Independent Auditors' Report

To

The Members of Chennai Petroleum Corporation Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Chennai Petroleum Corporation Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, the statement of profit and loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act,2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the relevant rules issued thereunder, of the state of affairs (financial position) of the Company as at March 31, 2020, the loss (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER 1	Valuation of Finished Goods and Intermediary Products
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Complexities in Valuation
DESCRIPTION	**AUDIT APPROACH**
Stock of Finished Goods and intermediates form a significant portion of the inventory. Any material misstatement in valuation of inventories will have a significant impact on the profits and also vitiate the value of security given to creditors. As per Ind-AS 2, inventory is to be valued at lower of cost or net realisable value. Typically, for Joint Products, Ind-AS 2 lays down a method of aggregation of costs and allocation to the respective products on the sales values to arrive at the cost of finished products. However, the company follows an indirect method of arriving at the cost by reducing a uniform margin (Gross Refinery margin or GRM) from all its product selling prices to arrive at the cost of each product. GRM is the difference between the sale value of the products produced in a month and the cost of crude with its associated cost of conversion. Collating several pieces of data from diverse sources and arriving at GRM is a demanding and complex task. While the Realisable values have to adjusted for recoveries, assessment of cost involves collecting correct values of crude consumed, its related direct costs and other conversion costs, assessment of intermediates, quantity of finished products produced and its selling prices. Further adjustments of excise duty for select products have to be done. Similarly, the production of intermediates is based on technical evaluation of the goods lying incomplete at different stages of processing.	Audit risk assessment and sampling were designed to gain assurance on the "Completeness", "Accuracy & Valuation" of financial statement at the assertion level and compliance with Ind-AS 2. During the course of audit, considering the large volumes of data and complexity in the calculations involved, audit procedures were designed to ensure that • the figure collected for valuation were from the correct sources and accurate. • Sales price adjustments were in order • excise workings were correct • The GRM which was derived was accurate • The resultant calculation of cost based on GRM was correct • The final valuation was error free and correct The valuation as per direct method detailed in Ind – AS 2 was independently worked out by audit to ensure there was no variance between the method adopted by the company vis-à-vis Ind-AS 2. In respect of intermediate stocks, the technical evaluation was examined and explanations were sought on the methods used by the company in identifying the products in process. We have examined the product cycle and yield and cross checked with the products produced in the next accounting period. No material differences were found.

KEY AUDIT MATTER 1	Valuation of Finished Goods and Intermediary Products
Further, since the crude prices were volatile and falling, it had to be examined whether the stock was overvalued and if the Replacement cost method specified in Ind-AS 2 was adopted. That these processes are manually performed adds to the risk of error and material misstatement. Stock taking at the end of the year is usually done in the presence of auditors on selective basis. Due to the unprecedent situation prevailing at that time caused by pandemic stock taking was done entirely by the company without the presence of auditors.	Further, the valuation of crude was examined to ensure the valuation was in line with the method prescribed in Ind-AS 2. To mitigate the risk of material misstatement in stock taking and consequent valuation, the following procedures were adopted to ensure 1. Assessing the program of stock taking undertaken by the company for adequacy 2. Cross-checking physical verification report of the company and stock records for material variations 3. Testing high value items

KEY AUDIT MATTER 2	Accounting for Crude Oil Purchases & Valuation
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Uncertainty in assessing the level of error and misstatement
DESCRIPTION	**AUDIT APPROACH**
Measurement of crude at the time of intake, issue or cut-off is not 100% accurate considering the nature of the material and changes in density and temperature which affects the volume each time a measurement is taken. Any error/aberration in measurement affects crude valuation, consumption and ocean loss. Lack of system driven accounting of consumption and reliance on manual controls add to the risk of material misstatement. These factors involve detailed audit coverage & professional judgment and were significant in the audit of the financial statements	The, audit risk assessment and sampling were designed to gain assurance on the "Completeness", "Cut-off" & "Accuracy" of financial statement at the assertion level. The company has fixed a maximum permissible level of difference in receipt of invoiced quantity. On our verification, the overall differences were within this level. The company has a system of cross-verification of consumption and the carrying cost of crude by manual methods. On our verification, the differences were not material and adjusted to consumption or the carrying cost of crude. Also, on our verification, no material errors were noticed in manual or system controls.

KEY AUDIT MATTER 3	Revenue Accounting
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Impact on Profitability, taxes & profit availability for distribution
DESCRIPTION	**AUDIT APPROACH**
Revenue from sale of finished products is recognized once the control over the goods is transferred to the buyer. Control is transferred when the goods are dispatched from the factory. Revenue recognition is based on the consideration expected to be received for goods sold, excluding discounts, recoveries, and any taxes or duties collected. Revenue recognition varies with the mode of transport adopted for transferring control over the goods. Authentic measurement of goods dispatched, recovery of charges built into prices, dispatches from storage units outside the premises, discounts require strong process controls to ensure accuracy of revenue recognized. Reliable accounting of Revenue is of high importance as any misstatement will impact all other key performance indicators of the Company.	Our audit procedure included the following: - 1. Assessing whether the revenue recognition policies were appropriate 2. Testing the design and implementation of system driven controls 3. Testing of manual controls 4. Effectiveness of controls at cut off 5. Client confirmation and Reconciliation procedures followed to eliminate any differences.

KEY AUDIT MATTER 4	Payroll Processing & Retirement Benefits
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Inherent risk in estimating retirement benefits & Complexities in payroll process

DESCRIPTION

1. Payroll contains several components which derive the data from other software and manual entries.

   The amount and type of employee benefits vary with the grade of the employee. Some of these benefits are system driven while some critical data are manually recorded.

   Since the software processing the payroll and its associated software are not fully integrated, manual methods are used to collate and process data.

   Further, lack of direct interface between applications, manual sub-processes without dual control, diverse payroll items affecting different classes of employees pose risk of error or material misstatement in calculation of employee benefits.

2. Provision for salary increments to non-supervisory employees are based on the management's best estimate of the possible settlement which may be ultimately agreed. Actuarial valuation of post retirement benefits also get impacted by these estimates.

3. Accounting for post-retirement benefits require significant level of estimation and judgement on the part of the management. Major actuarial assumptions are given in Note no.32. Due to the inherent risks of inaccuracy posed by estimates, post-retirement benefits are significant in audit verification.

AUDIT APPROACH

Payroll sub-processes were assessed for the level of audit risk and samples were selected & verified to ensure "Completeness", "Accuracy & Valuation" of financial statement at the assertion level and compliance with Ind-AS 19.

Considering the nature of sub-processes involved, audit procedures were designed to ensure that

- the estimates by the management were reliable and conservative
- Actuarial reports considered all inputs required for valuation
- Attendance & leave data were correctly captured
- Overtime & allowances were properly approved and captured
- Loan recoveries and statutory deductions were accurate
- The final payroll and accounting were correct.
- The guidelines of the Government and the basis of the management in estimating the provision for salary increment for non-supervisory employees were evaluated.

Based on our verification, no material lapses or inaccuracies were observed.

KEY AUDIT MATTER 5	Evaluation of Adequacy of Provision For Impairment of Property, plant & Equipment under Ind AS 36
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	As it requires significant management judgments and assumptions in measuring the value in use of Property, Plant and Equipment.

PRESENT STATUS

Evaluation of Adequacy of Provision For Impairment of Property, plant & Equipment under Ind AS 36

The carrying amount of Property, Plant & Equipment and Capital work in progress reported in Note No. 2 & 2.1 for the year ended 31-03-2020 is ₹ 7012.51 Cr (2019: ₹ 6954.28 Cr) and ₹ 1375.51 Cr (2019: ₹ 1121.49 Cr) respectively after providing cumulative impairment loss of ₹ 118.85 Cr (2019: ₹ 65.58 cr) and ₹ 2.33 Cr (2019: ₹ 1.18 cr) respectively

In line with Ind AS 36: 'Impairment of Assets', the company is required to assess indicators of impairment, both external and internal, in relation to tangible assets at the end of the reporting period.

Accordingly, the company identified the presence of the impairment indicators as at the reporting date and consequently carried out an impairment assessment. The computation of recoverable amount of tangible assets in accordance with the Standard, involves significant estimation of several factors. The impairment assessment is subject to significant management's judgements and estimation of projections in the following areas:

i. The selection of an appropriate impairment model. The company has selected the Discounted cash flow model for the impairment assessment;

ii. Estimation and assessments of the expected cash flows from the operations based on the projected estimated gross margin assumptions.

AUDIT APPROACH

Our audit procedures performed included the following:

1. We have assessed the reasonableness of the key assumptions in respect the sales volume and the profitability in terms of Gross Refinery margins, basis of the number of years considered for the cash flows, discount factor, discount rate, computation of the terminal value and the models to determine whether they are reasonable given the current macroeconomic climate and expected future performance of the CGU.
2. We have verified the mathematical accuracy of the calculations.
3. We have subjected the key assumptions to sensitivity analyses; and
4. We have verified the appropriateness of the disclosure requirements in the audited financial statements and compliance with the accounting policy of the company.

KEY AUDIT MATTER 5	Evaluation of Adequacy of Provision For Impairment of Property, plant & Equipment under Ind AS 36
iii. Selection of the appropriate discount rate to arrive at the value in use. We have considered the adequacy of the provision For Impairment of Property, Plant & Equipment as a key audit matter as it requires significant management judgments and assumptions in measuring the value in use of Property, Plant and Equipment. (Please Refer Note No. 2, 2.1, and 43.1 and the significant accounting policy No. 4)	

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report including Annexures to Director's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

    a) The current audit report corrects typographical errors contained in clause (vii) (b) of Annexure-A to our earlier Report dated 20th May 2020 on the standalone financial statements to comply with the observations of Comptroller and Auditor General of India. There are no changes in the financial statements and the audit report except for the correction stated above. Hence, we have not performed any further audit procedure on the standalone financial statements or on the other reporting requirements since our earlier report.

2. Based on the verification of records of the Company and based on information and explanations given to us, we give here below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act:

    a) The company has an ERP system in place to process all the transactions through IT system. However consumption of crude, computation of per unit crude cost and valuation of work in progress and finished goods are done manually and accounting entries for the same are processed through ERP. This does not have any impact on the integrity of the account nor has any financial implications.

    b) There is no restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan.

    c) The company has properly accounted for and utilized the funds received for specific schemes from central/ state agencies as per its terms and conditions.

3. As required by section 143(3) of the Act, 2013, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of cash flow dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the financial statements;

    d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) Disqualification of directors stated under Section 164(2) of the Act is not applicable to a Government Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015;

f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g) Being a Government Company, the provisions of section 197 are not applicable to the Company as per the notification of MCA in G.S.R. 463(E) dated 5th June 2015 and therefore the reporting requirement under section 197(16) does not arise

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 33 to the financial statements).

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
FRN: 002510S

P. Ranga Ramanujam
Partner
Membership No: 022201
UDIN: 20022201AAAABK2210

For Sreedhar Suresh & Rajagopalan LLP
Chartered Accountants
FRN: 003957S/S200145

V. Suresh
Partner
Membership No: 026525
UDIN: 20026525AAAAAJ4953

Place : Chennai
Date : 7 July, 2020

Annexure A to the Independent Auditors' Report

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirement' of our report of even date to the members of Chennai Petroleum Corporation Limited on the standalone financial statements of the Company for the year ended March 31, 2020.

(i) On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These Fixed Assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were observed by the management on such verification.

(c) According to the information and explanation given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company except in case of certain freehold land given below:

Particulars	Number of cases	Gross Block / Net Block (Rs. in Crore)	Remarks
Freehold Land	2	Nil	Lands allotted by the Government of Tamilnadu for which price is not fixed and assignment deed is yet to be executed.
	1	0.18	Amount deposited with the Government Of Tamilnadu for which assignment deed is yet to be executed.

(ii) According to the information and explanations given to us, physical verification of inventory except goods in transit and goods held by outsider on behalf of the company has been conducted at reasonable intervals by the management and no material discrepancies were noticed.

(iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Consequently, the provisions of clause 3(iii) of the order are not applicable.

(iv) The Company has not granted any loans nor made any investments nor extended any guarantees nor provided any securities covered under provisions of section 185 or section 186 of the Act, except the loans granted to Key Management Personnel under service agreement, which are not prejudicial to the interest of the company.

(v) According to the information and explanations given to us, the Company has not accepted deposits from the public and hence the provisions of clause 3(v) of the order are not applicable.

(vi) Maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) According to the information and explanations given to us, and in our opinion, the Company has been regular in depositing with the appropriate authorities the undisputed statutory dues in the case of Provident Fund, Employees' State Insurance, Income-Tax, Goods & Services Tax, Customs Duty, Sales Tax and Value Added Tax, Cess and any other material statutory dues applicable to it. To the best of our knowledge and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) The details of disputed dues of Income-Tax, Sales Tax, Excise Duty, GST, Customs Duty, and Value Added Tax which have not been deposited as on March 31, 2020 are given below:

Sl. No.	Name of the Statute	Nature of Dues	Forum Where Dispute is pending	Gross Amount (Rs. in Crore)	Amount Paid under Protest (Rs. in Crore)	Period to which the Amount relates (Financial Years)
1	Central Excise Act, 1944	Central Excise	CESTAT	0.47	-	2012-13 to 2014-15
			Assistant commissioner of Central Tax (GST) & Central Excise	0.99	-	January 2005 to June 2005

Sl. No.	Name of the Statute	Nature of Dues	Forum Where Dispute is pending	Gross Amount (Rs. in Crore)	Amount Paid under Protest (Rs. in Crore)	Period to which the Amount relates (Financial Years)
2	Sales Tax/VAT Legislations	Sales Tax / VAT	High court	187.87	2.76	2007-08 to 2009-10, 2012-13 to 2013-14, 2016-17 (January to March), 2017-18 (April to June)
			Sales tax Appellate Tribunal	251.45	118.10	2007 to 2016
			Joint Commissioner (Appeals)	5.34	2.67	2014-15, 2015-16
			Additional Commissioner	29.31	16.69	2014 (April to October), 2016 (April to September)
			Joint Commissioner (CT)	7.53	-	2016(October to December)
			Deputy Commissioner	2.17	-	1991-92, 2007-08 to 2008-09
3	Finance Act, 1994	Service Tax	Appellate Tribunal	21.68	0.51	2009-10 to 2016-17 (upto June 2017)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions, banks, governments or debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The money raised on privately placed debentures and term loans have been used for the purpose for which they have been availed

(x) To the best of our knowledge and according to the information and explanations given to us by the Company, no material fraud by the company or any fraud on the company by its officers and employees has been noticed or reported during the year.

(xi) The provisions of section 197 read with schedule V of the Act, relating to managerial remuneration are not applicable to the company, being a Government Company, in terms of Ministry of Corporate Affairs Notification no.G.S.R.463 (E) dated 5th June, 2015.

(xii) The Company is not a Nidhi Company. Hence, provisions of clause 3(xii) of the Order, are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standard.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year under review. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.

(xv) The Company has not entered into any non-cash transactions with the Directors or any persons connected with him. Accordingly, provisions of clause 3(xv) of the Order are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934. Hence, provisions of clause 3(xvi) of the Order, are not applicable.

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
FRN: 002510S

P. Ranga Ramanujam
Partner
Membership No: 022201
UDIN: 20022201AAAABK2210

For Sreedhar Suresh & Rajagopalan LLP
Chartered Accountants
FRN: 003957S/S200145

V. Suresh
Partner
Membership No: 026525
UDIN: 20026525AAAAAJ4953

Place : Chennai
Date : 7 July, 2020

Annexure B to the Independent Auditors' Report

(Referred to in paragraph 3(f) under Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Chennai Petroleum Corporation Limited on the standalone financial statements of the Company for the year ended March 31, 2020)

Report on the Internal Financial Controls over financial reporting under Clause (i) of Section 143(3) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting with reference to financial statements of Chennai Petroleum Corporation Limited ("the Company") as of March31, 2020 in conjunction with our audit of the standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to these standalone financial statements of the Company

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
FRN: 002510S

P. Ranga Ramanujam
Partner
Membership No: 022201
UDIN: 20022201AAAABK2210

For Sreedhar Suresh & Rajagopalan LLP
Chartered Accountants
FRN: 003957S/S200145

V. Suresh
Partner
Membership No: 026525
UDIN: 20026525AAAAAJ4953

Place : Chennai
Date : 7 July, 2020