

चेन्नै पेट्रोलियम कॉर्पोरेशन लिमिटेड

(इंडियनऑयल की ग्रुप कम्पनी)

Chennai Petroleum Corporation Limited

(A group company of IndianOil)



CS:01:049

22.08.2019

The Secretary,
BSE Ltd.
Phiroze Jeejeeboy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

National Stock Exchange of India
Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G-Block,
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

Dear Sir,

Sub: Proceedings of the 53rd Annual General Meeting held on 21.08.2019

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we enclose the gist of the Proceedings of the 53rd Annual General Meeting of the Company held on 21.08.2019.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
for Chennai Petroleum Corporation Limited

P.Shankar

(P.Shankar)

Company Secretary

P.Shankar
22/8/19

Copy to:

National Securities Depository Limited, Mumbai
Central Depository Services (India) Limited, Mumbai

GIST OF THE PROCEEDINGS OF THE 53rd ANNUAL GENERAL
MEETING OF CPCL HELD ON 21.08.2019

Date, Time and venue of the meeting :

The 53rd Annual General Meeting of the company was held at 3.00 pm on 21.08.2019 at Kamaraj Arangam, No. 498, Anna Salai, Chennai 600 006.

Brief details of the items deliberated at the meeting and result thereof

Shri.Sanjiv Singh, Chairman of the company welcomed the members to the 53rd Annual General Meeting of the Company

The requisite quorum being present, Chairman called the meeting to order.

With the consent of the members, the notice of the 53rd Annual General Meeting was taken as read.

Chairman informed that to support the green initiative of the Ministry of Corporate Affairs, the company had despatched abridged version of the Annual Reports to members who have not registered their email addresses by the permitted mode. Full Annual Report was sent to the shareholders based on specific request and the same was also hosted in the website of the company and was available at the venue as well. Chairman also requested shareholders who have not registered their email address to do so and support the green initiatives of the company.

Company Secretary read out the Auditors' Report on the Accounts of the Company for the year ended 31st March 2019.

Chairman then delivered his speech. Copy of the Chairman speech is attached.

Pursuant to the provisions of Companies Act 2013, and Rules notified thereunder and SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, the company had provided e-voting facility to its members to cast their vote on the resolutions proposed in the Notice and the Communication to the Members dated 05.08.2019 of the 53rd Annual General Meeting.

P. Shankar

Chairman informed that the e-voting was open from 17th August, 2019 (9.30 am) to 20th August, 2019 (5.00 pm).

Chairman informed that pursuant to Section 160 of the Companies Act, 2013, rules notified thereunder and other applicable provisions of the Companies Act, 2013, the Company had received notices in writing from two members proposing the name of Mr.Amitabh Mathur (DIN 07275427) and Mr.Myneni Narayana Rao (DIN 00577494) as candidates for the office of Independent Directors of the Company and a Notice from a member proposing the name of Mr.S.M.Vaidya (DIN 06995642), Nominee Director of Indian Oil Corporation Ltd, the holding company, as candidate for the office of Director of the Company for consideration at this Annual General Meeting. The aforesaid three appointments were included in the remote e-voting facility that commenced on Saturday, the 17th August 2019 at 9.30 AM and ended on Tuesday, the 20th August 2019 at 5.00 PM to enable the members to vote electronically.

Further, the facility for voting through physical ballots were made available to the members who were present at the Meeting and had not cast their votes by e-voting.

Company Secretary explained the ballot process for voting through Physical Ballots at the AGM Venue.

Company Secretary informed the members that M/s.LB & Co. Company Secretaries, were appointed as scrutinizers for the purpose of scrutinising the e-voting and voting through physical ballot process.

Clarifications were provided by Chairman to the queries raised by the members at the meeting.

After the question and answers session was over, Chairman informed the members that the Results of the e-voting and the physical ballot shall be disseminated to the stock exchanges and also uploaded on the website of the company and Karvy Fintech Private Limited (www.karvyfintech.com), the agency providing e-voting facility, within 48 hours.

P. Myneni

The following items of businesses as set out in the Notice calling the Meeting were put for shareholders approval:

ORDINARY BUSINESSES	
1	To receive, consider and adopt the Audited Financial Statement (Standalone and Consolidated) of the Company for the period from 1 st April 2018 to 31 st March 2019, together with the Directors' 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
5	Appointment of Mr.D.Duraiganesan (DIN 08200628) as an Independent Director
6	Ratification of remuneration of Cost Auditor for the year 2019-20.
7	Increasing the borrowing powers of the Company from Rs.8000 crores to Rs.10,000 crores- Special Resolution
8	Charging/ Mortgaging the moveable/ immoveable properties of the company for the borrowings under section 180 (1)(a) of the Companies Act, 2013.- Special Resolution
9	Appointment of Mr.Amitabh Mathur (DIN 07275427) as an independent director.
10	Appointment of Mr.Myneni Narayana Rao (DIN 00577494) as an independent director.
11	Appointment of Mr.S.M.Vaidya (DIN 06995642) as a director.

All the resolutions set out in the Notice calling the 53rd Annual General Meeting of the Company and in the subsequent communication dated 05.08.2019 were passed with requisite majority and are deemed to be passed on the date of the 53rd Annual General Meeting of the Company i.e. 21.08.2019.

P. Shankar

पी. शंकर
P. SHANKAR

कंपनी सचिव

Company Secretary

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Chennai Petroleum Corporation Ltd.
तेनाम्पेट/Teynampet, चेन्नै/Chennai-600 018



चेन्नई पेट्रोलियम कॉर्पोरेशन लिमिटेड
(इंडियनऑयल की ग्रुप कम्पनी)

Chennai Petroleum Corporation Limited

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Chairman's Speech
53rd Annual General Meeting

21st August, 2019 at 3.00 pm, Kamaraj Arangam, Chennai



Dear Valued Shareholders of CPCL

It gives me great pleasure to extend a warm welcome to you all at the 53rd Annual General Meeting of your Company. The notice convening the meeting, the Directors' Report and the Audited Annual Accounts have already been mailed to you, and with your permission, I take them as read.

ECONOMIC OVERVIEW

The global economy registered a mixed performance in 2018-19 with a growth rate of 3.6%, reflecting the convergence of multiple factors affecting major economies. It is expected that India and China will continue to be the main drivers of global economic growth, together contributing about 50% of the growth, as compared to slower-growing advanced and emerging market economies. As per the *Economic Survey 2018-19*, India continued to be the fastest growing economy in the world in 2018-19 at 6.8%.

Wide-scale implementation of people-oriented schemes such as *Ujjwala, Ujala, Swachh Bharat, Digital India* and direct transfer of benefits are expected to improve the quality of life for many BPL families and bring them into the mainstream of economy.

OIL & GAS SCENARIO

As per *BP Energy Outlook 2019*, robust economic growth driven by increasing prosperity in the developing countries, particularly India and China, is expected to fuel high energy demand in the coming years.

As per Petroleum Planning and Analysis Cell (PPAC) data, India's petroleum refining capacity has risen from 247.6 Million Metric Tonnes (MMT) as on March 2018 to 249.4 MMT during the year 2018-19.

Crude oil processed in Indian refineries during the year 2018-19 was higher at 257.2 MMT as

compared to 251.9 TMT in the previous year. Production of petroleum products also increased from 254.3 MMT to 262.4 MMT. Consumption levels too rose from 206.2 MMT in the year 2017-18 to 211.6 MMT in 2018-19, registering a growth rate of 2.7%.

Domestic crude oil production was nearly stagnant in 2018-19, resulting in continued dependence on crude oil imports to meet domestic demand. The Indian crude oil basket price showed wide variation during the year 2018-19, from a high of \$ 86 a barrel in October 2018 to a low of \$ 57.8 a barrel in December 2018. The average price for the year 2018-19 was \$ 69.9 per barrel, which is higher than the previous year's average price of \$ 56.4 per barrel.

PERFORMANCE DURING 2018-19

Operational Performance

I am happy to inform you that your Company's physical performance during the year 2018-19 was very good, and I would like to highlight some of the major achievements:

- Your Company achieved crude oil throughput of 10.695 million metric tonnes per annum (MMTPA) in 2018-19 as compared to the MoU target of 10.5 MMTPA
- The highest ever distillates yield of 74.4% was achieved as against the previous best of 73.2% in 2017-18
- The Energy Intensity Index registered was the lowest at 100.4, as against the previous lowest of 100.7 in the year 2017-18
- Specific energy consumption of 83.7 in terms of MBN was also the lowest against the previous lowest of 89.4 in the year 2017-18
- Manali Refinery achieved operational availability of 96.6% against the MoU target of 97%

- The highest ever OHCU throughput of 2,214 thousand metric tonnes (TMT) was achieved as against the previous best of 2,164 TMT in 2017-18
- Production of Diesel at 4,841 TMT and Hexane at 14.9 TMT were also the highest as compared to previous years
- Your Company processed 11.4% of heavy crudes during 2018-19 and added three new crude oil grades – Basra Heavy from Iraq, Nemba from Angola and Champion Export from Brunei – to its regular crude basket

Financial Performance

I am happy to inform that your Company's turnover registered an increase of about 18% at ₹ 52,177 crore as compared to ₹ 44,135 crore in the previous year.

As I mentioned earlier, energy markets witnessed high volatility in the year 2018-19, with crude oil prices fluctuating from a high of \$ 86 a barrel in October 2018 to a low of \$ 57.8 a barrel in December 2018, and again rising to \$ 67 a barrel by March 2019. Consequently, the average crude prices for the financial year 2018-19 rose to \$ 69 a barrel from \$ 56 a barrel in the previous year. This contributed towards increased operating cost, thereby impacting the Company's Gross Refining Margin, or GRM, negatively.

The depressed cracks of light distillates, more notably MS, which tumbled down from \$ 11.5 to \$ 5.6 a barrel, and of Naphtha, which went further down to \$ (-) 6.2 a barrel from \$ (-) 1.5 a barrel in the previous year, also impacted your Company's financial performance adversely during the year.

In other words, the year 2018-19 was beset with narrow GRMs arising out of a combination of high crude oil prices and low or negative product cracks. This trend continued in Q1 of the current fiscal also. However, we anticipate improved pricing scenario in the remaining quarters of the current fiscal.

CPCL registered EBIDTA of ₹ 575 Crores for the financial year 2018-19 with Cash profit of ₹155 Crores.

Further, your Company's physical performance continues to be robust, more particularly in terms of distillate yield improvement and energy efficiency. It has been our endeavour to improve the Company's physical performance on a continuous basis, which gives us the confidence of better financial performance in the current fiscal.

Dividend

In view of the losses incurred during the year, your Company has not recommended any dividend.

The preference dividend in respect of 6.65% non-convertible cumulative redeemable preference shares issued to Indian Oil Corporation Ltd., the holding company, will be paid with arrears along with the next declaration of dividend. However, the same has been accounted for as part of finance cost in line with Ind-AS requirements.

Digital India Initiative

Your Company registered 79,860 digital transactions during the financial year 2018-19, surpassing the target set by the Ministry of Petroleum and Natural Gas as part of the *Digital India* campaign.

PROJECTS

Completed Projects

New Crude Oil Pipeline

Your Company has successfully implemented a new crude oil pipeline from Chennai Port to Manali Refinery in December, 2018 and the same was dedicated to the nation by the Hon'ble Prime Minister on 10th February, 2019. The new pipeline will enhance the safety and reliability of crude oil supply to the refinery and reduce pumping time.



Your Company has also implemented Effluent Treatment Plant-IV, Boiler-VI and Gas Turbine-V along with the HRSG unit at Manali Refinery during the year. While the ETP project has improved availability of de-mineralised water for refinery operations, other projects have further strengthened operational efficiency.

Projects under implementation

Manali Refinery

BS-VI Auto Fuels Quality Upgradation Project

The Government of India has initiated a policy to upgrade petrol and diesel to BS-VI standards as a step to reduce overall air pollution levels in the country. Your Company, being part of the initiative, is revamping the existing Diesel Hydro-Treating (DHDT) unit to increase its capacity from 1.8 to 2.4 MMTPA along with a new Sulphur Recovery Unit, and is also installing a new 0.6-MMTPA FCC Gasoline Desulphurisation unit with associated facilities. The estimated cost of the project is about ₹ 1,858 crore. I am happy to inform you that the project is in an advanced stage of completion and your Company will be ready to supply BS-VI fuels by 1st January 2020.

Regassified Liquefied Natural Gas (R-LNG) project

Your Company is implementing a Regassified LNG Project to utilise R-LNG as feed in its Hydrogen Generation Units and as fuel in the Hydrogen Reformer, Gas Turbines, Utility Boilers and Process Heaters.

R-LNG conversion in one of the Hydrogen Generation Units (HGU-214) has been successfully completed in March 2019. Work is in progress in other units also and the conversion will be completed by August 2020 in a phased manner.

Future Projects

Cauvery Basin Refinery

Your Company proposes to set up a 9.0 MMTPA refinery at Cauvery Basin Complex,

Nagapattinam, in place of the current 1 MMTPA unit. The Detailed Feasibility Report for the project has been completed and actions have been initiated to obtain investment approval for the same. The refinery complex will have a Polypropylene unit also, and will provide a big impetus to economic development in the region. This project, once completed, will make your Company the biggest refiner in Southern Region, with a combined capacity of 19.5 MMTPA, to be able to meet the future energy demands of Southern and Central India.

As a preparatory step, progressive closure of operations at CBR Refinery have commenced from 1st April, 2019.

For the CBR project, your Company has signed an MOU with the Government of Tamil Nadu for availing of a structured package of incentives announced at the Tamil Nadu Global Investors Meet in Chennai on 24th January, 2019.

SAFETY

Your Company keeps a constant vigil on its safety management practices and sets very high safety standards for all stakeholders to ensure accident-free man-days. During the year, man-hours lost due to accidents as a percentage of total man-hours was 0.006%. There were five reportable accidents involving contract workers and one employee.

The following major initiatives on safety management were undertaken during the year:

- Surprise safety audit by a team from Oil Industry Safety Directorate in October 2018
- Implementation of recommendations of both internal and external safety audits in a time-bound manner, with regular monitoring during the monthly Central Safety Committee meetings
- Revision of guidelines on incident reporting, categorisation, investigation and analysis

- Development of a web-based two-tier work permit system
- Offsite emergency mock drill in October, 2018 in the presence of District Collector, Chennai, and the district crisis group
- Quarterly emergency mock-drills in the presence of officials from the Directorate of Industrial Safety and Health, National Disaster Response Force (NDRF, Arakkonam), and others.
- Monthly mock-drills were conducted by creating different emergency scenarios.

HUMAN RESOURCES

Your Company regards its employees as the key drivers of growth and provides a congenial work environment to promote innovative ideas. A cordial industrial relations climate is maintained in the Company with active participation of senior management executives and Functional Directors in communicating the organisational challenges to Employees' Union, Officers' Association and other welfare bodies.

Your Company firmly believes that women employees play a pivotal role in the human capital profile of the Company, and is taking a number of steps in this direction.

Your Company has implemented the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with the clear objective of providing protection to women and redressal of their complaints. There were no complaints of sexual harassment during the year.

During the year 2018-19, your Company achieved 2.89 average training man-days against the target of 2.5 man-days.

CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABLE DEVELOPMENT (SD)

Your Company considers CSR as an effective tool to accelerate inclusive development by

aligning its business operations with social and environmental issues.

During the year 2018-19, your Company spent ₹ 18.89 crore on community development activities. The programmes and projects are primarily being undertaken in the vicinity of the Company's major installations & establishments to improve the quality of life of the local communities.

During the year, in pursuance of the Government guidelines, CSR activities worth ₹ 223 lakh have been taken up in the aspirational districts of Tamil Nadu, namely Virudhunagar & Ramanathapuram.

CORPORATE GOVERNANCE

In line with the SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015 and DPE Guidelines on Corporate Governance, a separate section on Corporate Governance forms part of this Annual Report.

Your Company complies with the Corporate Governance guidelines issued by SEBI and the Department of Public Enterprises except the clause relating to appointment of additional Independent Directors, including an Independent Woman Director.

The Board of Directors of the Company, at the meeting held on 29th July 2019, accorded approval for the appointment of Mr. Amitabh Mathur and Mr. Myneni Narayana Rao as Non-official Independent Directors on the Board of CPCL pursuant to letter dated 12th July 2019 from the Ministry of Petroleum & Natural Gas, Government of India.

Further, the Board of Directors of the Company, at the meeting held on 29th July 2019, accorded approval for the appointment of Mr. S.M. Vaidya, Executive Director (Operations), Refineries Headquarters of IndianOil, as a Director representing IndianOil on the Board of CPCL with effect from 1st August 2019, in place of Mr. B.V. Rama Gopal who superannuated on 31st July 2019.



The aforesaid appointments were included in the remote e-voting facility that commenced on Saturday, the 17th August 2019, at 0930 hrs and ended on Tuesday, the 20th August 2019, at 1700 hrs to enable the members to vote electronically.

The certificate received from the Auditors of the Company regarding compliance of conditions of corporate governance, as required under SEBI (LODR) Regulations 2015, as well as compliance with the guidelines on corporate governance issued by the Department of Public Enterprises, Government of India, is provided in the Annual Report 2018-19.

AWARDS & RECOGNITIONS

In recognition of its various CSR initiatives, your Company received the following awards/accolades during the year:

- Heroes of Chennai Award-2018 for CSR initiatives that created a positive impact on the lives of people
- Rotary Club of Chennai Towers 'Excellence in CSR' award for the Company's contribution to *Swachh Bharat*, healthcare, skill development, vocational training, response to natural calamities, etc.
- Madras School of Social Work, Chennai, conferred the 'Certificate of Appreciation' on your Company for its CSR activities by way of quality healthcare services, *Swachh Bharat Abhiyan*, upgradation of *anganwadi* buildings, skill training for visually impaired and natural disaster relief work in Thiruvallur district.
- CPCL's CBR Refinery received the Star Award from National Safety Council, Tamil Nadu Chapter.

THE WAY FORWARD

Your Company has undertaken many new initiatives to improve operational performance

and quality of products to meet the future demands. Some of the major initiatives include the following:

- Facilities to produce BS-VI compliant petrol and diesel by December 2019 to meet the guidelines stipulated by the Government of India
- Use of R-LNG in refinery operations to improve profitability
- Augmenting Hydrogen production through internal schemes
- Projects to reduce energy consumption by about 35,100 SRFT on an annualised basis
- Your Company has undertaken various measures to increase availability of water for refinery operations from the existing level of 8.0 MGD to 9.5 MGD by way of enhanced reuse of treated effluent. The new effluent treatment unit, ETP-IV, for production of demineralised water from effluents has helped reduce metro water intake by 1.5 MGD from February 2019 onwards.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to place on record the excellent support and guidance provided by all the stakeholders, in particular the holding company, IndianOil, and the Ministry of Petroleum and Natural Gas.

My sincere thanks to Naftiran Intertrade Company Ltd., an affiliate of National Iranian Oil Company, for their valuable support and guidance.

I would like to express my sincere thanks to the Government of Tamil Nadu; the Ministry of Road Transport and Highways; the Ministry of Environment & Forests; the Comptroller & Auditor General of India; the Central Vigilance Commission; Petroleum Planning and Analysis Cell; Oil Industry Development Board; Oil Industry Safety Directorate; Centre for High Technology; Petroleum & Explosives Safety Organisation;

other regulatory and statutory authorities; banks and financial institutions for their guidance and valuable support.

I also express my gratitude to all our customers, contractors and vendors for their patronage and support to the Company during the year.

I would like to place on record the Board's appreciation of the dedicated efforts and valuable contribution of all employees of CPCL in the robust physical performance of the Company.

I express my sincere thanks to all my colleagues on the Board for their continuous guidance, support and excellent contribution.

I would also like to place on record the Board's appreciation of the excellent contribution made by past Directors, Mr.Farzad Bahrami and Mr.B.V.Rama Gopal, during their tenure on the Board.

In conclusion, I thank each and every one of you present here and look forward to your continued support in strengthening and improving the Company's performance in the coming years.

Thank you.

Sanjiv Singh
Chairman



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Regd. Off.: New No: 536, Anna Salai, Teynampet, Chennai - 600 018.
Visit us at: www.cpcl.co.in