

Chennai Petroleum Corporation Limited

MINUTES OF THE 46th ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY HELD AT 02.30 P.M. ON TUESDAY, THE 11th SEPTEMBER 2012 AT KAMARAJ ARANGAM, 492, ANNA SALAI, CHENNAI-600 006

PRESENT

Mr.R.S.Butola, Chairman; Mr.A.S.Basu, Managing Director; Mr.S.Venkataramana, Director (Operations), Ms.D.Lilly, Director (Finance);; Mr.T.S.Ramachandran, Director (Technical); Mr.L.Sabaretam, Director and also the Chairman of the Audit Committee; Mr.Rajkumar Ghosh, Director; Prof. M.S.Ananth, Director; Mr.Venkatraman Srinivasan, Director; Mr.F.Bahrami, Director and Mr.M.Sankaranarayanan, Company Secretary.

On behalf of Indian Oil Corporation Limited, Mr.Raju Ranganathan, Company Secretary, Indian Oil Corporation Limited, was present.

Mr. Mr.M.H.Ghods, Director represented Naftiran Inter-trade Company Limited.

Apart from the above, 5137 shareholders and 87 proxies attended.

PROCEEDINGS

- I. Chairman welcomed the shareholders and declared that quorum was present.
- II. The Notice convening the meeting was taken as read.
- III. Chairman addressed the shareholders. In his address, he informed that the global economy has been passing through a challenging phase and sovereign debt crisis of Europe, weak recovery in US and slowing of growth in emerging economies made the economic environment quite exigent. He added that the overall global growth slipped to 3.9% in 2011 from 5.3% in 2010, with growth in both advanced

mer,

and emerging economies slipping to 1.6% and 6.2% from 3.2% and 7.5% respectively in 2010.

Chairman further informed that Indian economy is presently beset with slow growth and high inflation. During 2011-12, GDP growth decelerated significantly to 6.5% from 8.4% in 2010-11. During 2011-12, India's external account was highly stressed, and the Rupee experienced record depreciation against the US \$. Deterioration in fiscal situation due to over shooting of subsidy bill led to higher fiscal deficit.

Chairman further informed that during the year, the oil market was initially hit by political unrest in the oil rich MENA region and subsequently by sanctions of US & EU on Iran and these developments led to spiking of crude oil prices. Owing to the slow down of global economy, growth of oil demand was weak, it rose to 89.1 mb/d in 2011 from 88.3 mb/d in 2010. However, supply fell short of demand resulting in a demand-supply mismatch and putting pressure on crude oil prices.

Chairman added that in the domestic market, the demand for refined petroleum products was buoyant, with growth rate of consumption accelerating to 4.9% in 2011-12 from 2.3% in 2010-11.

Chairman highlighted the Company's performance during 2011-12 and informed that the Corporation achieved highest ever distillate yield, with Manali refinery recording 70.3% and Cauvery Basin Refinery recording 86.64% and the Production of HSD and MS recorded the highest ever production at 3.9 MMT & 1.0 MMT.

Chairman further informed that the Corporation achieved the highest ever turnover of Rs.45,365 crore and the Profit After Tax slipped down to Rs.61.83 crore from

MW,

Rs. 511.52 crore in 2010-11; due to a confluence of a number of unfavorable external factors beyond its control.

Chairman also informed that the Board of Directors were constrained to recommend a lower dividend of Rs. 2 per share representing 20% on the paid-up share capital for the year-ended 31.03.2012.

Chairman informed that the Corporation made an investment of Rs. 490.18 crore against plan projects. He further informed that the Corporation has undertaken an Auto Fuel Quality Upgradation project at an estimated cost of Rs. 2615.69 crore in its Manali Refinery to produce MS/HSD meeting Euro-IV specifications for Chennai and Bangalore and Euro-III equivalent specifications for the rest of the locations. He also informed that the Corporation successfully commissioned a 20" interlink crude oil pipeline between Karaikkal Port and CPCL-CBR's Chidambaranar Oil Jetty.

Chairman also explained the details of projects under implementation namely Revamp of existing CDU / VDU II Unit, Resid upgradation project and 42" crude oil pipeline project and also the new project viz., 6 MMTPA capacity expansion.

Chairman informed that the R&D Centre carried out extensive isomerisation pilot plant studies to successfully develop a model for supporting the commercial ISOM unit. During the year, the R&D centre also entered into research cooperation with Indian Institute of Petroleum (IIP), Dehradun for the development of process for low sulfur fuel oil through extraction route as an alternate to hydro treating which is expensive and complex.

Chairman also highlighted the significant initiatives taken in the areas of environmental protection. He further informed that, the Company received the Confederation of Indian Industry's Environment Excellence Award in Water

met,

Management as a recognition to its sustained and concentrated efforts in the area of water management and also the prestigious PSE Excellence Award instituted by the Department of Public Enterprises and Indian Chamber of Commerce for the year 2011 for 'Environmental Excellence and Sustainability Development'.

It was informed that the Corporation has a 17.6 MW Wind Power Plant in Tamil Nadu and during the year, 28.9 Million units of Power were generated from this Wind Power Plant. Chairman also informed that as a part of its commitment to green energy initiatives, the Company is solarizing its energy use by setting up of solar street lights and rooftop solar panels at its installations and as a part of its CSR activity, implemented a unique project for providing Solar based Street Lights to the tribal population of Jawadhu Hills, in Tamil Nadu.

Chairman briefly highlighted on the safety and occupational health services

Chairman also briefly touched upon the training programmes aimed at enhancing both the functional competencies and behavioural competencies of the employees at all levels.

It was also informed that during the year, the Corporation spent Rs.372.65 lakhs on various CSR activities as compared to Rs. 368.51 lakhs during the previous year.

While concluding his address, the Chairman thanked the Government of India, particularly the Ministry of Petroleum & Natural Gas, the Government of Tamil Nadu, and various regulatory and statutory authorities for their valuable guidance and support and also the Corporation's bankers, investors, customers, consultants, technology licensors, contractors and vendors for their continued support.

IV. The Auditors' Report was read out by the Company Secretary.

nm

ORDINARY BUSINESSES

Chairman invited the Shareholders to seek clarifications and queries, if any, on the Annual Report and Accounts of the Company and replied to the queries so raised.

1. Proposed by Mr.S.Padmanabhan (CLID No. 10308922) and seconded by Mr. S.Raja (CLID No. 11739849), the following ordinary resolution was passed unanimously:

"RESOLVED that the Audited Statement of Profit & Loss Account of the Company for the period from 1st April 2011 to 31st March 2012 and the Audited Balance Sheet as at 31st March 2012 together with the Directors' Report and the Auditors' Report thereon, be and are hereby adopted."

2. Proposed by Mr.V.Ramalingam (CLID No. 1204470005731511) and seconded by Mr. A.Dharmaraj (Folio No. MRL 001416), the following ordinary resolution was passed unanimously:

"RESOLVED to declare a Dividend of Rs.2/- per share representing 20% on the paid-up Equity Share Capital for the year ended 31.03.2012 and to pay the Dividend to those shareholders whose names appear as Members in the Register of Members of the Company as on September 11, 2012 in respect of Shares held in physical form and as beneficial owners in the list furnished by Depositories, in respect of shares held in electronic form."

me!

3. Proposed by Mr.S.Padmanabhan (CLID No. 10308922) and seconded by Mr.K.Panneerselvam (CLID No. 40154652), the following ordinary resolution was passed unanimously:

"RESOLVED that Mr.Venkatraman Srinivasan be and is hereby re-appointed as a Director of the Company."

4. Proposed by Mr.V.Ramalingam (CLID No. 1204470005731511) and seconded by Mr.M.Tamizh Muthalvan (CLID No. 11582206), the following ordinary resolution was passed unanimously:

"RESOLVED that Prof. M.S. Ananth be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESSES

5. Proposed by Mr.K.K.Morarji (CLID No. 60028197) and seconded by Mr.M.Vardan (CLID No. 40972353), the following ordinary resolution was passed unanimously:

"RESOLVED that Mr. Rajkumar Ghosh be and is hereby appointed as a Director of the Company."

6. Proposed by Mr.Narendran (CLID No. 23151431) and seconded by Mr.M.S.Raghunathan (CLID No. 10227412), the following ordinary resolution was passed unanimously:

"RESOLVED that Mr. A.S. Basu be and is hereby appointed as a Director of the Company."

Met

7. Proposed by Mr.K.K.Morarji (CLID No. 60028197) and seconded by Mr.V.Natarajan (Folio No. MRL 001464), the following special resolution was passed unanimously:

“RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or any other enactment for the time being in force, and subject to such approvals, consent, permission, sanction as may be necessary from any appropriate authority or body, the following Article of Association of the Company be and is hereby amended by way of addition as under.”

THAT Article 29(A) be and is hereby inserted as follows:

“Notwithstanding any of the provisions of these Articles, the Company shall have the power, subject to and in accordance with the relevant provisions of the Act and other applicable provisions of law, and subject to such approvals, permissions and sanctions, if any, as may be necessary, to purchase, acquire or hold its own shares or other specified securities as defined in the Act, on such terms and conditions and in such manner, and upto such limits as may be prescribed by law from time to time, and make payment out of its free reserves or security premium account of the Company or out of the proceeds of an issue other than fresh issue of shares made specifically for Buy-Back purpose provided that, nothing herein contained shall be deemed to effect the provisions of Sections 100 to 104 and Section 402 of the Act in so far as and to the extent they are applicable.”

11. Chairman thanked the Members present and declared the Meeting closed.



Manali refinery and to process increased level of high Sulphur bearing Crudes. This is scheduled to be completed within 33 months from the date of Environmental Clearance which is delayed due to the ban imposed on new investments in the Manali Industrial Region.

With a view to upgrade and modernize its assets, your Corporation is pursuing a project to build a new 42" Crude Oil Pipeline to replace the 43 year old existing 30" Crude Oil Pipeline from Chennai Port to Manali Refinery at a cost of Rs.126 Crore and clearance from the Coastal Regulatory Zone is awaited. In order to have better operational flexibility in Crude receipt and storage, your Corporation is constructing two Crude oil storage tanks of 10500 KL capacity each.

NEW PROJECTS

Your Corporation has conceptualized an expansion project for enhancing the capacity of Manali Refinery by installing a 6.0 MMTPA unit with matching secondary processing facilities.

COMPETITIVE EDGE DRIVERS

Beyond physical and financial performance numbers, there are critical areas such as research & development, sustainable development, human resource development, among others which are the drivers of long term competitive edge. Your Corporation has been and is committed to nurturing these areas.

RESEARCH & DEVELOPMENT

Your Corporation's R&D initiatives are aimed at increasing the efficiency and reliability of processes. Its R&D Centre has carried out extensive isomerisation pilot plant studies to successfully develop a model for supporting the commercial ISOM unit. During the year, its R&D centre entered into research cooperation with Indian Institute of Petroleum (IIP), Dehradun for the development of process for low sulfur fuel oil through extraction route as an alternate to hydro treating which is expensive and complex.

SUSTAINABLE DEVELOPMENT & ENVIRONMENT MANAGEMENT

Your Corporation is committed to sustainable business practices, which are an integral part of its business plan. The Government's thrust on sustainable development through its Memorandum of Understanding (MoU) with the Public Sector Undertakings is providing further impetus to your Corporation's efforts.

Significant initiatives taken in the areas of environmental protection include the following:

- ❖ Successful completion of Carbon Footprinting for its refineries at Manali and Nagappattinam.
- ❖ Completion of Fugitive Emission Inventorisation in Refinery I & III.
- ❖ Adoption of alternative methodology for oil recovery, i.e. *in situ* technique by treating the oily Sludge in the tank farm itself, for oil recovery.
- ❖ Three fixed roof tanks of capacity 10000 KL each have been constructed and being commissioned for oily water feed to Effluent Treatment Plant (ETP) for minimisation of emission of Volatile Organic Compounds.
- ❖ Mobile Ambient Air Quality unit launched. Real time ambient air quality monitoring station analyzer data and stack emission monitoring data configured in PIN under the continuous Emission Monitoring System.
- ❖ Commissioning of Condensate Recovery System in Visbreaker and Sulfur Recovery Units as part of Energy Conservation initiative.

During the year, your Corporation received the Confederation of Indian Industry's Environment Excellence Award in Water Management as a recognition to its sustained and concentrated efforts in the area of water management. It was also bestowed with the prestigious PSE Excellence Award instituted by the Department of Public Enterprises and Indian Chamber of Commerce for the year 2011 for 'Environmental Excellence and Sustainability Development'.

Your Corporation has a 17.6 MW Wind Power Plant in Tamil Nadu. During the year, 28.9 Million units of Power were generated from this Wind Power Plant.

Further, your Corporation as a part of its commitment to green energy initiatives, is solarizing its energy use by setting up of solar street lights and rooftop solar panels at its installations. Further, as a part of its CSR activity, your Corporation has implemented a unique project for providing Solar based Street Lights to the tribal population of Jawadhu Hills, in Tamil Nadu

SAFETY & OCCUPATIONAL HEALTH

Your Corporation is conscious of its responsibility to carry out operations without compromising on safety by adhering to best safety practices to achieve excellence. During the year, a Process Safety Manual was prepared for the first time, in line with the guidelines issued by the Oil Industry Safety Directorate.

Your Corporation gives utmost thrust on achieving excellence in occupational and personal health of its employees and has state-of-the art Occupational Health Services (OHS) Centre equipped with latest diagnostic and therapeutic equipments and manned by qualified health professionals. During the year, your Corporation's Cauvery Basin Refinery received the prestigious National Safety Award instituted by the Director General, Factory Advice Services and the Labour Institute, Ministry of Labour and Employment, Government of India.

HUMAN RESOURCE DEVELOPMENT

Your Corporation firmly believes in continuously upgrading the skills and competencies of its employees with the objective of creating a leadership pipeline. During the year, training programmes aimed at enhancing both the functional competencies and behavioural competencies of the employees at all levels were organised with the best of faculties.

CORPORATE SOCIAL RESPONSIBILITY

Your Corporation firmly believes that Corporate Social Responsibility is one of its important functions and as a good corporate citizen it has been making contributions towards various community development activities. During the year, your Corporation spent Rs.372.65 lakhs on various CSR activities as compared to Rs. 368.51 lakhs during the previous year. The activities were mainly focusing on education, health care, sanitation, women empowerment, skills training and infrastructure development

CORPORATE GOVERNANCE

Your Company complied with all the mandatory requirements of the Corporate Governance Guidelines issued by the Securities & Exchange Board of India and the Department of Public Enterprises, Government of India for the year 2011-12, except for the clause relating to the appointment of Independent Directors.

During the year, your Corporation was bestowed with the PSE Excellence Award instituted by the DPE & CII for the year 2011 for 'Good Corporate Governance'.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record its deep appreciation of the valuable services and dedicated efforts of the members of the CPCL family in the Corporation's achievements during the year 2011-12. The Board also wishes to thank the Government of India, particularly the Ministry of Petroleum & Natural Gas, the Government of Tamil Nadu, and various regulatory and statutory authorities for their valuable guidance and support. The Board is also grateful to the Corporation's bankers, investors, customers, consultants, technology licensors, contractors and vendors for their continued support.

Thank You,

Jai Hind.

Majority of the products of your Corporation like MS, HSD, LPG, SKO, etc. are marketed by Indian Oil Corporation Limited, the holding Company. Your Corporation directly markets some specialty products. During the year, the direct sales recorded a growth of 4.5%. During the year, seven Customer Meets were conducted at various locations for Wax, Sulphur and other direct customers and 19 new customers were registered for the supply of Sulphur, Hexane, Propane and Propylene.

FINANCIAL PERFORMANCE

During the year, your Corporation achieved the highest ever turnover of Rs.45,365 crore. During the year, Profit After Tax of your Corporation slipped down to Rs.61.83 crore from Rs. 511.52 crore in 2010-11. A confluence of a number of unfavorable external factors beyond its control led to the dipping of its profit.

- These were
- ❖ Depressed Crack Spread and lower Refining Margins on account of high volatility in the crude and product prices.
 - ❖ Unprecedented depreciation of the Indian Rupee against the US Dollar and volatility in Foreign Exchange Market resulting in exchange fluctuation losses.
 - ❖ Additional freight incurred during the year due to transportation of crude in smaller Afra max vessels instead of Suez Max vessels on account of infrastructural constraints at Chennai Port Trust and production disturbances during cyclone Thane.

However, an income tax refund of around Rs.252 crore based on a favourable order given by the Commissioner of Income Tax in respect of claim on Refinery III profits for the assessment year 2008-09 did come as a timely relief during these financially taxing times.

DIVIDEND & CONTRIBUTION TO THE EXCHEQUER

In view of the lower profits, the Board of Directors is constrained to recommend a lower dividend of Rs. 2 per share representing 20% on the paid-up share capital of your Corporation for the year-ended 31.03.2012. During the year, your Corporation paid a sum of Rs. 5784.82 crore to the exchequer.

PROJECTS

A key thrust area for your Corporation is to invest for growth. Investments are planned for process and product quality improvement as well as for capacity scale up. During the year, your Corporation made an investment of Rs. 490.18 crore against plan projects.

Your Corporation has undertaken an Auto Fuel Quality Upgradation project at an estimated cost of Rs. 2615.69 crore in its Manali Refinery to produce MS/HSD meeting Euro-IV specifications for Chennai and Bangalore and Euro-III equivalent specifications for the rest of the locations. As a part of this project, The Diesel Hydro treater unit (DHDT) with a capacity of 1.8 MMTPA was commissioned in May 2011. The utilities and off-site facilities are at various stages of completion.

Further, during the year, your Corporation successfully commissioned a 20" interlink crude oil pipeline between Karaikkal Port and CPCL-CBR's Chidambaram Oil Jetty. This project will enable Cauvery Basin Refinery to receive crude oil in higher parcel sizes resulting in reduction in the transportation and handling cost of crude and the flexibility to utilize larger crude oil tankers of larger sizes.

PROJECTS UNDER IMPLEMENTATION

Presently, a number of projects are under implementation. Your Corporation is implementing a project to retrofit the existing CBM/VDU unit at a cost of Rs.333.99 crore which is expected to be completed during the second quarter of the financial year 2011-12.

Your Corporation has also started a Refining Upgradation Project at an estimated cost of Rs.317 crore. The main objective is to improve the distillate yield of the



Chennai Petroleum Corporation Limited
(A group company of IndianOil)

Note : This does not purport to be a report of the proceedings of the Annual General Meeting.

Dear Shareowners of CPCL,

Ladies and Gentlemen

Very Good Afternoon to all of you

It gives me great pleasure to meet you all on the occasion of the 46th Annual General Meeting of the Corporation. I would like to thank each one of you for sparing your valuable time to attend this meeting. The Notice convening the meeting, the Directors' Report and the audited Annual Accounts have been already mailed to you and with your permission, I take them as read.

GLOBAL ECONOMIC SCENARIO

The global economy has been passing through a challenging phase. Sovereign debt crisis in Europe, weak recovery in the US and slowing growth in the emerging economies have made the economic environment quite exigent. Overall global growth slipped to 3.9% in 2011 from 5.3% in 2010, with growth in both advanced and emerging economies slipping to 1.6% and 6.2% from 3.2% and 7.5% respectively in 2010.

INDIAN ECONOMIC SCENARIO

Indian economy is today beset with slowing growth and high inflation. In 2011-12, GDP growth decelerated significantly to 6.5% from 8.4% in 2010-11. During 2011-12, India's external account was highly stressed, and the Rupee experienced record depreciation against the US \$. Deterioration in fiscal situation due to over shooting of subsidy bill led to missing of fiscal deficit targets. Prudent policy management is crucial at this juncture to bring back growth to the economy.

OIL SECTOR

During the year, the oil market was initially hit by political unrest in the oil rich MENA region and subsequently by sanctions of US & EU on Iran. These developments led to spiking of crude oil prices. High crude oil prices continue to be another major destabilizing force to the global economy. Owing to the slowing global economy, oil demand growth was weak, it rose to 89.1 mb/d in 2011 from 88.3 mb/d in 2010. However, supply fell short of demand resulting in a demand - supply mismatch and putting pressure on crude oil prices.

In the domestic market, the demand for refined petroleum products was buoyant, with growth rate of consumption accelerating to 4.9% in 2011-12 from 2.3% in 2010-11. It was transportation fuels, especially HSD which recorded significant growth. Accelerating demand, in the context of decelerating domestic crude oil production led to significant expansion of crude oil imports. Moreover, with depreciation of Rupee and the rising international crude oil prices, this led to the escalation of crude oil import bill.

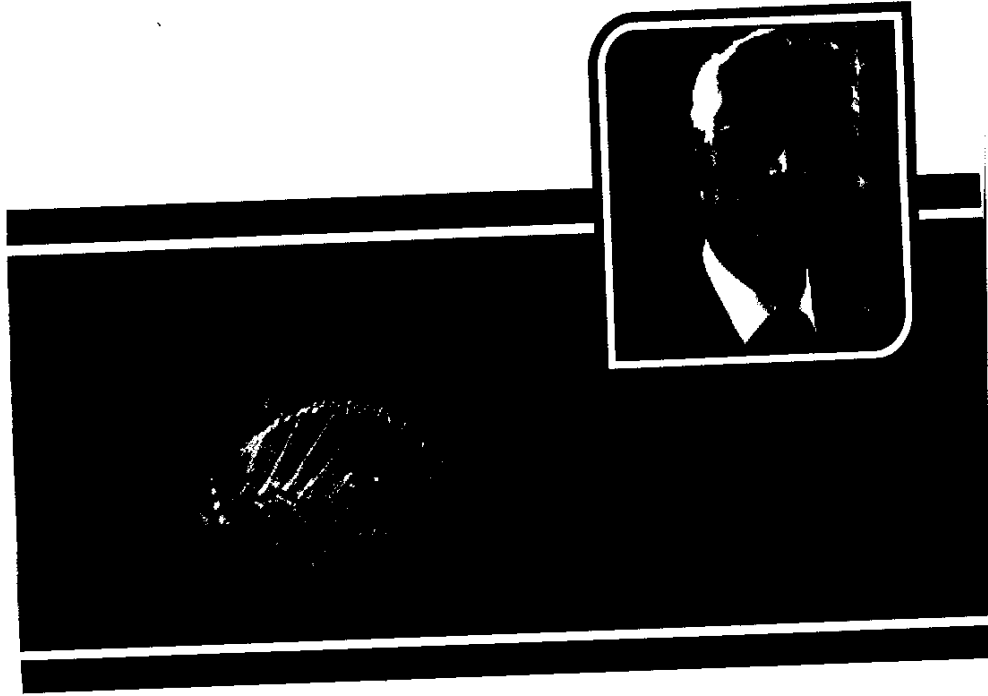
BUSINESS PERFORMANCE, INITIATIVES & PROSPECTS

India is a key growth centre for oil demand. Over the long term, oil demand is projected to grow in India way above the world average. As a result, in future this places your Corporation in a very opportune position with growth opportunities.

REFINING

During the year, your Corporation's refineries achieved highest ever distillate yield, with Manali refinery recording 70.3% and Cauvery Basin Refinery recording 86.64%. Production of HSD and MS recorded the highest ever production at 3.9 MMT & 1.0 MMT.

In the pursuit of diversifying its crude import basket, your Corporation has secured new low sulfur crudes viz., Essor from West Coast, Palmor from West Africa and Essider from Libya. In addition, one new crude was added to the basket, viz., new Low Sulfur Trial crude from Nigeria.



CHAIRMAN'S ADDRESS
46TH ANNUAL GENERAL MEETING
11th September 2012, Kamaraj Arangam, Anna Salai, Chennai



Chennai Petroleum Corporation Limited
(A group company of IndianOil)