



Chennai Petroleum Corporation Limited

Regd. Office: 536, Anna Salai, Teynampet, Chennai 600 018.

POSTAL BALLOT NOTICE

TO THE MEMBERS OF THE COMPANY,

Notice pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, Chennai Petroleum Corporation Ltd. ('the Company') proposes to increase the present long term limit of ₹ 3000 Crore and short term limit of ₹ 2500 Crore to an overall borrowing limit of ₹ 8000 crore, including the temporary loans obtained from the company's bankers in the ordinary course of businesses, to meet the working capital requirements and capital expenditure programme envisaged during the next few years. Further, it is also proposed to enable the Company to create charge and/or mortgage the moveable / immoveable properties of the Company for the borrowings in accordance with Section 293(1)(a) of the Companies Act, 1956.

The Company is, therefore, seeking your approval by means of a postal ballot. Accordingly, the proposed ordinary resolutions and explanatory statement stating material facts and the reasons for the proposal are being sent to you alongwith a Postal Ballot form for your consideration.

The Company has appointed Mrs. S.Lalitha, a practicing Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the closing of working hours on 17.12.2011. The Scrutinizer, after completion of the scrutiny, will submit her report to the Managing Director of the Company. The results of the postal ballot will be declared by the Managing Director or Director (Finance) on 26.12.2011 at 16:00 Hrs at the registered office of the Company. The results will also be put up on the Company's website www.cpcl.co.in and also intimated through a press release in newspapers. The resolutions, if approved will be taken as passed effectively on the date of declaration of results.

ORDINARY RESOLUTIONS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

- 1) "RESOLVED that, pursuant to the provisions of Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the Board of Directors for borrowing, upto an aggregate amount of ₹ 8000 Crore (Rupees eight thousand crores) including the temporary loans obtained from the Company's bankers in the ordinary course of businesses, for both domestic and foreign currency borrowings from banks, financial institutions and other sources for the purpose of financing working capital requirements (by way of cash credit, loan, overdraft, discounting of bills and any other type of credit line or facility) as also for acquisition of capital assets and / or for the purpose of any other requirements of the company both for capital and revenue in nature, irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate, for the time being, of the total paid up capital and free reserves, i.e., reserves not set apart for any specific purpose".
- 2) "RESOLVED FURTHER that, pursuant to Section 293 (1) (a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) and such other approvals as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors of the Company to mortgage / hypothecate and / or charge, all or any of the movable or immovable properties, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company, for securing any loan obtained, accommodation availed or as may be obtained / availed from Government of India, Indian Oil Corporation Limited, Oil Industry Development Board, Commercial/ Foreign Banks, financial Institutions or other Agencies/Organisations or person or persons, together with interest, costs, charges and expenses and any other monies payable by the Company on such terms and conditions as the Board may deem fit."

By Order of the Board
For and on behalf of
Chennai Petroleum Corporation Limited

Sd/-
(M Sankaranarayanan)
Company Secretary

Place : Chennai
Date : 04.11.2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT.

ITEM NO. 1

Under the existing powers delegated to the Board by the Shareholders, the Company can borrow long term funds upto a maximum of ₹ 3000 Crore. Further the Board of Directors of the Company is authorised to borrow short term funds for working capital purposes upto ₹ 2500 crore. Presently the overall borrowing limit is ₹ 5500 crore.

It is proposed to get the approval of the shareholders for the overall borrowing limit (long term and short term including temporary loans obtained from the company in the ordinary course of businesses) which will enable monitoring of the loan convenient and also helps to change the composition of the borrowings based on market conditions and requirement of funds.

Long-term rupee borrowings as on 26.9.2011 works out to ₹ 2486.01 Crore as against the approved limit of ₹ 3000 Crore. Short term loan for the purpose of Working Capital as on 26.09.2011 is ₹ 2365 Crore as against the approved limit of ₹ 2500 Crore.

Thus the current level of overall borrowing works out to ₹ 4851.01 Crore.

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Presently, the company is in the process of implementing Revamp of CDU / VDU of Refinery II at a cost of ₹ 334 crore, 42" Crude Oil pipeline at a cost of ₹ 126 crore, Gas Turbine at a cost of ₹ 188 crore and Hydrogen Generation Unit at a cost of ₹ 288 crore for catering to the additional requirement of Euro IV Units. The company will also be implementing the Resid Upgradation Project to improve the distillate yield of the Manali Refinery from the present level of 68.4 wt% to 75.9 wt% at an estimated cost of ₹ 3110 crore. The company also propose to increase the capacity of the Manali Refinery by putting up a 6 MMTPA Refinery at an estimated cost of ₹ 8500 Crore.

Considering an estimated annual capex of ₹ 1000 crore for Resid Upgradation project over a period of 3 years from the date of commencement of implementation and the estimated peak annual outgo of funds for the proposed 6 MMTPA Refinery, the current level of long term borrowings of ₹ 3000 crore may not be sufficient and needs to be enhanced to ₹ 4000 crore.

The short term borrowings of the company have undergone frequent revision on account of the upward movement of crude prices. The global oil prices have witnessed a sharp rise over the last few years and are still ruling at very high levels. The average CPCL basket of crude oil has increased from \$ 82.68 / bbl in 2008-09 to \$ 113.02 / bbl in the first quarter of 2011-12. Consequently, the requirement of funds for working capital purpose has enhanced substantially. The estimated requirement of funds for meeting the working capital works out to ₹ 4560 crore and the limit needs to be increased to ₹ 4000 crore.

Thus the total overall borrowing limit (both long term and short term) is expected to be ₹ 8000 crore which is in excess of the current borrowing limit of ₹ 3000 crore for long term and ₹ 2500 crore for short term.

It is, therefore, proposed to seek the approval of the shareholders to increase the overall borrowing limit from ₹ 5500 crore to ₹ 8000 crore including the temporary loans obtained from company's bankers in the ordinary course of businesses by way of loans, cash credit, overdraft, discounting of bills, any other type of credit line or facility including issue of securities comprising fully/partly Convertible Debentures and/or Non-Convertible Debentures, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments issued/to be issued by the Company, from time to time, for both domestic and foreign currency borrowings under section 293(1)(d) of the Companies Act, 1956. Hence, approval of shareholders is solicited vide Resolution No.1.

The Board of Directors of your Company recommend the Ordinary Resolution as set out in the accompanied Notice for approval of the Members through postal ballot.

None of the Directors of the Company is concerned or interested in the resolution except to the extent of their respective holding of equity shares in the Company.

ITEM No. 2

Keeping in view, the large size of aforesaid borrowings upto a overall limit of ₹ 8000 crore including the temporary loans obtained from company's bankers in the ordinary course of businesses, it may be necessary for the Company to create security, mortgage or charge on the assets of the Company in such form and manner and with such ranking and at such time and on such terms and conditions as the Board may determine for the purposes of the borrowings from Government of India, Indian Oil Corporation Limited, Oil Industry Development Board, Commercial/ Foreign Banks, financial Institutions or other Agencies/Organisations.

The mortgage and/or charge by the Company of its moveable and/or immoveable properties and/or the whole or any part of the undertaking(s) of the Company, will be in favour of the Lender(s), Agents and Trustees for securing the borrowings of the Company availed/ to be availed by way of loans in foreign currency and or rupee currency and by issue of securities comprising fully/partly Convertible Debentures and/or Non-Convertible Debentures, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments issued/to be issued by the Company, from time to time subject to the limits approved under section 293 (1) (d) of the Companies Act, 1956.

The above mortgage/charge by the Company will also cover interest at the respective agreed rates, additional interest, compound interest, in case of default accumulated interest, liquidated damages, commitment charges premia on prepayments, remuneration of the Agent(s)/Trustee, premium (if any) on redemption, all other costs, charges and expenses as a result of devaluation/revaluation/ fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s) /Agents and Trustee(s)/Trustees, in respect of the said loans/borrowings/debentures/bonds or other securities and containing such specific terms and conditions, covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agents/Trustee(s).

The power vested with the lenders to takeover the management of the business and concern of the company in certain events of default may be regarded as disposal of Company's undertaking(s) within the meaning of section 293(1)(a) of the Companies Act, 1956. Hence, approval of the shareholders is solicited vide Resolution No.2.

The Board of Directors of your Company recommend the Ordinary Resolution as set out in the accompanied Notice for approval of the Members through postal ballot.

None of the Directors of the Company is concerned or interested in the resolution except to the extent of their respective holding of equity shares in the Company.

By Order of the Board
For and on behalf of
Chennai Petroleum Corporation Limited

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(M Sankaranarayan
Company Secy

Place : Chennai
Date : 04.11.2011

INSTRUCTIONS

1. A member desiring to exercise vote by postal ballot may complete this postal ballot form in all respects and send it to the scrutinizer in the attached self addressed postage prepaid envelope. However, envelopes containing postal ballot forms, if deposited in person or sent by courier at the expense of the members, will also be accepted. Voting through any other form or photocopy of the postal ballot form will not be considered valid.
2. The self-addressed envelope bears the address of the scrutinizer.
3. This form should be completed and signed by the member. In case of joint holding, the Form should be completed and signed by the first named Member and in his absence by the next named Member. The signature of the Member on this Postal Ballot Form should be as per the specimen signature registered with the Company or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company, in respect of shares held in the physical form or dematerialized form, respectively.
4. In case shares are held by companies, trusts, societies, etc. the duly completed Postal Ballot form should be accompanied by certified copy of the Board Resolution / Authority together with attested specimen signature(s) of the duly authorized signatory(ies). Postal Ballot Form signed by the holder of power of attorney for and on behalf of a shareholder of the company must be accompanied by the copy of Power of Attorney duly certified by Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the Seal of his office. If the same is already registered with the Company, please quote the Registration No. beneath the signature.
5. Members are requested not to send any other paper alongwith the Postal Ballot Form in the enclosed self-addressed postage prepaid envelopes as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope, the same would not be considered and would be destroyed by the Scrutinizer.
6. A tick (✓) mark should be placed in the relevant box signifying assent / dissent for each of the resolutions, as the case may be, before mailing the Postal Ballot Form.
7. There will be only one Postal Ballot Form for every folio irrespective of the number of joint Member(s).
8. Members are entitled to cast their votes differently i.e. all the votes either in favour or against or partly in favour or against. However, the total number of votes cast must not exceed the no. of shares held by the members.
9. Duly completed postal ballot form should reach the Scrutinizer not later than the close of working hours on 17.12.2011. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
10. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the members as on 04.11.2011.
11. Votes will be considered invalid on the following grounds:
 - a. if the member's signature does not tally
 - b. if the member has marked all his shares both in favour and also against the resolution.
 - c. if the postal ballot is unsigned
 - d. if the ballot paper is received torn or defaced or mutilated to an extent that it is difficult for the scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or on one or more of the above grounds.
12. The Scrutinizer's decision on the validity of Postal ballot will be final.



Chennai Petroleum Corporation Limited

Regd. Office: 536, Anna Salai, Teynampet, Chennai 600 018.

POSTAL BALLOT FORM

(Please read the instructions printed overleaf carefully before completing this form)

Serial No. :

1. Name(s) of the Member(s)
(including joint holders, if any) :

2. Registered Address of the
Sole / First Named Member :

3. Folio No./DP ID No./Client Id No.*
(*Applicable to members holding Shares
in dematerialized form) :

4. Number of Shares held :

5. I / We hereby exercise my / our vote in respect of the following Ordinary Resolutions to be passed through postal ballot for the business as stated in the Notice of the Company dated 04.11.2011, by conveying my / our assent or dissent to the said resolutions by placing the tick (✓) mark at the appropriate box below.

Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1. Ordinary Resolution under section 293(1)(d) of the Companies Act, 1956, for increase in the borrowings limit.			
2. Ordinary Resolution under section 293(1)(a) of the Companies Act, 1956, for charging / mortgaging the moveable/ immoveable properties of the Company for the borrowings*			

* The Transaction at Sl.no. 2 requires consent of the shareholders through postal ballot.

Place :
Date :

Signature of the Member

NOTE: Last Date for receipt of Postal Ballot Form by the Scrutinizer is 17.12.2011.