual General Meeting :-

Date & Time	:	7 <sup>th</sup> September 2009; 2.30 p.m.
Venue	:	Kamaraj Arangam, No.492, Anna Salai, Chennai – 600 006
2. Financial Calendar : April – March
3. Book Closure Date : 01.09.2009 to 07.09.2009 (both days inclusive)
4. Dividend despatch date : Not Applicable.
5. Listing on Stock Exchanges : The Shares of the Company are listed on the Stock Exchanges at Chennai, Mumbai and National Stock Exchange of India Limited. The listing fees for the year 2009-10 has been paid.
6. Stock Code : Madras Stock Exchange Ltd. - CPCL / BSE – 500110

Trading Symbol in NSE	:	CHENN PETRO
Trading Symbol in Madras	:	
Stock Exchange	:	CHENNAI PET
ISIN No. for dematerialized shares	:	INE 178A 01016

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

Month	National Stock Exchange			Bombay Stock Exchange		
	High	Low	Closing	High	Low	Closing
Apr. 2008	377.00	268.60	362.85	379.50	270.10	365.60
May 2008	408.00	320.00	338.45	403.50	320.10	338.30
June 2008	359.90	262.35	267.95	352.90	262.00	267.15
July 2008	325.00	240.20	301.60	324.00	239.15	302.85
Aug. 2008	335.50	248.05	257.80	325.00	248.00	258.15
Sep. 2008	269.00	207.00	212.05	268.00	206.25	212.15
Oct. 2008	216.00	115.10	120.55	216.00	116.50	120.65
Nov. 2008	153.95	102.50	105.15	153.80	103.95	105.40
Dec. 2008	124.80	101.00	128.25	129.50	100.80	128.25
Jan. 2009	135.00	95.15	110.35	135.00	100.05	105.80
Feb. 2009	112.50	90.00	90.60	112.85	90.10	90.85
Mar. 2009	97.80	78.00	94.40	97.00	78.00	94.45

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

Month	National Stock Exchange		Bombay Stock Exchange	
	Closing Price (Rs.)	Index	Closing Price (Rs.)	Index
Apr. 2008	362.85	5165.90	365.60	17287.31
May 2008	338.45	4870.10	338.30	16415.57
June 2008	267.95	4040.55	267.15	13461.60
July 2008	301.60	4332.95	302.85	14355.75
Aug. 2008	257.80	4360.00	258.15	14564.53
Sep. 2008	212.05	3921.20	212.15	12860.43
Oct. 2008	120.55	2885.60	120.65	9788.06
Nov. 2008	105.15	2755.10	105.40	9092.72
Dec. 2008	128.25	2959.15	128.25	9647.31
Jan. 2009	110.35	2874.80	105.80	9424.24
Feb. 2009	90.60	2763.65	90.85	8891.61
Mar. 2009	94.40	3020.95	94.45	9708.50



9. REGISTRARS AND SHARE TRANSFER AGENTS:

a) Hyderabad Office:

M/s. Karvy Computershare private Limited  
Plot No. 17 to 24, Vithalrao Nagar, Madhapur,  
Hyderabad – 500 081  
Phone : 040 – 2343 1598 / 2342 0818 / 2342 08 28  
Fax : 040 - 2342 0814  
E-mail: mohsin@karvy.com, madhusudhan@karvy.com, mailmanager@karvy.com

b) Chennai Offices:

- i) No.33/1, Venkataraman Street, T. Nagar, Chennai – 600 017  
Phone : 2815 1793 & 2815 4781 Fax : 2815 1794
- ii) G-1, Swathy Court, 22, Vijayaraghava Road, T. Nagar, Chennai – 600 017.  
Phone : 2815 3445 / 2815 1034 Fax : 2815 3181  
E-mail: chennaiirc@karvy.com

**9.0 SHARE TRANSFER SYSTEM**

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

9.2 The number of transfers approved and shares transferred from 01.04.2008 to 31.03.2009 are given below:

Sl. No.	Particulars		Number of Shares Involved
1	Number of transfer deeds received	483	51819
2	Transfer deeds processed	215	22119
3	Defective transfer deeds sent to the proposed transferee for rectification of defects	268	29700

9.3 The number of meetings held for approving the Share Transfers from 01.04.2008 to 31.03.2009 is 50.

9.4 The number of demat requests approved and shares dematted from 01.04.2008 to 31.03.2009 in National Securities Depository Ltd. (NSDL) are given below:-

Sl. No.	Particulars		Number of Shares Involved
1	Number of demat requests received	682	89500
2	Number of demat requests processed	527	68350
3	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of NSDL	155	21150

9.5 The number of meetings held for approving the demat requests through NSDL from 01.04.2008 to 31.03.2009 is 44.

9.6 The number of demat requests approved and shares dematted from 01.04.2008 to 31.03.2009 in Central Depository Services (India) Ltd. (CDSL) are given below:

Sl. No.	Particulars		Number of Shares Involved
1.	Number of demat requests received	345	37310
2.	Number of demat requests processed	272	29710
3.	Number of demat requests rejected, for non-receipt of physical share certificates within 30 days as per the requirement of CDSL	73	7600

9.7 The number of meetings held for approving the demat requests through CDSL from 01.04.2008 to 31.03.2009 is 38.

#### 10.0 DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2009

Shareholding of nominal value		Shareholders		Share Amount	
Rs.	Number	% to Total	Rs.	% to Total	
Upto - 5000	63248	95.78	65798310.00	4.42	
5001 – 10000	1472	2.23	11741750.00	0.79	
10001 - 20000	664	1.01	9821890.00	0.66	
20001 - 30000	204	0.31	5249230.00	0.35	
30001 - 40000	97	0.15	3452390.00	0.23	
40001 - 50000	69	0.10	3252220.00	0.22	
50001 - 100000	118	0.18	8376630.00	0.56	
100001 & above	161	0.24	1381421580.00	92.77	
<b>TOTAL</b>	<b>66033</b>	<b>100.00</b>	<b>1489114000.00</b>	<b>100.00</b>	

#### 11.0 SHAREHOLDING PATTERN AS ON 31.03.2009

SHAREHOLDERS	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)	1487095	8574575	10061670	6.75	13286	44198	57484
Bodies Corporate	25000	7942140	7967140	5.35	79	953	1032
Banks, FIs and Insurance Companies	200	20678580	20678780	13.89	2	19	21
Mutual Funds and UTI	9500	1304095	1313595	0.88	17	16	33
Foreign Institutional Investors	4200	7349842	7354042	4.94	11	49	60
Non-Resident Indians/OCBs	711300	626773	1338073	0.90	5339	2062	7401
<b>Total</b>	<b>2237295</b>	<b>146674105</b>	<b>148911400</b>	<b>100.00</b>	<b>18734</b>	<b>47299</b>	<b>66033</b>



## 12.0 TOP TEN SHAREHOLDERS AS ON 31.03.2009 (OTHER THAN PROMOTERS)

Sl. No.	Name of the Shareholder	No.of Shares	Shares as a percentage of total no.of shares
1.	LIFE INSURANCE CORPORATION OF INDIA	7531182	5.06
2.	GENERAL INSURANCE CORPORATION OF INDIA	3341644	2.24
3.	THE NEW INDIA ASSURANCE COMPANY LIMITED	3071060	2.06
4.	HDFC STANDARD LIFE INSURANCE CO. LTD.	2901272	1.95
5.	UNITED INDIA INSURANCE COMPANY LIMITED	2056027	1.38
6.	MATTHEWS INDIA FUND	1889744	1.27
7.	NATIONAL INSURANCE COMPANY LTD	1731000	1.16
8.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	1340310	0.90
9.	LIC OF INDIA MARKET PLUS ONE	1046689	0.70
10.	LIC OF INDIA MARKET PLUS	767473	0.52
<b>TOTAL</b>		<b>25676401</b>	<b>17.24</b>

## 13.0 DEMATERIALISATION OF SHARES AND LIQUIDITY

The dematting facility exists with both the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 31.03.2009, 14,66,74,105 equity shares have been dematerialized, representing 98.50% of the subscribed capital.

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

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

## 15.0 PLANT LOCATIONS

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

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

## 16.0 ADDRESS FOR CORRESPONDENCE

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