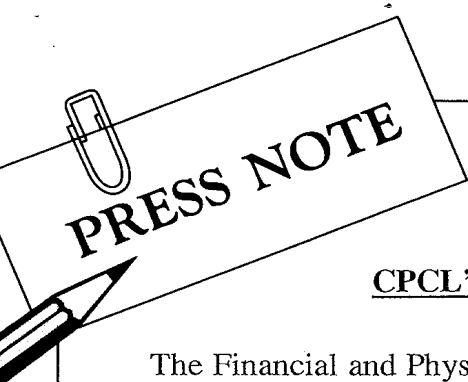


Chennai Petroleum Corporation Limited

(A group company of IndianOil)

PRESS NOTE



10.08.2015

CPCL's PERFORMANCE - FIRST QUARTER OF 2015-16

The Financial and Physical performance of Chennai Petroleum Corporation Limited (CPCL) for the First Quarter of 2015-16 is given below:

Financial Performance

CPCL achieved a turnover of Rs.11,386 Crore for the first quarter ending with June 2015 as compared Rs.14,222 Crore in the corresponding period during the previous year. The reduction in turnover is mainly due to the sharp fall in prices of petroleum products from the second half of the year 2014-15.

However, CPCL earned a higher Gross Refining Margin (GRM) of US\$ 10.09 per bbl during the first quarter of 2015-16 as against US\$ 1.88 per bbl during the same period, last year as the product cracks have improved over the previous year coupled with continued strong physical performance. CPCL posted a Profit Before Tax of Rs.924 Crore, as compared to the loss of Rs.193 Crore incurred during the first quarter of previous year. The Profit After Tax increased by 81% on a Quarter-to-Quarter basis from Rs 510 Crore to Rs.924 Crore.

Physical Performance

CPCL achieved the highest ever Crude throughput of 2843 Thousand Metric Tonnes (TMT) for the first quarter of 2015-16 as compared to 2819 TMT in the corresponding quarter of the previous year. The Total Distillates production was also the highest at 74.3% during the first quarter of 2015-16 as compared to 71.3% in the first quarter of last year.

In addition, CPCL has also initiated a number of Energy Conservation schemes with an objective to reduce internal fuel consumption which will contribute to bottom line on recurring basis. It may be noted that during the year 2014-15, CPCL saved about 13,100 tonnes of fuel (approx. 0.12% of throughput) by implementing various Energy Conservation schemes.

Towards widening the Crude Oil Basket of CPCL, the Company has procured a new Crude - Akpo Blend (Nigeria), during the first quarter of 2015-16.

CAPEX plans

The Planned Capex for the year 2015-16 is Rs.1,392 Crore including Non-Plan schemes of Rs.92 Crore. The actual project expenditure during the first quarter is almost in line with the target at Rs.225 Crore.

PROJECTS UNDER IMPLEMENTATION

Resid Upgradation Project

In order to maximize the distillates yield of the Manali Refinery and increase the proportion of sour Crude processing, the Company is implementing a Resid Upgradation Project at an estimated cost of Rs.3110 Crore. This project involves construction of major units like Delayed Coker Unit (DCU), Sulphur Recovery Unit (SRU) and other Utilities & Offsite packages and Revamping of existing Hydro Cracker Unit for an additional 20% capacity increase. The Project is scheduled for mechanical completion by the year 2016. CPCL has achieved a physical progress of 54.89% at the end of the first quarter.

New Crude Oil Pipeline

Activities are initiated to replace the existing Crude oil pipeline running from Chennai Port to Manali Refinery with a new Crude oil pipeline with state-of-the-art technology and safety features, to ensure reliable and faster crude transfer to refinery, at a cost of Rs.257.87 Crore. The new pipeline is aligned along the berm of Ennore - Manali Road Improvement Project. Statutory approvals from Ministry of Road Transport and Highways (MoRTH) and Petroleum and Explosives Safety Organisation (PESO) were obtained by May 2015. The tendering jobs are in progress and the project is scheduled for completion by the year 2016.

FUTURE PROJECTS

BS IV compliance - DHDS Revamp

As per the Auto Fuel Vision and Policy 2025 of Government of India, 100% BS-IV quality fuels have to be supplied by the refineries from April 2017 and 100% BS-V/VI quality fuels from April 2020. To comply with this directive, the existing Diesel Hydro-desulphurisation Unit (DHDS) is proposed for revamp from 1.8 MMTPA to 2.34 MMTPA to ensure 100% BS-IV production from the Manali Refinery. After the revamp, CPCL will be in a position to produce Hydro-treated Diesel with less than 10 ppm Sulphur. Engineering activities are in progress with a target to commission by 31st March 2017.

CPCL is already capable of meeting BS-IV spec for total MS production.