Chennai Petroleum Corporation Limited
(A group company of IndianOil)

PRESS MEET

May 15, 2017

Dear friends from the Media,

I am very happy to inform you that CPCL has posted second highest ever Profit Before Tax of Rs. 1365 Crore in the current year as compared to PBT of Rs.760 Crore in the last year, an increase by 80%. The PAT has also increased to Rs. 1024 Crore in the current year as compared to Rs.740 Crore in the last year.

This was mainly due to improved physical performance, favourable international prices of crude and products resulting in higher GRM of 6.05 $/bbl in the current year as compared to 5.27 $/bbl in the previous year.

CPCL achieved throughput of 10.256 MMTPA (Million Metric Tonnes Per Annum) during the year 2016-17 and exceeded the MoU target of 10.250 MMTPA, after a gap of seven years despite impact of severe cyclone "Vardah" that hit Chennai in Dec'16.

The Turnover during the year 2016-17 is higher at Rs.40586 Crore as compared to Rs.34953 Crore for the previous year 2015-16, an increase by 16%, which is mainly due to increase in quantity of products sold.

The Board of Directors have recommended a dividend of 210% on the paid-up Equity Capital of the company, representing Rs. 21 per equity share, the highest dividend payout ever by the company.

Oil industry is extremely Capital intensive, whether it is upstream or downstream. Certainly, looking at future energy requirements and the fact that hydrocarbons continue to be available, I will emphasize that everybody should continue to stay invested. Looking at a long-term point of view, I think it is necessary for people to continue investments in this sector. The current comfortable price range band, anything between $50-55 a barrel always seems to be fine for us. As a refiner, CPCL would like to make sure that if the market pricing mechanism continues, the capability of consumers

to afford prices should be there. I think we have that capability at the current pricing range.

It is well known that India is a bright spot in the world economy and our growth story is bound to continue. If we are growing at say 8-9%, with an emphasis on manufacturing industry, energy requirement will be very high. All global reports predict that India will be heavily dependent on hydrocarbons at least until 2040. Our expansion plans are based on that premise. Secondly, we cannot start planning for adding energy capacity after demand comes up.

We need to create supply ahead of demand. That is how we have always been adding refining, marketing and logistics capacity ahead of demand, which is coming in handy in the wake of volatility in demand due to seasonal changes and availability or otherwise of other forms of energy.

CPCL is implementing a number of projects namely a) Resid up gradation Project to improve production of value added products, b) New Crude Oil Pipeline, c) BS-IV Quality Up gradation Project to supply improved quality of diesel and petrol and BS-VI Quality Up gradation Project as part of the nation's Auto Fuel Policy. The Total Cost of the Projects to improve operational efficiency / profitability and also to meet BS-IV/VI Quality specifications is estimated at around Rs.5,200 crore. All the projects are expected to be commissioned in 2017-18 except BS VI Quality Upgradation which is slated to be commissioned by 2019-20. Once natural gas is made available to Manali Refinery, the trajectory of CPCL's performance would shift tremendously and I see bright years for CPCL which is a jewel in the crown of refineries in the stable of IndianOil.

Now Mr.Gautam Roy, Managing Director of CPCL would enumerate the salient features of the excellent performance during 2016-17.

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