

*Chennai Petroleum Corporation Limited*

MINUTES OF THE 48<sup>th</sup> ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY HELD AT 03.00 P.M. ON WEDNESDAY, THE 20TH AUGUST 2014 AT KAMARAJ ARANGAM, 492, ANNA SALAI, CHENNAI-600 006

PRESENT

Mr.B.Ashok, Chairman; Mr.S.Venkataramana, Director(Operations) /Managing Director; Mr.T.S.Ramachandran, Director (Technical); Mr.L.Sabaretnam, Director and also the Chairman of the Audit Committee; Mr.Sanjiv Singh, Director; Mr.Mohan Lal, Government Director, Mr.Venkatraman Srinivasan, Director; Mr.G.Ramaswamy, Director and Mr.P.Shankar, Company Secretary.

On behalf of Indian Oil Corporation Limited, Mr.Raju Ranganathan, Executive Director (Company Secretary & Law) , Indian Oil Corporation Limited, was present.

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

Apart from the above, 2066 shareholders and 60 proxies attended.

PROCEEDINGS

- I. The Chairman welcomed the shareholders and declared that quorum was present.
- II. The Notice convening the meeting was taken as read.
- III. The Auditors' Report was read out by the Company Secretary.
- IV. The Chairman addressed the shareholders. In his address, Chairman, informed that India has registered an economic growth rate of 4.7% in 2013-14, affecting in particular the manufacturing sector, which remained stagnant during the year. He further informed that the Current Account Deficit (CAD) situation has significantly improved, with number of steps taken by RBI, and reduced the volatility in foreign exchange rate in the recent months and during the major part of the year, the manufacturing industry was affected by the wide fluctuations in foreign exchange rate, which resulted in lower profitability. He added that with the recent economic initiatives proposed by the Government, it is now

expected that the Indian economy would achieve a higher growth rate of above 5.5% in the current year.

The Chairman stated that during the year, Petroleum products consumption in India witnessed only a marginal growth rate of 0.7% over the previous year, with the demand for petroleum products increasing to 158.2 Million Metric Tonnes (MMT) from 157.1 MMT in 2012-13. However, with the expected robust economic performance in the current year, the consumption of petroleum products is likely to increase in the coming years.

The Chairman mentioned that Indian Refineries have delivered higher level of physical performance by processing 224.2 MMT of crude in 2013-14 and with production exceeding the demand, India continues to be a major exporter of petroleum products by exporting about 68.4 MMT during the year as against 63.4 MMT in 2012-13, earning valuable foreign exchange for the country. He added that the average crude oil price for Indian basket of crudes came down from \$ 107.97 per barrel in 2012-13 to \$ 105.52 per bbl during the year.

The Chairman informed that the company achieved a crude throughput of 10.624 Million Metric Tonnes (MMT) during the year, which was much higher than 9.742 Million Metric Tonnes (MMT) in the previous year, with Manali Refinery achieving the highest ever crude throughput of 10.065 Million Metric Tonnes (MMT). On the energy efficiency front, Energy Index of CPCL's Manali Refinery during the year was the lowest at 62.5 MBN as against 65.8 MBN in 2012-13, due to a number of energy conservation measures taken to reduce energy consumption. As a result of these efforts, the fuel and loss during the year reduced to 8.78% from 9.49% in previous year.

The Chairman stated that the Gross Turnover of the company improved from Rs.46842.7 crore in 2012-13 to Rs.53923.7 crore in 2013-14 registering an increase of 15.12% and the Profit Before Interest, Depreciation and Tax (PBIDT) from Rs.(845.26) crore to Rs. 626.58 crore. The performance of the Company improved resulting in reduction of loss from Rs. 1697.69 crore in the previous year, to a loss of Rs.330.96 crore during the year. He added that this loss was mainly on account of adverse impact of lower cracks of products



like Diesel, MS & Fuel Oil, unprecedented depreciation of the Indian Rupee against the US dollar, volatility in foreign exchange market, higher interest expenditure due to high working capital requirements, higher Central Sales tax (CST) under recovery

The Chairman also highlighted various performance improvement measures undertaken by the Company to strengthen the physical and financial performance like implementation of energy conservation schemes , implementation of value addition enhancement schemes, increased import of power from Grid to 5 MW to reduce overall cost of power used in operations, improving reliability of plant operations and also various cost reduction measures.

The Chairman briefly explained the details of projects completed during the year like Fire Water Storage Tanks, Volatile Organic Compounds (VOC) absorption facility, Construction of additional slop tank and MS –Naphtha tanks. He also highlighted the details of project under completion like Resid Upgradation project to maximise the distillates production at an estimated cost of Rs3110 crore, Mounded Bullet storage facility at an estimated cost of Rs. 279 crore. and 42" new crude oil pipeline at an estimated cost of Rs.257 crore.

The Chairman remarked that employees are the key drivers of performance and growth, and the company makes all possible efforts to communicate with employees on current business scenario and business challenges being faced by the organization. He added that to upgrade the skills and competencies of employees continuously, the company conducted a number of training programs in different fields of operations and technology, besides programmes on leadership development and risk management. All employees were provided with excellent health care services.

The Chairman stated that the company accords utmost priority for safety in refinery operations by continuously updating the safety procedures and systems, which are periodically audited by internal and external audit teams comprising experts from various disciplines and statutory agencies.

The Chairman further stated that as part of Sustainable Development initiatives during the year, the company installed rain water harvesting facilities in buildings, Volatile Organic Compound (VOC) Absorption System in Effluent Treatment Plant-II for lowering VOC emissions and 10 KW Roof-top Solar System for generating solar power. The company successfully implemented the concept of Recycling, Re-using and Reducing the water resources consumption.

The Chairman also informed that as part of CSR activities, the Company focussed on skills development, strengthening of education facilities, operation of community health centres, conducting general medical camps, home management training for visually challenged students and promotion of sports among school students.

The Chairman mentioned that all mandatory requirements of Corporate Governance guidelines issued by SEBI and Dept of Public Enterprises for the year were complied with except the Clause relating to the appointment of Independent Directors. The appointment of additional Independent Directors is under the consideration of Government of India as the company is a Government Company.

The Chairman informed that the Profit after Tax for the first quarter of the current year had improved to Rs.510.11 crore on account of recognition of Deferred Tax Asset on the carry forward business losses and unabsorbed depreciation to the extent of Deferred Tax Liability as per audited accounts 2013-14, based on the opinion by the Expert Advisory Committee of the Institute of Chartered Accountants of India. He also highlighted various measures taken by the company to achieve improvement in both physical and financial performance.

While concluding his address, Chairman thanked the Ministry of Petroleum & Natural Gas, Ministry of Environment & Forest and other Ministries/Departments of Govt. of India, Govt. of Tamil Nadu, Naftiran Intertrade Co. Limited, Shareholders, Banks and Financial Institutions for their constant support and guidance.

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



Chairman informed the members that in line with the provisions of Companies Act 2013 and rules notified thereunder, the company had provided e-voting facility to its members to cast their vote on the resolutions proposed in the Notice of the Annual General Meeting. He added that the e-voting was open from 14<sup>th</sup> August, 2014 to 16<sup>th</sup> August, 2014. He further informed that for those members who could not exercise their vote through e-voting process, the company has provided facility to vote at the Annual General Meeting and the ballot papers were available with the volunteers present in the polling counters.

Company Secretary explained the ballot process and informed that as per the Notice and the Addendum to the Notice of the AGM, the following resolutions were proposed for approval of shareholders :

1. To receive, consider and adopt Audited statement of Profit and Loss of the Company for the period 01.04.2013 to 31.03.2014 and the audited Balance sheet as at 31.03.2014 together with Directors Report and Auditors Report
2. Re-appointment of Shri.T.S.Ramachandran, who retires by rotation
3. Appointment of Mr.Mohan Lal as a Director
4. Appointment of Mr.G.Ramaswamy as a Director
5. Appointment of Mr.Sanjiv Singh as a Director
6. Ratification of Remuneration of Cost Auditor for the year 2014-15
7. Taking note of erosion of more than 50% of the networth of the Company.

Company Secretary also informed that as per the provisions of the Companies Act, the Company had received a notice from a member proposing the candidature of Shri.Ashok Balasubramanian as Director of the Company and in line with the provisions of Section 160 of the Companies Act, 2013 the Company had published a notice in the newspapers regarding the same. Accordingly the agenda item No. 8 for Appointment of Shri.Ashok Balasubramanian as a Director was

included in the business of the AGM for consideration of members and also in the e-voting process to enable members to vote. He also informed that Shri.Ashok Balasubramanian was nominated as part time Chairman of the Board of CPCL.

Company Secretary further informed that the Company has appointed Ms.S.Lalitha, a Practising Company Secretary to conduct the scrutiny of e-voting as well as voting at the Annual General Meeting and requested the Scrutinizer to lock / seal the ballot box in the presence of members to enable the voting. He requested the members to cast their vote in the ballot papers provided and drop the same in the ballot boxes kept in the Auditorium. He added that the voting would remain open till the conclusion of the meeting.

The Chairman then invited members to raise queries on the Annual Accounts, the Directors Report and the agenda of the Meetings as mentioned in the notice convening the meeting. With a view to facilitate participation of more members and to provide equal opportunities to speak, Chairman requested members to be brief and confine their queries to the business of the AGM and not to take more than a couple of minutes.

Members raised various queries, sought clarifications and made observations relating to the performance of the Company, which inter alia, included the following:

- Non declaration of dividend
- Non-receipt of Annual Report in time
- Measures taken to improve the performance
- Appointment of Additional Independent Directors to fill the vacancies
- Sickness of the company and reporting to BIFR
- Current net worth
- Delisting the shares from Madras Stock Exchange Limited
- Steps taken to improve the percentage of dematerialized shares
- Details of debenture trustees
- Reasons for higher expenditure on R&D and benefits derived from R&D
- Suggestion for early settlement of disputed dues
- Suggestion to bring ten year profile in the front portion of Annual Report



- Details of leasehold land
- Reasons for reduction in the value of fixed assets
- Performance of Joint Venture companies
- Possibility of merging Chennai Petroleum Corporation Limited with its holding company Indian Oil Corporation Limited
- Concerns on lower market price, reduction in book value ,depreciation of Indian Rupee and higher interest cost
- Appreciation for bringing down the losses, reduction in the staff welfare expenditure and salaries and allowances
- Concerns for not remitting dividend to Naftiran Intertrade Company Limited for the year 2010-2011 and 2011-2012 due to sanctions imposed by USA / European Union on IRAN.
- Other specific issues relating to items appearing in the Annual Report 2013-2014

The Chairman, thereafter, replied to most of the queries, observations and clarifications sought by the members on the various issues . He thanked the members for the observations and suggestions.

After the question and answer session , Chairman informed that the result of the e-voting and the physical voting at the Annual General Meeting on the Resolutions transacted in the meeting shall be notified to the Stock Exchanges and hosted on the website of the company within the next 2 days i.e., 22.08.2014.

Thereafter, the Chairman thanked the Members present.

#### **COMBINED SCRUTINIZER REPORT FOR E-VOTING & POLL**

On the basis of the combined scrutinisers report dated 21.08.2014 , Company Secretary , based on the authorisation of the Chairman, announced the results of e-voting and the poll on 21.08.2014 which is as under:

##### **Item No.1:-**

To receive, consider and adopt the Audited Statement of Profit and Loss of the Company for the period from 1st April 2013 to 31st March 2014 and the Audited Balance Sheet as at 31st March 2014, together with the Directors' Report and the Auditors' Report.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars     | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|-----------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                 | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| Voted in Favour | 51                      | 60        | 111        | 19,643,287                   | 101,472,411        | 121,115,698        | 99.999         |
| Voted Against   | 0                       | 4         | 4          | 0                            | 405                | 405                | 00.001         |
| <b>Total</b>    | <b>51</b>               | <b>64</b> | <b>115</b> | <b>19,643,287</b>            | <b>101,472,816</b> | <b>121,116,103</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 99.99% votes:

*"RESOLVED that the Audited Statement of Profit & Loss Account of the Company for the period from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 and the Audited Balance Sheet as at 31<sup>st</sup> March 2014 together with the Directors' Report and the Auditors' Report thereon and the comments of the Comptroller and Auditor General of India ,be and are hereby adopted."*

**Item No.2:-**

To appoint a Director in place of Mr T S Ramachandran (DIN:03589996) who retires by rotation and being eligible, offers himself for reappointment.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars     | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|-----------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                 | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| Voted in Favour | 42                      | 51        | 93         | 18,858,128                   | 100,205,572        | 119,063,700        | 98.306         |
| Voted Against   | 8                       | 12        | 20         | 785,044                      | 1,267,181          | 2,052,225          | 01.694         |
| <b>Total</b>    | <b>50</b>               | <b>63</b> | <b>113</b> | <b>19,643,172</b>            | <b>101,472,753</b> | <b>121,115,925</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 98.31% votes.

*"RESOLVED that Mr.T.S.Ramachandran be and is hereby re-appointed as a Director of the Company."*



**Item No.3:-**

Appointment of Mr.Mohan Lal (DIN: 06419725) as a Director.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars            | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|------------------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                        | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| <b>Voted in Favour</b> | 42                      | 50        | 92         | 18,858,135                   | 100,204,372        | 119,062,507        | 98.305         |
| <b>Voted Against</b>   | 8                       | 13        | 21         | 784,952                      | 1,268,381          | 2,053,333          | 01.695         |
| <b>Total</b>           | <b>50</b>               | <b>63</b> | <b>113</b> | <b>19,643,087</b>            | <b>101,472,753</b> | <b>121,115,840</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 98.31% votes.

*“RESOLVED that pursuant to the provisions of Companies Act 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.Mohan Lal (DIN:06419725), who was appointed as an Additional Director by the Board of Directors effective 21.08.2013 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director liable to retire by rotation.”*

**Item No.4:-**

Appointment of Mr G Ramaswamy (DIN:03048826) as a Director of the Company.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars            | Number of Members voted |      |       | Number of votes contained in |             |             | %      |
|------------------------|-------------------------|------|-------|------------------------------|-------------|-------------|--------|
|                        | E-Voting                | Poll | Total | E-Voting                     | Poll        | Total       |        |
| <b>Voted in Favour</b> | 46                      | 56   | 102   | 19,642,236                   | 101,470,622 | 121,112,858 | 99.998 |

16

|                      |           |           |            |                   |                    |                    |               |
|----------------------|-----------|-----------|------------|-------------------|--------------------|--------------------|---------------|
| <b>Voted Against</b> | 4         | 8         | 12         | 851               | 2,132              | 2,983              | 00.002        |
| <b>Total</b>         | <b>50</b> | <b>64</b> | <b>114</b> | <b>19,643,087</b> | <b>101,472,754</b> | <b>121,115,841</b> | <b>100.00</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 99.99% votes:

*“RESOLVED that pursuant to the provisions of Companies Act 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.G.Ramaswamy (DIN:03048826), who was appointed as an Additional Director by the Board of Directors effective 07.11.2013 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation “*

**Item No.5:-**

Appointment of Mr Sanjiv Singh (DIN:05280701)) as an Nominee Director of Indian Oil Corporation Limited on the Board of Directors of the Company.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars            | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|------------------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                        | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| <b>Voted in Favour</b> | 44                      | 48        | 92         | 18,858,735                   | 100,205,353        | 119,064,088        | 98.306         |
| <b>Voted Against</b>   | 7                       | 13        | 20         | 784,452                      | 1,267,251          | 2,051,703          | 01.694         |
| <b>Total</b>           | <b>51</b>               | <b>61</b> | <b>112</b> | <b>19,643,187</b>            | <b>101,472,604</b> | <b>121,115,791</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 98.31% votes:

*"RESOLVED that pursuant to the provisions of Companies Act 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr.Sanjiv Singh (DIN No 05280701) who was appointed as an*

*As*



*Additional Director by the Board of Directors effective 03.07.2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director, liable to retire by rotation."*

**Item No.6:-**

Ratification of Remuneration of Cost Auditor for the year 2014-15.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars     | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|-----------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                 | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| Voted in Favour | 48                      | 57        | 105        | 19,642,846                   | 101,471,841        | 121,114,687        | 99.999         |
| Voted Against   | 2                       | 5         | 7          | 341                          | 675                | 1,016              | 00.001         |
| <b>Total</b>    | <b>50</b>               | <b>62</b> | <b>112</b> | <b>19,643,187</b>            | <b>101,472,516</b> | <b>121,115,703</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 99.99% votes:

*"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.1,70,000 / annum (Rupees one lakh seventy thousand only) plus applicable taxes and out of pocket expenses if any, to conduct the audit of cost accounts maintained by the company for the financial year 2014-15 and Rs.30,000 / annum (Rupees Thirty Thousand only) plus applicable taxes towards certification fee for compliance report in respect of activity of power generation for the financial year 2014-15 payable to Mr.K.Suryanarayanan, Cost & Management Accountant, Chennai, the cost auditor of the company be and is hereby ratified*

**Item No.7:-**

Taking note of Erosion of more than 50% of the Net Worth of the Company.

The combined result of the voting ( e-voting and poll) is as under:

15

| Particulars            | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|------------------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                        | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| <b>Voted in Favour</b> | 48                      | 46        | 94         | 19,642,846                   | 101,471,383        | 121,114,229        | 99.999         |
| <b>Voted Against</b>   | 3                       | 15        | 18         | 441                          | 1,173              | 1,614              | 00.001         |
| <b>Total</b>           | <b>51</b>               | <b>61</b> | <b>112</b> | <b>19,643,287</b>            | <b>101,472,556</b> | <b>121,115,843</b> | <b>100.000</b> |

The following ordinary resolution was therefore passed (e-voting and poll) with 99.99% votes:

*“RESOLVED THAT pursuant to the provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) and other applicable Acts, the Company hereby considers and takes note of the erosion of more than 50% of the Networth of the Company as at the end of the financial year ended 31.03.2014 in relation to its peak networth during the immediately preceding four financial years”*

**Item No.8:-**

Appointment of Mr.Ashok Balasubramanian (DIN:06861345) as a Nominee Director of Indian Oil Corporation Limited on the Board of Directors of the Company.

The combined result of the voting ( e-voting and poll) is as under:

| Particulars            | Number of Members voted |           |            | Number of votes contained in |                    |                    | %              |
|------------------------|-------------------------|-----------|------------|------------------------------|--------------------|--------------------|----------------|
|                        | E-Voting                | Poll      | Total      | E-Voting                     | Poll               | Total              |                |
| <b>Voted in Favour</b> | 42                      | 56        | 98         | 13,704,889                   | 101,470,591        | 115,175,480        | 99.998         |
| <b>Voted Against</b>   | 4                       | 7         | 11         | 541                          | 2,122              | 2,663              | 00.002         |
| <b>Total</b>           | <b>46</b>               | <b>63</b> | <b>109</b> | <b>13,705,430</b>            | <b>101,472,713</b> | <b>115,178,143</b> | <b>100.000</b> |

16



The following ordinary resolution was therefore passed (e-voting and poll) with 99.99% votes:

*"RESOLVED that pursuant to the provisions of Companies Act 2013 read with Rules made thereunder including any statutory modifications or re-enactment thereof for the time being in force, Mr Ashok Balasubramanian (DIN No 06861345 ) who was appointed as an Additional Director by the Board of Directors effective 24.07.2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, be and is hereby appointed as Director, liable to retire by rotation."*

The results were hosted on the website of the company and also notified to the Stock Exchanges on 21.08.2014.

\* \* \* \* \*

*Centred Tow Copy*



**P. SHANKAR**

Company Secretary

Chennai Petroleum Corporation Limited

536, Anna Salai Teynampet,

Chennai - 600 018.

