

PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

1F, ARUDHRA,
No.15 Habibullah Road,
T Nagar,
Chennai – 600 017.

SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants

3B GREEN HAVEN
New 26, Third Main Road,
Gandhi Nagar, Adyar
Chennai – 600 020.

INDEPENDENT AUDITORS' REPORT

To the Members of Chennai Petroleum Corporation Limited, Chennai

Report on The Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **CHENNAI PETROLEUM CORPORATION LIMITED** (hereinafter referred to as the "Company") and its Jointly controlled entities, **NATIONAL AROMATICS AND PETROCHEMICALS CORPORATION LIMITED** and **INDIAN ADDITIVES LIMITED**, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, (including Other Comprehensive Income), the Consolidated Statement of changes in equity and the Consolidated Statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its jointly controlled entities as at March 31, 2020, of consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its jointly controlled entities in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. 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 Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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 I	Valuation of Finished Goods and Intermediary Products
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Complexities in Valuation
DESCRIPTION	AUDIT APPROACH
<p>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.</p> <p>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.</p> <p>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.</p> <p>Collating several pieces of data from diverse sources and arriving at GRM is a demanding and complex task. While the Realisable values have to be 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.</p> <p>Similarly, the production of intermediates is based on technical evaluation of the goods lying incomplete at different stages of processing.</p> <p>Further, since the crude prices were volatile and falling, it had to be examined whether the stock was</p>	<p>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-ASs 2.</p> <p>During the course of audit, considering the large volumes of data and complexity in the calculations involved, audit procedures were designed to ensure that</p> <ul style="list-style-type: none"> 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 <p>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.</p> <p>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.</p> <p>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.</p> <p>Further, the valuation of crude was examined to ensure the valuation was in line with the method prescribed in Ind-AS 2.</p>



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 unprecedented situation prevailing at that time caused by pandemic stock taking was done entirely by the company without the presence of auditors.

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
<p>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.</p> <p>These factors involve detailed audit coverage & professional judgment and were significant in the audit of the financial statements</p>	<p>The, audit risk assessment and sampling were designed to gain assurance on the "Completeness", "Cut-off" & "Accuracy" of financial statement at the assertion level.</p> <p>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.</p> <p>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.</p> <p>Also, on our verification, no material errors were noticed in manual or system controls.</p>



KEY AUDIT MATTER 3	Revenue Accounting
CRITERIA FOR DISCLOSURE AS KEY AUDIT MATTER	Impact on Profitability, taxes & profit availability for distribution
DESCRIPTION	AUDIT APPROACH
<p>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.</p> <p>Revenue recognition is based on the consideration expected to be received for goods sold, excluding discounts, recoveries, and any taxes or duties collected.</p> <p>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.</p> <p>Reliable accounting of Revenue is of high importance as any misstatement will impact all other key performance indicators of the Company.</p>	<p>Our audit procedure included the following: -</p> <ol style="list-style-type: none"> 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	AUDIT APPROACH
<p>1. Payroll contains several components which derive the data from other software and manual entries.</p> <p>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.</p> <p>Since the software processing the payroll and its associated software are not fully integrated, manual methods are used to collate and process data.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>Considering the nature of sub-processes involved, audit procedures were designed to ensure that</p> <ul style="list-style-type: none"> • 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. <p>The guidelines of the Government and the basis of the management in estimating the provision for salary increment for non-supervisory employees were evaluated.</p>



agreed. Actuarial valuation of post retirement benefits also get impacted by these estimates.

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

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.

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.
DESCRIPTION	AUDIT APPROACH
<p>Evaluation of Adequacy of Provision For Impairment of Property, plant & Equipment under Ind As 36</p> <p>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 Rs.7012.51 Cr (2019: Rs. 6954.28 Cr) and Rs. 1375.51 Cr (2019: Rs. 1121.49 Cr) respectively after providing cumulative impairment loss of Rs. 118.85 Cr (2019: Rs. 65.58 cr) and Rs. 2.33 Cr (2019: Rs. 1.18 cr) respectively</p> <p>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.</p> <p>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:</p> <p>i. The selection of an appropriate impairment model. The company has selected the Discounted cash flow model for the impairment assessment;</p>	<p>Our audit procedures performed included the following:</p> <ol style="list-style-type: none"> 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.



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

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 CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The respective Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Company's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this Auditor's Report.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to the respective Company's those charged with governance. We have nothing to report in this regard.

Responsibilities of the Management and those charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Company and its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Company and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its Jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records,



relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Company and of its Jointly controlled entities are responsible for assessing the ability of the Company and of its Jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Company and its Jointly controlled entities are also responsible for overseeing the financial reporting process of the Company and its Jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated 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 consolidated 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 ability of the Company and its Jointly controlled entities 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 consolidated 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 and its Jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company and its jointly controlled entities to express an opinion on the consolidated



financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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.

Other Matters

(a) The consolidated financial statements include the Company's share of net profit/loss of Rs. NIL for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of National Aromatics and Petrochemicals Corporation Limited, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity is based solely on the reports of the other auditors.

(b) The consolidated financial statements also include the Company's share of net profit of Rs. 27.08 Crore for the year ended 31st, March 2020, as considered in the consolidated financial statements, in respect of Indian Additives Limited, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) The company being a Government Company, disqualification of directors stated under Section 164(2) of the Act is not applicable to the Company as per notification no. GSR 463(E) of the Ministry of Corporate Affairs dated 05/06/2015.
On the basis of the report of the statutory auditors of the jointly controlled entity National Aromatics And Petrochemicals Corporation Limited, and in respect of the other jointly controlled entity Indian Additives Limited on the basis of representations provided by the management, none of the directors of the jointly controlled entities are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and its Jointly controlled entities and the operating effectiveness of such controls, refer to our separate report in "Annexure A". With regard to one of the jointly controlled entities, the reports of the other auditor are taken into account.
 - (g) The Company, 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.
On the basis of the report of the statutory auditors of the jointly controlled entity National Aromatics And Petrochemicals Corporation Limited, and in respect of the other jointly controlled entity Indian Additives Limited on the basis of representations provided by the management, the remuneration paid to the directors of such entities during the current year is in accordance with section 197 of the Act and the remuneration paid to any director is not in excess of the limit laid down under sec.197 of the Act.
 - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities- Refer Note 33 to the consolidated financial statements.



- (ii) The Company and its jointly controlled entities 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 and its Jointly controlled entities.

For Padmanabhan Ramani & Ramanujam

Chartered Accountants
FRN: 002510S

P. Ranga Ramanujam



P. Ranga Ramanujam

Partner

Membership No: 022201

UDIN: 20022201AAAABD5352

For Sreedhar Suresh & Rajagopalan LLP

Chartered Accountants
FRN: 003957S/S200145

V. Suresh



V. Suresh

Partner

Membership No: 026525

UDIN: 20026525AAAAAE2119

Place: Chennai

Date: May 20, 2020

ANNEXURE- A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **CHENNAI PETROLEUM CORPORATION LIMITED** ("Company") and its Jointly controlled entities, **NATIONAL AROMATICS AND PETROCHEMICALS CORPORATION LIMITED** and **INDIAN ADDITIVES LIMITED** which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company and its jointly controlled entities which are companies incorporated in India are 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 Control 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 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.

Auditors' 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 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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 Consolidated 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 Consolidated 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 Consolidated 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 and to the best of our information and according to the explanations given to us, the Company, and its jointly controlled entities, which are companies incorporated in India, have, 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 respective Companies 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

Other Matters

Our aforesaid reports under section 143 (3) (i) of the act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to National Aromatics and Petrochemicals Corporation Limited, a jointly controlled company, which is incorporated in India, is based on the corresponding report of the auditor of the company. In respect of Indian Additives Ltd., another jointly controlled entity incorporated in India, the adequacy and operating effectiveness of the internal financial controls over financial reporting is based on the representations provided by the management.

For Padmanabhan Ramani & Ramanujam

Chartered Accountants

FRN: 002510S

P. Ranga Ramanujam

P. Ranga Ramanujam

Partner

Membership No: 022201

UDIN: 20022201AAAABD5352



For Sreedhar Suresh & Rajagopalan LLP

Chartered Accountants

FRN: 003957S/S200145

V. Suresh

V. Suresh

Partner

Membership No: 026525

UDIN: 20026525AAAAAE2119



Place: Chennai

Date : May 20, 2020

CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
BALANCE SHEET AS AT 31ST MARCH 2020

₹ in Crore

Particulars	Note No.	As at 31-Mar-20	As at 31-Mar-19
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2	7012.51	6954.28
(b) Capital work-in-progress	2.1	1375.51	1121.49
(c) Intangible assets	3	21.60	23.03
(d) Intangible assets under development	3.1	222.29	77.99
(e) Financial Assets			
(i) Investments			
- Equity Investment in Joint Ventures	4	178.92	158.98
- Other Investments	4.1	0.11	0.11
(ii) Loans	5	51.26	45.21
(iii) Other Financial Assets	6	80.83	76.63
(f) Deferred tax assets (Net)	7	933.52	-
(g) Income tax assets (Net)	7	49.44	45.48
(h) Other non-current assets	8	47.77	46.01
		9973.76	8549.21
(2) Current assets			
(a) Inventories	9	2360.77	4846.96
(b) Financial Assets			
(i) Trade receivables	10	123.90	327.33
(ii) Cash and cash equivalents	11	0.05	0.17
(iii) Other bank balances	12	3.68	9.60
(iv) Loans	5	34.70	22.78
(v) Other Financial Assets	6	52.90	20.70
(c) Other current assets	8	286.16	325.57
		2862.16	5553.11
TOTAL ASSETS		12835.92	14102.32
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	13	148.91	148.91
(b) Other Equity	14	1210.36	3307.63
LIABILITIES			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	2952.77	1443.51
(ii) Other financial liabilities	16	6.84	-
(b) Provisions	17	100.63	254.68
(c) Deferred tax liabilities (Net)	7	-	120.74
(d) Other non-current liabilities	18	13.64	1.36
		3073.88	1820.29
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	5732.68	4873.97
(ii) Trade payables	20		
-Total outstanding dues of micro and small enterprises		0.56	1.58
-Total outstanding dues of creditors other than micro and small enterprises		1554.11	2439.52
(iii) Other financial liabilities	16	657.94	1079.33
(b) Other current liabilities	18	415.96	394.93
(c) Provisions	17	41.52	36.16
		8402.77	8825.49
TOTAL EQUITY AND LIABILITIES		12835.92	14102.32

See accompanying notes to the financial statements

1-45

(S N Pandey)
Managing Director
DIN - 08062182

for and on behalf of Board of Directors

(Rajeev Ailawadi)
Director (Finance)
DIN - 07826722

(P.Shankar)
Company Secretary
ACS -7624

As per our attached Report of even date

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
(FRN: 0025105)

P. Ranga Ramanujam
Partner
Membership No. 022201
UDIN : 20022201AAAABD5352
Place : Chennai
Date : 20-May-2020



For SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants
(FRN: 003957S / S200145)

V. Suresh
Partner
Membership No. 026525
UDIN : 20026525AAAAAE2119



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		₹ In Crore	
Particulars	Note No.	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
I. Revenue from operations	21	48650.22	52201.22
II. Other income	22	72.90	52.81
III. Total Income (I + II)		48723.12	52254.03
IV. Expenses:			
Cost of materials consumed	23	35793.34	38468.11
Purchase of Stock-in-Trade		896.49	1139.51
Changes in Inventories (Finished Goods and Work-In Progress)	24	990.39	(409.89)
Excise Duty		11533.48	10862.83
Employee benefits expense	25	511.63	460.52
Finance costs	26	413.25	419.76
Depreciation and Amortisation expense on:			
a) Tangible Assets	2	466.59	450.92
b) Intangible Assets	3	1.59	1.61
		468.18	452.53
Impairment on Property, Plant and Equipment / CWIP		54.42	0.93
Other expenses	27	1083.87	1163.70
Total Expenses (IV)		51745.05	52558.00
V Profit/(Loss) before Exceptional items and tax (III - IV)		(3021.93)	(303.97)
VI Share of Profit of Joint Ventures		27.08	13.96
VII Exceptional Items		-	-
VIII Profit/(Loss) before tax (V + VI + VII)		(2994.85)	(290.01)
IX Tax expense:	7		
(1) Current tax [Includes 94.51 Crore (2019: Nil) relating to prior years]		94.51	-
(2) Deferred tax [Includes Nil (2019: Nil) relating to prior years]		(1032.96)	(84.66)
X Profit/(loss) for the year from continuing operations (VIII - IX)		(2056.40)	(205.35)
XI Profit/(loss) from discontinued operations		-	-
XII Tax expense of discontinued operations		-	-
XIII Profit/(loss) from Discontinued operations(after tax) (X - XI)		-	-
XIV Profit / (loss) for the year (X + XIII)		(2056.40)	(205.35)
XV Other Comprehensive Income	28		
A. (i) Items that will not be reclassified to profit or loss		(60.95)	(2.74)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	7	21.30	0.96
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the year (XIV + XV)		(2096.05)	(207.13)
XVI (Comprising Profit/ (Loss) and Other Comprehensive Income for the year)		(2096.05)	(207.13)
XVII Earning per equity share:			
(1) Basic (₹)	30	(138.10)	(13.79)
(2) Diluted (₹)		(138.10)	(13.79)
See accompanying notes to the financial statements	1-45		

S N Pandey

(S N Pandey)
Managing Director
DIN - 08062182

Rajeev Ailawadi

(Rajeev Ailawadi)
Director (Finance)
DIN - 07826722

P. Shankar

(P.Shankar)
Company Secretary
ACS -7624

As per our attached Report of even date

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
(FRN: 0025105)

P. Ranga Ramanujam

P. Ranga Ramanujam
Partner
Membership No. 022201
UDIN : 2002201AAAABD5352
Place : Chennai
Date : 20-May-2020



For SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants
(FRN: 0039575 / S200145)

V. Suresh

V. Suresh
Partner
Membership No. 026525
UDIN : 20026525AAAAAE2119



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(a) Equity Share Capital

₹ in Crore

	Equity shares of ₹ 10 each issued, subscribed and fully paid	Subscribed, called-up and paid-up share capital	Add: Forfeited shares (amount originally paid up)	Less: Cancelled shares (amount originally paid up)	Total paid-up equity share capital
At 31 March 2019	148911400	148.91	0.09	(0.09)	148.91
At 31 March 2020	148911400	148.91	-	-	148.91

(b) Other equity

₹ in Crore

	Reserve and Surplus						Total
	Securities Premium	Bond Redemption Reserve	Capital Redemption reserve	Capital reserve	Retained earnings	General reserve	
At 01 April 2018	250.04	250.00	600.00	-	(582.75)	3330.71	3848.00
Profit for the Year	-	-	-	-	(205.35)	-	(205.35)
Other comprehensive income (Remeasurement of gain or loss on defined benefit plan)	-	-	-	-	-	(1.78)	(1.78)
Total comprehensive income	-	-	-	-	(205.35)	(1.78)	(207.13)
Transfer to Retained Earnings	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-
Transfer from Equity Share Capital (Cancelled Shares)	-	-	-	0.09	-	-	0.09
Transfer to Bond Redemption Reserve	-	(250.00)	-	-	-	250.00	-
Dividend	-	-	-	-	(275.49)	-	(275.49)
Dividend distribution tax (DDT)	-	-	-	-	(57.84)	-	(57.84)
At 31 March 2019	250.04	-	600.00	0.09	(1121.43)	3578.93	3307.62

₹ in Crore

	Reserve and Surplus						Total
	Securities Premium	Bond Redemption Reserve	Capital Redemption reserve	Capital reserve	Retained earnings	General reserve	
At 01 April 2019	250.04	-	600.00	0.09	(1121.43)	3578.93	3307.63
Profit for the Year	-	-	-	-	(2056.40)	-	(2056.40)
Other comprehensive income (Remeasurement of gain or loss on defined benefit plan)	-	-	-	-	-	39.65	(39.65)
Total comprehensive income	-	-	-	-	(2056.40)	(39.65)	(2096.05)
Transfer to Retained Earnings	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-
Transfer from Equity Share Capital (Cancelled Shares)	-	-	-	-	-	-	-
Transfer from Bond Redemption Reserve	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-
Dividend distribution tax (DDT)	-	-	-	-	1.22	-	1.22
At 31 March 2020	250.04	-	600.00	0.09	(3179.05)	3539.28	1210.36

for and on behalf of Board of Directors



(S N Pandey)
Managing Director
DIN - 08062182



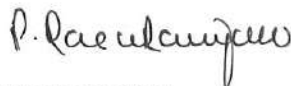
(Rajeev Allawadi)
Director (Finance)
DIN - 07826722

As per our attached Report of even date



(P. Shankar)
Company Secretary
ACS -7624

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
(FRN : 002510S)

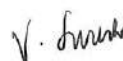


P. Ranga Ramanujam
Partner
Membership No. 022201

UDIN : 20022201AAAABD5352

Place : Chennai
Date : 20-May-2020

For SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants
(FRN: 0039575 / S200145)



V. Suresh
Partner
Membership No. 026525

UDIN : 20026525AAAAAE2119



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

₹ In Crore

Particulars	For the Year ended 31-Mar-20	For the Year ended 31-Mar-19
A Cash Flow from Operating Activities		
1 Profit Before Tax	(2994.85)	(290.01)
2 Adjustments for :		
Depreciation of property, plant and equipment	466.59	450.92
Impairment of Property, Plant and Equipment / CWIP	54.42	0.93
Unclaimed / Unspent liabilities written back	(3.34)	(5.24)
Loss/(gain) on disposal of property, plant and equipments (net)	12.08	15.61
Amortisation and impairment of intangible assets	1.59	1.61
Amortisation of Government Grants	(0.47)	(4.96)
Net Exchange Differences	32.50	6.54
Provision for Capital work-in-progress written back	(2.38)	(9.18)
Provision for Doubtful Debts, Advances and Claims	-	1.55
Remeasurement of Defined Benefit Plans thru OCI	(60.95)	(2.74)
Provision for Stores (net)	3.82	2.51
Finance Income	(18.01)	(29.20)
Finance costs	413.25	419.76
Share of Joint Ventures	(27.08)	(13.96)
3 Operating Profit before Working Capital Changes (1+2)	(2122.83)	544.14
4 Change in Working Capital:		
(Excluding Cash & Cash equivalents)		
Trade Receivables & Other receivables	154.20	(100.31)
Inventories	2482.37	(100.81)
Trade and Other Payables	(959.74)	(427.72)
Provisions	(128.72)	(25.13)
Change in Working Capital	1548.11	(653.97)
5 Cash Generated From Operations (3+4)	(574.72)	(109.83)
6 Less : Taxes paid	(45.48)	(33.88)
7 Net Cash Flow from Operating Activities (5-6)	(620.20)	(143.71)
B Cash Flow from Investing Activities:		
Proceeds from sale of Property, plant and equipment / Transfer of Assets	0.12	0.09
Purchase of Property, plant and equipment	(987.07)	(1308.48)
Interest received (Finance Income)	18.01	29.20
Dividend Income	5.92	5.92
Net Cash Generated/(Used) in Investing Activities:	(963.02)	(1273.27)
C Net Cash Flow From Financing Activities:		
Proceeds from Long-Term Borrowings	1464.65	909.16
Repayments of Long-Term Borrowings (Including lease liability)	(350.49)	(1500.00)
Proceeds from/(Repayments of) Short-Term Borrowings	858.71	2809.92
Interest paid	(388.55)	(468.64)
Dividends paid	-	(275.49)
Dividend distribution tax paid	(1.22)	(57.84)
Net Cash Generated/(Used) from Financing Activities:	1583.10	1417.11
D Net Change in Cash & cash equivalents (A+B+C)	(0.12)	0.13
E-1 Cash & cash equivalents as at end of the year	0.05	0.17
E-2 Cash & cash equivalents as at beginning of the year	0.17	0.04
NET CHANGE IN CASH & CASH EQUIVALENTS (E 1- E 2)	(0.12)	0.13

Notes :

- Cash Flow Statement is prepared using Indirect method as per Indian Accounting Standard -7 Cash Flow Statement.
- Figures for previous year have been regrouped wherever necessary for uniformity in presentation.



Reconciliation between opening and closing balances of financial liabilities with the net cash generated /(Used) from financing activities:

₹ in Crore

Financial Liabilities	As at 31.03.2018	Cash Flow	Non-cash Changes			As at 31.03.2019
			Lease Liability	Interest Accrued but not due	Foreign exchange movement	
Long Term Borrowings (Including Other Current Financial Liability)	2428.24	(693.17)	-	52.39	6.54	1741.61
Short Term Borrowings	2062.99	2809.92	-	1.06	-	4873.97

Financial Liabilities	As at 31.03.2019	Cash Flow	Non-cash Changes			As at 31.03.2020
			Lease Liability	Interest Accrued but not due	Foreign exchange movement	
Long Term Borrowings (Including Other Current Financial Liability)	1741.61	1100.19	13.97	24.70	32.50	2965.36
Short Term Borrowings	4873.97	858.71	-	-	-	5732.68

(Signature)

(S N Pandey)
Managing Director
DIN - 08062182

(Signature)

(Rajeev Ailawadi)
Director (Finance)
DIN - 07826722

(Signature)

(P.Shankar)
Company Secretary
ACS -7624

As per our attached Report of even date

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
FRN: 002510S

(Signature)

P. Ranga Ramanujam
Partner
Membership No. 022201

UDIN : 20022201AAAAABD5352

Place : Chennai
Date : 20-May-2020



For SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants
(FRN: 003957S / S200145)

(Signature)

V. Suresh
Partner
Membership No. 026525

UDIN : 20026525AAAAAE2119



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

Note-1A Corporate Information and Significant Accounting Policies

I. Corporate Information

The consolidated financial statements of "Chennai Petroleum Corporation Limited" ("the Company" or "CPCL") are for the year ended 31st March, 2020.

CPCL is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at 536, Anna Salai, Teynampet, Chennai-600018. (CIN - L40101TN1965GOI005389)

CPCL together with its joint ventures and associates is hereinafter referred to as Group.

The Group is in the business of refining crude oil to produce & supply various petroleum products, manufacture and sale of lubricating oil additives.

Information on related party relationships of the Group is provided in Note-34.

The consolidated financial statements were approved for issue in accordance with a resolution of the Board of directors on 20th May, 2020.

II. Significant Accounting Policies

1 BASIS OF PREPARATION / CONSOLIDATION

- 1.1.** The financial statements have been prepared in accordance with the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules and other relevant provisions of the Act and Rules there under, as amended from time to time.

The Consolidated financial statements have been prepared on historical cost convention, accrual and going concern basis except where Ind AS requires a different accounting treatment like fair value / amortized cost / present value / Realizable value. These accounting policies have been applied consistently over all periods presented in these financial statements

The consolidated financial statements are presented in Indian Rupees (INR) which is Group's presentation and functional currency and all values are rounded to the nearest Crore (up to two decimals) except when otherwise indicated.



1.2. BASIS OF CONSOLIDATION

1.2.1. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the entities.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity then discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.



The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.2.2. Interest in Joint operations

For the interest in joint operations, the Group recognises:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

2.1. Property, Plant and Equipment (PPE)

2.1.1. The Property, Plant & Equipment (PPE) comprises of Tangible assets and Capital Work in progress. PPE (except freehold lands which are stated at historical cost) are stated at cost, net of tax credit availed and after reducing accumulated depreciation and cumulative impairment losses, if any. The cost of PPE comprises of its purchase price, construction cost, other directly attributable costs and decommissioning costs as the case may be. These costs are capitalized until the asset is ready for use and includes borrowing cost capitalized in accordance with the Group's accounting policy.

2.1.2. The cost of an item of PPE is recognized as an asset if, and only if:

- (i) it is probable that future economic benefits associated with the item will flow to the entity; and
- (ii) the cost of the item can be measured reliably.



- 2.1.3.** Technical know-how / license fee relating to plants/facilities and specific software that are integral part of the related hardware are capitalised as part of cost of the underlying asset.
- 2.1.4.** Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.
- 2.1.5.** The acquisition of some items of PPE although not, directly increasing the future economic benefits of any particular existing item of PPE, may be necessary for the Group to obtain the future economic benefits from its other assets. Such items of PPE, are recognized as assets.
- 2.1.6.** On transition to Ind AS, the Group has elected to continue with the carrying value of all of its PPE recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the PPE.

2.2. Capital work in progress (CWIP)

A. Construction Period Expenses:

- 2.1.1.** Revenue expenses exclusively attributable to projects incurred during construction period are capitalized. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously and where the expenses are not attributable exclusively are charged to revenue.
- 2.2.2.** Financing cost incurred during construction period on loans specifically borrowed and utilized for projects is capitalized on quarterly basis upto the date of capitalization.
- 2.2.3.** Financing cost, if any, incurred on General Borrowings used for projects is capitalized at the weighted average cost. The amount of such borrowings is determined on quarterly basis after setting off the amount of internal accruals.

B. Capital Stores

- 2.2.4.** Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.

2.3. Intangible assets

- 2.3.1.** Technical know-how / license fee relating to production process and process design are recognized as Intangible Assets and amortized on a straight line basis over the life of the underlying plant/ facility.
- 2.3.2.** Expenditure incurred on Research & Development, other than on capital account, is charged to revenue.
- 2.3.3.** Cost incurred on computer software/licenses purchased resulting in future economic benefits, other than specific software that are integral part of the related hardware, are capitalised as Intangible Asset and amortised over a



period of three years beginning from the quarter in which such software/licenses are capitalised. However, where such computer software/ license is under development or is not yet ready for use, accumulated cost incurred on such items are accounted as "Intangible Assets Under Development".

- 2.3.4.** Right of ways with Indefinite useful lives are not amortised, but tested for impairment annually at the cash-generating unit level. The assessment of Indefinite life is reviewed annually to determine whether the Indefinite life continues to be supportable. If not, the change in useful life from Indefinite to finite is made on a prospective basis.
- 2.3.5.** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- 2.3.6.** The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an Indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

- 2.3.7.** On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognized as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

2.4. Depreciation / Amortisation

- 2.4.1.** Cost of PPE (net of residual value) excluding freehold land is depreciated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets:

- a) Useful life of 25 years for solar power plant considered based on technical assessment
- b) In case of specific agreements e.g. enabling assets etc., useful life as per agreement or Schedule II, whichever is earlier



- c) In case of immovable assets constructed on leasehold land, useful life as per Schedule-II or lease period of land (including renewable period), whichever is lower
- d) In other cases Spare parts etc., useful life is considered based on the technical assessment

Depreciation / Amortisation is charged pro-rata on quarterly basis on assets, from/up to the quarter of capitalization / sale, disposal / or earmarked for disposal. Residual value is generally considered between 0 to 5% of cost of assets. Further, in case of catalyst with noble metal content, residual value is considered based on the cost of metal content.

The Group depreciates components of the main asset that are significant in value and have different useful lives as compared to the main asset separately. The Group depreciates spares over the life of the spares from the date it is available for use.

2.4.2. PPE, costing up to 5,000/- per item are depreciated fully in the year of capitalization. Further, spares, components like catalyst excluding noble metal content and major overhaul/inspection are also depreciated fully over their respective useful life.

2.4.3. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5. Derecognition

2.5.1. PPE and Intangible Assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE or Intangible Asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3. LEASES

3.1. The Group assesses at contract inception whether a contract is, or contains, A lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.1.1. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are



recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, except for leases where the Group has elected to use practical expedient not to separate non-lease payments from the calculation of the lease liability and ROU asset where the entire consideration is treated as lease component.

3.1.2. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset as per 2.4 above.

3.1.3. Modifications to a lease agreement beyond the original terms and conditions are generally accounted for as a re-measurement of the lease liability with a corresponding adjustment to the ROU asset. Any gain or loss on modification is recognized in the Statement of Profit & Loss. However, the modifications that increase the scope of the lease by adding the right to use one or more underlying assets at a price commensurate with the stand-alone selling price are accounted for as a separate new lease. In case of lease modifications, discounting rates used for measurement of lease liability and ROU assets is also suitably adjusted.

3.1.4. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of Property, Plant and Equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term or



another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

3.2. Leases as lessor (assets given on lease)

- 3.2.1.** When the Group acts as lessor, it determines at the lease commencement whether lease is finance lease or operating lease.
- 3.2.2.** Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern of the benefit derived from the asset given on lease.
- 3.2.3.** All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment. If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.
- 3.2.4.** When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the short term lease exemption described above, then it classifies the sub-lease as an operating lease.

4. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an Indication that an asset may be impaired. If any Indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an Individual asset, unless the asset does not generate cash inflows that are largely Independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the Individual assets are allocated. These budgets and forecast calculations generally cover a period of 15 years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifteenth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

An assessment is made at each reporting date to determine whether there is an Indication that previously recognised impairment losses no longer exist or have decreased. If such Indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

5. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of the qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Capitalisation of borrowing costs is suspended when active development activity on the qualifying assets is interrupted other than on temporary basis and charged to the statement of Profit and Loss during such extended periods. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which the same are incurred.

6. FOREIGN CURRENCY TRANSACTIONS

- 6.1.** The Group's financial statements are presented in Indian Rupee (₹), which is also its functional currency.
- 6.2.** Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transactions.
- 6.3.** Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.,) outstanding at the end of reporting period, are translated at exchange rates prevailing on that date.
- 6.4.** Non-monetary items denominated in foreign currency, (such as PPE, intangible assets investments, capital / revenue advances other than expected to be settled in cash etc.) are recorded at the exchange rate prevailing on the date of the transaction, other than those measured at fair value.



- 6.5.** Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of profit and loss either under the head foreign exchange fluctuation or interest cost, as the case may be.

7. INVENTORIES

7.1. Raw Materials & Stock-in-Process

- 7.1.1.** Raw materials including Crude oil are valued at cost determined on weighted average basis or net realizable value, whichever is lower.
- 7.1.2.** Crude oil in Transit is valued at cost or net realizable value, whichever is lower.
- 7.1.3.** Stock in Process is valued at raw materials cost plus fifty percent conversion costs as applicable or net realizable value, whichever is lower.
- 7.1.4.** Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

7.2. Finished Products and Stock-in-Trade

- 7.2.1.** Finished products and stock in trade are valued at cost determined on 'First in First Out' basis or net realizable value, whichever is lower. Cost of Finished Products produced is determined based on raw materials cost and processing cost.
- 7.2.2.** Imported products in transit are valued at cost or net realisable value whichever is lower.

7.3. Stores and Spares

- 7.3.1.** Stores and spares are valued at cost or net realisable value whichever is lower.
- 7.3.2.** In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale / disposal and charged to revenue. Further, provision is made to the extent of 97 per cent of the value of non-moving inventory of stores and spares (excluding maintenance, repair & operation items, pumps and compressors) which have not moved for more than six years. Stores and spares in transit are valued at cost.
- 7.3.3.** Spent catalysts (including noble metal content thereof) are valued at lower of the weighted average cost or net realizable value.



8. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND CAPITAL COMMITMENTS

8.1. Provisions

8.1.1. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

8.1.2. When the Group expects some or all of a provision to be recovered from a third party, a receivable is recognised as a separate asset, but only when it is virtually certain and amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of reimbursement, if any.

8.1.3. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Increase in carrying amount of provisions, where interest rate is specified, are accounted in finance cost to the extent of increase attributable to passage of time.

8.2. Contingent Liabilities and Contingent Assets

8.2.1. Show-cause Notices issued by various Government Authorities are generally not considered as obligation.

8.2.2. When the demand notices are raised against such show-cause notices and are disputed by the Group, these are classified as disputed obligations.

8.2.3. The treatment in respect of disputed obligations are as under:

- a) a provision is recognized in respect of present obligations where the outflow of resources is probable as per 8.1.1 above;
- b) all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

8.2.4. Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts and reviewed at each balance sheet date to reflect the current management estimate.

8.2.5. Estimated amount of contracts remaining to be executed on capital account are considered for disclosure.



- 8.2.6.** A contingent asset is disclosed where an inflow of economic benefits is probable.

9. REVENUE RECOGNITION

- 9.1.** The Group is in the business of Refining crude oil to produce and supply various petroleum products and it earns revenue primarily from sale of petroleum products.

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group has generally concluded that it is the principal in its revenue arrangements, except a few agency services, because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

- 9.2.** Revenue from the sale of petroleum products, petrochemical products, crude and gas are recognised at a point in time, generally upon delivery of the products.
- 9.3.** The Group has assumed that the recovery of excise duty flows to the Group on its own account and hence, revenue includes excise duty. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods & Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

9.4. Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



- 9.5.** Interest income from financial assets is recognised using effective interest rate (EIR) method.
- 9.6.** Dividend income is recognized when the Group's right to receive dividend is established.
- 9.7.** Claims (including interest on outstanding claims) are recognized at cost when there is reasonable certainty regarding its ultimate collection. Insurance claims are recognised based on acceptance.
- 9.8.** Claims on Petroleum Planning and Analysis Cell (Formerly known as Oil Coordination Committee) / Government arising on account of erstwhile Administered Pricing Mechanism / notified schemes are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions /clarifications subject to final adjustment as per separate audit.

10. EXCISE DUTY

Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in stock. Value of stock includes excise duty payable / paid on finished goods wherever applicable.

11. TAXES ON INCOME

11.1. Current income tax

Provision for current tax is made as per the provisions of the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

11.2. Deferred tax

- 11.2.1.** Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.



Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

11.2.2. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

11.2.3. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

11.2.4. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

12. EMPLOYEE BENEFITS

12.1. Short Term Benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

12.2. Post-Employment Benefits and Other Long Term Employee Benefits

- a) The Group's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to the Statement of Profit and Loss/CWIP. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, is made good by the Group and charged to the Statement of Profit and Loss/CWIP.
- b) The Group operates defined benefit plans for Gratuity and Post Retirement Medical Benefits. The cost of providing such defined benefits is determined using the projected unit credit method of actuarial valuation made at the end of the year. Out of these plans, Gratuity is administered through a trust.
- c) Obligations on other long term employee benefits viz. leave encashment and Long Service Awards are provided using the projected unit credit method of actuarial valuation made at the end of the year. Out of these obligations, leave encashment obligations are



funded through qualifying insurance policies made with insurance companies / corporation.

- d) The Group also operates a defined contribution scheme for Pension benefits for its employees and the contribution is remitted to a separate Trust.

12.3. Termination Benefits

Payments made under Voluntary Retirement Scheme are charged to the Statement of Profit and Loss on incurrence.

12.4. Remeasurements

Remeasurements, comprising of actuarial gains and losses, the effect of the changes in asset ceiling, (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which it occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements in respect of other long term benefits are recognised in the statement of profit and loss.

Past service cost are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service cost comprising current service cost, past-service cost, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

13. GRANTS

- 13.1.** Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

13.2. Grant Relating to assets (Capital Grants)

In case of grants relating to depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Deferred income which are recognized as "Other Operating Revenues" in the Statement of



Profit and Loss over the period and in the proportion in which depreciation is charged.

13.3. Grant Related to Income (Revenue Grants)

Revenue grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related cost for which the grants are intended to compensate.

The Group has treated waiver of duty under EPCG scheme as revenue grant as the condition of meeting the export obligations is a primary condition of availing the grant as per the EPCG Scheme. The above grant is set up by recording the assets at gross value and corresponding grant amount as deferred income. Such grant is recognised in "Other Operating Revenues" in proportion of export obligations actually fulfilled during the accounting period.

Revenue grants are generally recorded under "Other Operating Revenues" except some grants, which are netted off with the related expense.

- 13.4.** When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate or NIL interest rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. Classification of the grant is made considering the terms and condition of the grant i.e. whether grants relates to assets or otherwise.

14. CURRENT VERSUS NON-CURRENT CLASSIFICATION

- 14.1.** The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

- 14.2.** An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.



14.3. A liability is treated as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

15. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

15.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the financial asset. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial Assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Financial assets and derivatives at fair value through profit or loss (FVTPL)

15.1.1. Financial Assets at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:



- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

15.1.2. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) the asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

15.1.3. Equity instrument

A. Equity investments at FVTOCI (Other than subsidiaries, JVs and associates)

All equity investments in scope of Ind AS 109 are measured at fair value. The Group has made an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition/transition and is irrevocable.

There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investments.



B. Equity investments in JVs and associates

Investment in joint ventures and associates are accounted for at cost in consolidated financial statements and the same are tested for impairment in case of any indication of impairment.

C. Dividend income is recognized in the Statement of Profit and Loss when the Group's right to receive dividend is established.

15.1.4. Debt Instruments and derivatives at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Interest income on such instruments has been presented under interest income.

15.1.5. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

15.1.6. Impairment of Financial Assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;
- b. Financial guarantee contracts which are not measured as at FVTPL
- c. Lease receivables under Ind AS 116

Simplified Approach

The Group follows 'simplified approach' for recognition of impairment loss allowance, if any, on Trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

General Approach

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On



that basis, the Group estimates provision on trade receivables at the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

15.2. Financial liabilities

15.2.1. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. In case of Financial Liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of financial liabilities are recognised immediately in the statement of profit and loss.

The Group's financial liabilities include trade and other payables and loans and borrowings including derivative financial instruments.

15.2.2. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

A. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.



Gains or losses on liabilities held for trading are recognised in the statement of Profit and Loss.

B. Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognised in the statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

15.2.3. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

15.3. Embedded Derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

15.4. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



15.5. Derivative instrument Initial recognition / Subsequent measurement

15.5.1. The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The accounting for subsequent changes in fair value of derivatives depends on the designation or non- designation of derivative as hedging instruments. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

15.5.2. Derivative that are designated as hedge instrument

The Group designates certain foreign exchange forward contracts for hedging foreign currency risk of recognized foreign currency loans and liabilities. The Group generally designates the whole forward contract as hedging instrument. These hedges are accounted for as cash flow hedges. These hedging instruments are as per the policies approved by the Board of Directors.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that the hedge is highly effective throughout the financial reporting periods for which it was designated.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in Other Comprehensive Income and accumulated under the heading Cash Flow hedge reserve within Equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit and loss and included in the Other Income or Other Expenses as Gain on Derivatives or Loss on Derivatives respectively.

Amounts previously recognized in OCI and accumulated in equity relating to effective portion are reclassified to Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same line item as the recognized hedged item or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.



Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting.

15.5.3. Derivative that are not designated as hedge instrument

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through the Statement of Profit and Loss and are included in the Other Income or Other Expenses as Gain on Derivatives or Loss on Derivatives respectively.

15.6. Commodity contracts

Commodity contracts that, are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

16. FAIR VALUE MEASUREMENT

- 16.1.** The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 16.2.** The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.
- 16.3.** The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- 16.4.** A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- 16.5.** The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
- 16.6.** All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In case of Level 3 valuations, External valuers are also involved in some cases for valuation of assets and liabilities, such as unquoted financial assets, loans to related parties etc.,

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

17. EARNINGS PER SHARE

The basic earnings per share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

19. CASH FLOW STATEMENT

Cash flow statement are reported using the Indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

III. New Standards/ amendments and other changes effective April 1, 2019

Ind AS 116, Leases

The Group has adopted this Ind AS w.e.f April 1, 2019. The effect of this standard along with relevant disclosures is provided in Note-36.



Amendments to Ind AS 12, Income taxes Appendix C - Uncertainty over Income Tax Treatment

The Group has adopted the amendments w.e.f April 1, 2019. The effect of this amendment is not material.

Amendment to Ind AS 19 –Employee Benefits relating to Plan amendment, curtailment or settlement

The Group has adopted the amendments w.e.f April 1, 2019. As there is no major change in employee benefit plans, the effect of this amendment is not material.

Amendment to Ind AS 23, Borrowing Costs

The Group has adopted the amendments w.e.f April 1, 2019. The effect of this amendment is not material.

IV. STANDARDS ISSUED BUT NOT YET EFFECTIVE

NIL



CHENNAI PETROLEUM CORPORATION LIMITED**CONSOLIDATED FINANCIAL STATEMENTS****Note – 1B : SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, estimated quantities of noble metals, measurement of employee benefits, actuarial assumptions, provisions etc.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans / Other Long term employee benefits

The cost of the defined benefit plans and other long term employee benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The management considers the interest rates of government securities based on expected settlement period of various plans.

Further details about various employee benefit obligations are given in Note 32.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model based on level-2 and level-3 inputs. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as price estimates, volume estimates, rate estimates etc. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Also refer Note-35 for further disclosures of estimates and assumptions.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal used to determine the recoverable amounts of the impaired assets are not based on observable market data, rather, management's best estimates.

The value in use calculation is based on a DCF model. The cash flows do not include impact of significant future investments that may enhance the asset's performance of the CGU being tested. The results of impairment test are sensitive to changes in key judgements, such as changes in commodity prices, future changes in alternate use of assets etc, which could result in increase or decrease of the recoverable amounts and result in additional impairment charges or recovery of impairment charged.

Refer Note 43.1 on impairment loss recognized during the year.



Current Year:

₹ in Crore

		Land - Freehold	Land - Leasehold	Buildings, Roads etc.	Plant and Equipment	Office Equipments	Transport Equipments	Furniture and Fixtures	Railway Sidings	Drainage, Sewage and Water Supply System	ROU asset	Total
GROSS BLOCK	Gross Block as at 1st April 2019	Note: A 44.95	5.92	182.80	Note: B 8033.50	33.99	12.80	7.23	Note: C -	20.30	-	Note: B 8341.49
	Additions during the Year (Note: E)	4.00	-	0.90	555.96	9.34	-	0.88	-	0.02	16.80	587.90
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	(4.33)	(28.97)	(5.24)	(0.90)	(1.01)	-	(0.01)	-	(40.46)
	Gross Block as at 31st March 2020	48.95	5.92	179.37	8560.49	38.09	11.90	7.10	-	20.31	16.80	8888.93
DEPRECIATION, AMORTISATION AND IMPAIRMENT	Depreciation and Amortisation as at 1st April 2019	-	0.28	26.05	1266.66	18.76	2.66	2.96	-	4.26	-	1321.63
	Depreciation and Amortisation during the Year:	-	0.07	6.59	446.51	6.86	1.06	0.71	-	0.95	3.84	466.59
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	(2.37)	(22.14)	(4.76)	(0.84)	(0.53)	-	(0.01)	-	(30.65)
	Total Depreciation and Amortisation upto 31st March 2020	-	0.35	30.27	1691.03	20.86	2.88	3.14	-	5.20	3.84	1757.57
	Total Impairment Loss as at 1st April 2019	-	-	14.77	50.62	-	-	-	-	0.19	-	65.58
	Impairment Loss during the Year (Note: D)	-	-	4.24	48.95	-	-	-	-	0.08	-	53.27
	Impairment loss reversed during the Year	-	-	-	-	-	-	-	-	-	-	-
NET BLOCK	Total Impairment Loss upto 31st March 2020	-	-	19.01	99.57	-	-	-	-	0.27	-	118.85
	AS AT 31st March 2020	48.95	5.57	130.09	6769.89	17.23	9.02	3.96	-	14.84	12.96	7012.51
	AS AT 31st March 2019	44.95	5.64	141.98	6716.22	15.23	10.14	4.27	-	15.85	-	6954.28

Previous Year:

₹ in Crore

		Land - Freehold	Land - Leasehold	Buildings, Roads etc.	Plant and Equipment	Office Equipments	Transport Equipments	Furniture and Fixtures	Railway Sidings	Drainage, Sewage and Water Supply System	ROU asset	Total
GROSS BLOCK	Gross Block as at 1st April 2018	44.31	5.92	182.79	6528.73	22.21	10.81	13.64	-	20.30	-	6828.71
	Additions during the Year (Note: E)	0.64	-	0.01	1511.99	7.07	1.69	1.32	-	-	-	1522.72
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-	(7.22)	4.71	0.30	(7.73)	-	-	-	(9.94)
	Gross Block as at 31st March 2019	44.95	5.92	182.80	8033.50	33.99	12.80	7.23	-	20.30	-	8341.49
DEPRECIATION, AMORTISATION AND IMPAIRMENT	Depreciation and Amortisation as at 1st April 2018	-	0.21	20.11	832.37	11.16	1.68	5.37	-	3.24	-	874.14
	Depreciation and Amortisation during the Year:	-	0.07	5.94	435.34	6.67	0.98	0.90	-	1.02	-	450.92
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-	(1.05)	0.93	-	(3.31)	-	-	-	(3.43)
	Total Depreciation and Amortisation upto 31st March 2019	-	0.28	26.05	1266.66	18.76	2.66	2.96	-	4.26	-	1321.63
	Total Impairment Loss as at 1st April 2018	-	-	14.76	50.88	-	-	-	-	0.19	-	65.83
	Impairment Loss during the Year (Note: D)	-	-	0.01	(0.26)	-	-	-	-	-	-	(0.25)
	Impairment loss reversed during the Year	-	-	-	-	-	-	-	-	-	-	-
NET BLOCK	Total Impairment Loss upto 31st March 2019	-	-	14.77	50.62	-	-	-	-	0.19	-	65.58
	AS AT 31st March 2019	44.95	5.64	141.98	6716.22	15.23	10.14	4.27	-	15.85	-	6954.28
	AS AT 31st March 2018	44.31	5.71	147.92	5645.48	11.05	9.13	8.27	-	16.87	-	5888.74

Notes :
A. Gross block of Land includes ₹ 0.18 Crore deposited towards 50.93 acres of Land for which assignment deed is yet to be received from Govt. of TamilNadu.
B. The cost of assets includes EPCG benefit (net of CENVAT), net of VAT CREDIT/CENVAT/GST ITC wherever applicable
C. Represents 5/24 share of total cost of the Railway Siding jointly owned by the Company along with Madras Fertilizers Limited, Madras Petrochem Limited, Steel Authority of India Limited and Rashtriya Ispat Nigam Limited. Net block of Railway Sidings - ₹ 0.003 Crore (2019 : ₹ 0.003 Crore)
D. Impairment loss pertains to Cauvery Basin Refinery (refer Note 43.1)
E. Additions to Gross Block includes:

Details of assets given on lease included in the above:

Asset Particulars	Gross Block as on 01.04.2019	Accumulated Depreciation & Amortisation	Accumulated Impairment loss	W.D.V as at March 31, 2020	W.D.V as at March 31, 2019
Land	5.29	-	-	5.29	5.29
Buildings	0.22	0.03	-	0.19	0.20
Plant and Equipment	12.17	2.26	-	9.91	10.41
Total	17.68	2.29	0.00	15.39	15.90

Additions to Gross Block includes:

Asset Particulars	31-Mar-20	31-Mar-19
Plant and Equipment	10.92	97.06
Total	10.92	97.06



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 2.1 : CAPITAL WORK-IN-PROGRESS

				₹ In Crore	
Sl. No	Particulars	Note	31-Mar-20	31-Mar-19	
1	Construction Work in Progress - Property, Plant & Equipment (Including unallocated capital expenditure, materials at site)				
	Balance as at beginning of the year		1044.25	1414.47	
	Add: Additions during the year		798.79	1141.77	
	Less: Allocated/ Capitalised during the year		599.79	1511.99	
			1243.25	1044.25	
	Less: Provision for Capital Losses		1.51	3.90	
	Less: Impairment Loss	A	2.33	1.18	
			1239.41	1039.17	
2	Capital stores balance as at beginning of the year		24.99	11.26	
	Add: Additions during the year		83.00	107.61	
	Less: Allocated during the year		97.69	93.88	
			10.30	24.99	
	Less: Provision for Capital Losses		3.01	3.01	
	Capital stores		7.29	21.98	
3	Capital Goods in Transit		8.08	-	
4	Construction Period Expenses pending allocation:				
	Balance as at beginning of the year		60.34		
	Net expenditure during the year (Note -"2.2")		79.43	72.94	
			139.77	72.94	
	Less: Allocated during the year		19.04	12.60	
			120.73	60.34	
	TOTAL	B	1375.51	1121.49	

Notes :

A Impairment loss pertains to Cauvery Basin Refinery (refer Note 43.1)

B The cost of assets includes EPCG benefit (net of CENVAT), net of VAT CREDIT/CENVAT/GST ITC wherever applicable

Note – 2.2 : CONSTRUCTION PERIOD EXPENSES(NET) DURING THE YEAR

			₹ In Crore	
Particulars	31-Mar-20	31-Mar-19		
1 Employee Benefit expenses	27.33	27.84		
2 Power & Fuel	1.39	2.32		
3 Finance Cost	48.28	41.55		
4 Travelling Expenses and Others	2.43	1.23		
Net Expenditure during the year	79.43	72.94		
Specific borrowings eligible for capitalisation (Rate in %)	3.15% to 8.4%	4.47% to 9.65%		



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 3 : INTANGIBLE ASSETS

(1) Intangible assets with definite useful life

Current Year:

₹ in Crore

	Particulars	Computer Software	Technical Know-How, Royalty and Licenses	Total
GROSS BLOCK	Gross Block as at 1st April 2019	0.91	26.71	27.62
	Additions during the Year	0.17	-	0.17
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-
	Gross Block as at 31st March 2020	1.08	26.71	27.79
AMORTISATION AND IMPAIRMENT	Amortisation as at 1st April 2019	0.81	3.77	4.58
	Amortisation during the Year	0.09	1.50	1.59
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-
	Total and Amortisation upto 31st March 2020	0.90	5.27	6.17
	Total Impairment Loss as at 1st April 2019	0.01	-	0.01
	Impairment Loss during the Year (A)	0.01	-	0.01
	Impairment loss reversed during the Year	-	-	-
	Total Impairment Loss upto 31st March 2020	0.02	-	0.02
NET BLOCK	AS AT 31st March 2020	0.16	21.44	21.60
	AS AT 31st March 2019	0.09	22.94	23.03

Previous Year:

₹ in Crore

	Particulars	Computer Software	Technical Know-How, Royalty and Licenses	Total
GROSS BLOCK	Gross Block as at 1st April 2018	0.91	26.86	27.77
	Additions during the Year	-	(0.15)	(0.15)
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-
	Gross Block as at 31st March 2019	0.91	26.71	27.62
AMORTISATION AND IMPAIRMENT	Amortisation as at 1st April 2018	0.69	2.28	2.97
	Amortisation during the Year	0.12	1.49	1.61
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-	-	-
	Total and Amortisation upto 31st March 2019	0.81	3.77	4.58
	Total Impairment Loss as at 1st April 2018	0.01	-	0.01
	Impairment Loss during the Year (A)	-	-	-
	Impairment loss reversed during the Year	-	-	-
	Total Impairment Loss upto 31st March 2019	0.01	-	0.01
NET BLOCK	AS AT 31st March 2019	0.09	22.94	23.03
	AS AT 31st March 2018	0.21	24.58	24.79



(2) Intangible assets with indefinite useful life**Current year:**

₹ in Crore

		Right of Way
GROSS BLOCK	Gross Block as at 1st April 2019	0.27
	Additions during the Year	-
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-
	Gross Block as at 31st March 2020	0.27
AMORTISATION AND IMPAIRMENT	Total Impairment Loss as at 1st April 2019	0.27
	Impairment Loss during the Year (A)	-
	Impairment loss reversed during the Year	-
	Total Impairment Loss upto 31st March 2020	0.27
NET BLOCK	AS AT 31st March 2020	-
	AS AT 31st March 2019	-

Previous year:

₹ in Crore

	Particulars	Right of Way
GROSS BLOCK	Gross Block as at 1st April 2018	0.27
	Additions during the Year	-
	Disposals/ Deductions/ Transfers to Held for Sale/ Reclassifications	-
	Gross Block as at 31st March 2019	0.27
AMORTISATION AND IMPAIRMENT	Total Impairment Loss as at 1st April 2018	0.27
	Impairment Loss during the Year (A)	-
	Impairment loss reversed during the Year	-
	Total Impairment Loss upto 31st March 2019	0.27
NET BLOCK	AS AT 31st March 2019	-
	AS AT 31st March 2018	-

Note :

(A) Impairment loss pertains to Cauvery Basin Refinery (refer Note 43.1)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 3.1 : INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars		31-Mar-20	31-Mar-19
Work in Progress - Intangible Asset:			
Balance as at beginning of the year	77.99		-
Add: Net expenditure during the year	144.30		77.99
		222.29	77.99
TOTAL		222.29	77.99

Note : Pertains to Property, Plant and Equipment under construction (Refer Note 43.2)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 4 : EQUITY INVESTMENT IN JOINT VENTURES

₹ in Crore

Sl. No	Particulars	No. and Particulars	Face Value per share (₹)	Non-current	
				31-Mar-20	31-Mar-19
I	Investments in equity shares				
1	Unquoted:				
a)	Investment in Joint Venture Companies:				
	i) Indian Additives Ltd.	1183401 Equity Shares fully paid	100	11.83	11.83
	Add: Share of Other Equity (inclusive of OCI)			167.09	147.15
	ii) National Aromatics and Petrochemical Corporation Limited	25000 Equity Shares fully paid	10	0.03	0.03
	Less: Impairment in value of investment			0.03	0.03
				-	-
	TOTAL			178.92	158.98
	Aggregate value of unquoted investments			178.95	159.01
	Aggregate amount of provision for value of investments			0.03	0.03

Note - 4.1 : OTHER INVESTMENTS

Sl. No	Particulars	No. and Particulars	Face Value per share (₹)	Non-current	
				31-Mar-20	31-Mar-19
I	Other Investments:				
	Investments at fair value through OCI (fully paid):				
a)	Biotech Consortium India Ltd	100000 Equity Shares fully paid	10	0.10	0.10
b)	MRL Industrial Cooperative Service Society Ltd	9000 Shares fully paid	10	0.01	0.01
	TOTAL		A	0.11	0.11
	Aggregate value of unquoted investments			0.11	0.11
	Aggregate amount of impairment in value of investments			-	-

Note :

A Fair Value approximates carrying value



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 5 : LOANS

Sl. No	Particulars	Note	Non-current		Current		₹ in Crore
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	
1 Security Deposits							
	To Others						
	i) Unsecured, Considered Good		1.24	1.12	21.45	11.22	
2 Loans Receivables:							
	To Related Parties						
	i) Considered Good -Secured	A.1	0.02	0.03	0.01	0.01	0.01
	ii) Considered Good -Unsecured	A.2	0.08	0.06	0.03	0.02	0.02
			0.10	0.09	0.04	0.03	0.03
	To Others						
	i) Considered Good -Secured		38.18	29.53	5.93	5.84	5.84
	ii) Considered Good -Unsecured		11.74	14.47	7.28	5.69	5.69
			49.92	44.00	13.21	11.53	11.53
	Sub Total		50.02	44.09	13.25	11.56	11.56
	TOTAL		51.26	45.21	34.70	22.78	22.78

Notes :

A.1 Includes:

- 1 Due from Directors
- 2 Due from Officers

-	0.01
0.02	0.02

-	0.01
0.01	0.01

A.2 Includes:

- 1 Due from Directors
- 2 Due from Officers

0.02	-
0.06	0.06

0.01	-
0.02	0.02

In compliance of Regulation 34(3) of SEBI(LODR) Regulations 2015, the required information is given as under:

	Amount as on		Maximum Amount outstanding during the year ended	
	31-Mar-20	31-Mar-19	31-03-20	31-Mar-19
I. Loans and Advances in the nature of loans:				
A) To Parent Company	-	-	-	-
B) To Associates /Joint Venture	-	-	-	-
C) To Firms/Companies in which directors are are interested	-	-	-	-



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 6 : OTHER FINANCIAL ASSETS

Sl. No	Particulars	Non-current		Current	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
₹ in Crore					
1	Deposit for Leave Encashment Fund	80.83	76.63	-	-
2	Interest Accrued on Investments/ Bank Deposits/ Loans	-	-	-	0.05
3	Claims Recoverable :				
	a) From Related Parties				
	i) Unsecured, Considered Good	-	-	1.17	-
	ii) Unsecured, Considered Doubtful	-	-	22.66	22.61
		-	-	23.83	22.61
	b) Others				
	i) Unsecured, Considered Good	-	-	46.89	15.32
	ii) Unsecured, Considered Doubtful	-	-	7.02	7.03
		-	-	53.91	22.35
	Less : Provision for Doubtful Claims	-	-	29.68	29.64
	Sub Total	-	-	48.06	15.32
4	Other Financial Assets	-	-	4.84	5.33
TOTAL		80.83	76.63	52.90	20.70



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 7 : INCOME TAX ASSETS/ LIABILITIES (NET)

Particulars	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Tax Asset/ (Liability) - Net (Current)				
Advance payments for Current Tax	704.07	700.11	-	-
Less: Provision for Current Tax	654.63	654.63	-	-
Current Tax Asset/ (Liability) - Net	49.44	45.48	-	-
TOTAL	49.44	45.48	-	-

(I) Reconciliation between the average effective tax rate and the applicable tax rate is as below:

Accounting profit	31-Mar-20	31-Mar-19
Tax at the applicable tax rate of 34.94% (31.3.2019: 34.94%)	34.94%	34.94%
Tax effect of income that are not taxable in determining taxable profit:		
Tax effect on share of results of joint venture:	0.03%	1.41%
Tax effect of expenses that are not deductible in determining taxable profit:	0.26%	0.96%
Tax expense /income related to prior years :	(0.42%)	(8.12%)
Tax effect on recognition of previously unrecognised allowances / disallowances :	(3.16%)	-
	(0.31%)	-
Tax expense	31.34%	29.19%

(II) In compliance of Ind As 12 on "Income Taxes", the item wise details of deferred tax liability (net) are as under:

	As at 31-Mar-18	Provided during the Year 2018-19	Provided during the Year in OCI 2018-19	As at 31-Mar-19	Provided during the Year 2019-20	As at 31-Mar-20
Deferred tax liability:						
Related to Property, Plant & Equipment (Depreciation)	889.02	154.49	-	1043.51	113.81	1157.32
Retirement benefits to employees	-	-	-	-	-	-
Total deferred tax liability (A)	889.02	154.49	-	1043.51	113.81	1157.32
Deferred tax assets:						
Carry forward Business Loss/Unabsorbed Depreciation	-	291.56	-	291.56	1164.71	1456.26
Provision on Inventories, Trade Receivables, Loans and advances, CWIP , Investments etc.	25.22	1.41	-	26.63	(11.90)	14.73
43B Disallowances , Bonus , Gratuity etc.	57.61	(53.82)	0.80	4.59	(6.03)	19.86
MAT Credit Entitlement	599.99	-	-	599.99	-	599.99
Total deferred tax assets (B)	682.82	239.15	0.80	922.77	1146.77	2090.84
Deferred Tax Liability (Net) (A - B)	206.20	(84.66)	(0.80)	120.74	(1032.96)	(933.52)

The recognition of deferred tax assets / liability is based on the "Asset and liability method", determined on the basis of difference between the financial statement and tax bases of the assets and liabilities, by using the enacted tax rates.
The deferred taxes are recognised to the extent, they are more likely than not to be realised, based on the best estimates as at the balance sheet date. In making such estimates all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and pricing assumptions based on the past trend are considered. Such estimates are subject to significant fluctuations in earnings, timing of such earnings, need based future changes in tax strategies etc.

The losses for the current year include a significant quantum of write down of inventory due to the COVID-19 situation which is expected to be reversed on turnaround in the current situation. Considering, the earnings projections for the future, based on the average pricing trends of the past and expected reversals in inventory write down, it is expected that the deferred tax assets would be realised.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 8 : OTHER ASSETS

Sl. No	Particulars	Note	Non-current		Current		₹ in Crore
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	
1 Advance for Capital Expenditure							
a)	To Related Parties						
	i) Unsecured, Considered Good		-	0.79	-	-	
b)	To Others						
	i) Unsecured, Considered Good		5.17	20.76	-	-	
2 Advances							
a)	To Others						
	i) Unsecured, Considered Good		-	-	32.58	29.22	
3 Claims Recoverable :							
	From Custom, Excise, Sales tax, Income Tax dept & Others						
	i) Unsecured, Considered Good		-	-	215.48	248.42	
4 GST-ITC recoverable							
			-	-	25.39	32.24	
5 Balance with Customs, Port Trust and Excise Authorities:							
	i) Unsecured, Considered Good		-	-	0.37	3.24	
6 Gold / Other Precious Metals							
	Less : Provision for Diminution		-	-	9.53	10.06	
			-	-	-	0.03	
			-	-	9.53	10.03	
7 Deferred Expenses							
			27.16	24.46	2.81	2.42	
8 Other Assets							
		A	15.44	-	-	-	
TOTAL			47.77	46.01	286.16	325.57	

Note :

A Pertains to land given on lease related to Indian Oil Corporation Ltd., the holding company



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 9 : INVENTORIES

		₹ in Crore	
Sl. No	Particulars	31-Mar-20	31-Mar-19
1 In Hand :			
a.	Stores, Spares etc.	303.77	268.79
	Less : Provision for Losses	<u>39.29</u>	<u>35.47</u>
		264.48	233.32
b.	Raw Materials	605.21	1370.33
c.	Finished Products	1061.64	1700.20
d.	Stock in Process	281.43	633.26
		<u>2212.76</u>	<u>3937.11</u>
2 In Transit :			
a.	Stores & Spares etc.	5.91	3.62
b.	Raw Materials	142.10	906.23
		<u>148.01</u>	<u>909.85</u>
	TOTAL	<u>2360.77</u>	<u>4846.96</u>
Amount of write down of inventories carried at NRV and recognised as expense		1455.71	33.43

Valuation of Inventories are done as per sl. no.7 of Significant accounting policies (Note-1)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 10 : TRADE RECEIVABLES

		₹ in Crore	
Particulars	Note	31-Mar-20	31-Mar-19
a) From Related Parties			
i) Considered Good - Unsecured	(i)	66.16	67.05
b) From Others			
i) Considered Good - Secured	(ii)	1.43	99.65
ii) Considered Good -Unsecured		56.31	160.63
		123.90	327.33
TOTAL	A	123.90	327.33

Notes :

- Includes receivables from Indian Oil Corporation Ltd., the holding company ₹ 62.68 Crore (2019: ₹ 63.59 Crore) and receivables from Indian Additives Limited, Joint Venture Company ₹ 3.48 Crore (2019: ₹ 3.46 Crore).
- (ii) Represents dues for which mortgage and first charge on Land is in favour of the company to the extent of ₹ 100 Crore (2019: ₹ 100 Crore)

A Offsetting Financial Assets and Financial Liabilities:

The following table presents the recognised financial instruments that are offset as at 31st March 2020 and 31st March 2019

Particulars	Effects of offsetting on the balance sheet		
	Gross Amount	Gross Amounts set off in the balance sheet	Net Amounts presented in the balance sheet
31-03-20			
Financial Assets			
Trade receivables	535.71	411.81	123.90
Financial Liabilities			
Trade Payables	1966.48	411.81	1554.67
31-03-19			
Financial Assets			
Trade receivables	1623.74	1296.41	327.33
Financial Liabilities			
Trade Payables	3737.51	1296.41	2441.10

Offsetting Arrangements

The Trade receivables and payables to the extent being settled on net basis with Indian Oil Corporation Limited have been offset.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 11 : CASH AND CASH EQUIVALENTS

₹ in Crore

Sl. No	Particulars	31-Mar-20	31-Mar-19
1	Bank Balances with Scheduled Banks :		
	Current Account	0.05	0.17
	TOTAL	0.05	0.17

Note - 12 : OTHER BANK BALANCES

₹ in Crore

Particulars	Note	31-Mar-20	31-Mar-19
1 Balances with bank held as other commitments		-	5.67
2 Earmarked Balances	A	3.68	3.93
TOTAL		3.68	9.60

Note :

A) Pertains to Unpaid dividend (Refer note 16- Sl.No.6)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 13 : EQUITY SHARE CAPITAL

		₹ in Crore	
Particulars	Note	31-Mar-20	31-Mar-19
Authorized:			
Equity:			
40,00,00,000 (2019: 40,00,00,000) Equity Shares of ₹ 10 each		400.00	400.00
Preference:			
100,00,00,000 (2019:100,00,00,000) Non-Convertible Cumulative Redeemable Preference Shares of ₹ 10 each		1000.00	1000.00
		1400.00	1400.00
Issued :			
Equity:			
14,89,11,400 (2019: 14,89,11,400) Equity Shares of ₹ 10 each	(i)	148.91	148.91
Preference:			
50,00,00,000 (2019: 50,00,00,000;) Non-Convertible Cumulative Redeemable Preference Shares of ₹ 10 each	(ii)	500.00	500.00
		648.91	648.91
Subscribed, Called-up and fully Paid-up :			
14,89,11,400 (2019: 14,89,11,400) Equity shares of ₹10 each	(i)	148.91	148.91
Total Paid up Equity share Capital		148.91	148.91
TOTAL		148.91	148.91

Notes :

(i)(A) As per the Formation Agreement entered into between the promoters, an offer is to be made to the Naftiran Intertrade Company Limited (NICO), an affiliate of National Iranian Oil Company (NIOC) in any issue of the Capital in proportion to the shares held by them at the time of such issue to enable them to maintain their shareholding at the existing percentage.

(B) The Shareholders of the Company at the General meeting held on 24th August 2018 has accorded approval for

a) Cancellation of unsubscribed equity share capital of ₹ 20.87 Crore consisting of 2,08,68,900 equity shares of ₹ 10/- each, comprising of partial subscription to Rights Issue made by the company in 1984, by the Government of India and non-subscription by Amoco India Inc., to the Rights Issue made by the company in 1984;

b) Cancellation of 2,19,700 forfeited equity shares of ₹ 10/- each totaling ₹ 0.22 Crore (1,87,900 equity shares forfeited on 26.09.2003 and 31,800 equity shares forfeited on 26.10.2006)

(ii) Based on special resolution passed by the shareholders through postal ballot on 16.07.2015, the company has allotted 100 Crore Non Convertible Cumulative Redeemable Preference Shares of ₹ 10 each for cash at par amounting to ₹ 1000 Crore to Indian Oil Corporation Ltd, the holding company on private placement preferential allotment basis on 24.09.2015 after receipt of full subscription amount.

Preference shares to the extent of ₹ 500 crore, out of the total outstanding amount of ₹ 1000 crore were redeemed on 06.06.2018. Accordingly the outstanding amount as at 31.03.2020 is ₹ 500 crore.

Preference Shares classified as financial liability (long term borrowing) as per Ind AS 32 - Refer note - 15 (E)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 13 : EQUITY SHARE CAPITAL

A. Reconciliation of No. of Shares	31-Mar-20		31-Mar-19	
	Equity Shares	Preference Shares	Equity Shares	Preference Shares
Opening Balance	148,911,400	500,000,000	148,911,400	1,000,000,000
Shares Issued	-	-	-	-
Shares bought back / Redeemed	-	-	-	500,000,000
Closing Balance	148,911,400	500,000,000	148,911,400	500,000,000

B. Rights, preferences and restrictions attached to Equity shares

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

C. Shares held by Holding Company	₹ in Crore	
	31-Mar-20	31-Mar-19
7,72,65,200 Equity Shares of ₹10 each (51.89%) fully paid-up, held by Indian Oil Corporation Limited, the Holding Company.	77.27	77.27

D. Details of shareholders holdings more than 5% shares

Equity Shares	31-Mar-20		31-Mar-19	
	Name of Shareholder	Number of shares held	Percentage of Holding	Percentage of Holding
	Indian Oil Corporation Limited	77265200	51.89	51.89
	Naftiran Intertrade Company Limited	22932900	15.40	15.40
	Aditya Birla Sunlife Trustee Private Limited	6796009	4.56	5.07



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 14 : OTHER EQUITY

Sl. No.	Particulars	Note	31-Mar-20	31-Mar-19
1 Retained Earnings				
a)	General Reserve :			
	As per last Account		3578.93	3330.71
	Add: Remeasurement of Defined Benefit Plans		(39.65)	(1.78)
	Add : Transfer from Bond Redemption Reserve		-	250.00
			3539.28	3578.93
b)	Surplus (Balance in Statement of Profit and Loss):			
	Balance Brought Forward from Last Year's Account		(1121.43)	(582.75)
	Add: Profit / (Loss) for the Year		(2056.40)	(205.35)
	Less: APPROPRIATIONS:			
	Final Dividend		-	275.49
	Dividend Distribution Tax on Final Dividend		1.22	57.84
	Balance carried forward to next year's account		(3179.05)	(1121.43)
			360.23	2457.50
2 Other Reserves				
a)	Bond Redemption Reserve Account :	A		
	As per last Account		-	250.00
	Add: Transferred (to General Reserve)/ from Profit & Loss Account		-	(250.00)
b)	Capital Redemption Reserve :	B		
	As per last Account		-	600.00
c)	Securities Premium:	C		
	As per last Account		-	250.04
d)	Capital Reserve			
	As per last account - Amount originally paid up for Forfeited Shares cancelled		-	0.09
			0.09	
	TOTAL		1210.36	3307.63

Note :

Other Reserves

Reserves created in compliance with the Provision of the Companies Act, the utilisation of which is restricted to the purposes mandated therein:

- A Bond Redemption Reserve Account : Utilised for redemption of bond and transferred to general reserve on actual redemption (During previous the year Non Convertible Debenture of ₹ 1000 Crore redeemed).
- B Capital Redemption Reserve Account : To be utilised for redemption of Preference Shares (During the previous year Non Convertible Redeemable preference Share of ₹ 500 Crore redeemed).
- C Securities Premium : Premium on shares issued by the company appropriated under this reserve.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 15 : LONG-TERM BORROWINGS
(At Amortised Cost)

(At Amortised Cost)						
Sl. No	Particulars	Note	Non-current		Current Maturities	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
I. SECURED LOANS						
1	Term Loans:					
	From banks					
	i) INR Loan	A	500.00	500.00	3.34	3.57
	ii) Foreign Currency Loans	B	378.85	346.18		
	US \$ 50 Million (2019: US \$ 50 Million)			846.18		
	Total (Loans from Banks)		878.85			
	From other parties					
	i) Loans from OADB	A	345.05	50.00	-	-
	Total (Term Loans)		1223.90	896.18	3.34	3.57
	Total Secured Loans		1223.90	896.18	3.34	3.57
II. UNSECURED LOANS						
1	Debentures					
	11450 Nos. of 6.43% Unsecured Redeemable Non-Convertible Debentures of ₹ 10 Lakhs each redeemable at par - Series - I-2020 (2019: NIL)	C	1145.00	-	6.64	-
2	Term Loans:					
	i) From Banks/Financial Institutions:					
	In Foreign Currency	D	-	-	-	346.92
	NIL (2019: US \$ 50 Million)					
	Total (Term Loans)		1145.00	-	6.64	346.92
3	Loans from related parties:	E				
	50,00,00,000 (2019:50,00,00,000) Non-Convertible Cumulative Redeemable Preference Shares of ₹ 10 each		572.51	547.33	-	-
4	Lease obligations	F	11.36	-	2.61	-
	Total Unsecured Loans		1728.87	547.33	9.25	346.92
	TOTAL LONG-TERM BORROWINGS		2952.77	1443.51	12.59	350.49



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

A. Secured Rupee Term Loans:

Sl. No.	Particulars	Availed Date	Rate of Interest	Date of Repayment	Security Details
1	Term Loan from State Bank of India - Rs 500 Crore	07-01-19	6 Months MCLR, reset at half yearly intervals	Principal repayable at the end of 5 years from date of availment. Interest payable monthly	Pari passu first charge by way of hypothecation of fixed assets along with the South Indian Bank Ltd (i.e., after excluding land and building of the entire Company & assets pertaining to BS VI project and RLNG projects) with a minimum Fixed Asset Coverage Ratio of 1.50 times
2	Term Loan from Oil Industry Development Board - Rs 50 Crore	18-03-19	7.22%	The loan will be for a period of 5 years with 1 year moratorium and repayable in 4 equal installments. Interest payable on Quarterly basis	First Mortgage and charge on Immovable properties, both present and future and First Charge by way of Hypothecation on Movables including movable machinery, machinery spares, tools and accessories, present and future, pertaining to RLNG project
3	Term Loan from Oil Industry Development Board - Rs 50 Crore	17-05-19	7.46%	The loan will be for a period of 5 years with 1 year moratorium and repayable in 4 equal installments. Interest payable on Quarterly basis	First Mortgage and charge on Immovable properties, both present and future and First Charge by way of Hypothecation on Movables including movable machinery, machinery spares, tools and accessories, present and future, pertaining to RLNG project
4	Term Loan from Oil Industry Development Board - Rs 150 Crore	30-10-19	6.52%	The loan will be for a period of 5 years with 1 year moratorium and repayable in 4 equal installments. Interest payable on Quarterly basis	First Mortgage and charge on Immovable properties, both present and future and First Charge by way of Hypothecation on Movables including movable machinery, machinery spares, tools and accessories, present and future, pertaining to BS-VI project
5	Term Loan from Oil Industry Development Board - Rs 100 Crore	31-03-19	6.16%	The loan will be for a period of 5 years with 1 year moratorium and repayable in 4 equal installments. Interest payable on Quarterly basis	First Mortgage and charge on Immovable properties, both present and future and First Charge by way of Hypothecation on Movables including movable machinery, machinery spares, tools and accessories, present and future, pertaining to BS-VI project

B. Secured Foreign Currency Term Loans:

Sl. No.	Particulars	Availed Date	Rate of Interest	Date of Repayment	Security Details
1	Foreign Currency Term Loan from South Indian Bank -USD 50 Mn	13-12-18	1) 6 Months LIBOR + 125 Bps for first 6 months, 2) 6 Months LIBOR + 175 Bps for next 30 months 3) Reset at half yearly intervals 4) Interest payable on monthly basis	Principal repayable at the end of 3 years from date of availment. Interest payable monthly.	Pari passu first charge on entire fixed assets of the Company (excluding Land and building & assets pertaining to BS VI project and R-LNG projects) with a minimum Fixed Asset Coverage Ratio of 1.50 times and second pari passu charge on movable assets of BS VI project and R-LNG project.

C. Unsecured Loans:

Sl. No.	Particulars	Availed Date	Rate of Interest	Date of Redemption
1	Unsecured Redeemable Non-Convertible Debentures of ₹ 10 Lakhs each redeemable at par - Series -I-2020	28-02-20	6.43%	Principal repayable at the end of 3 years from date of availment. Interest payable Annually

D. Foreign Currency Loan

Sl.no.	Particulars	Date of Maturity	Repayable Amount	Interest Rate
1	Term Loan from State Bank of India	18.09.2019	US \$ 50 Million	3 months LIBOR + 125 bps (Interest reset on quarterly basis) - Interest payable on Monthly basis

E. Non Convertible Cumulative Redeemable Preference Shares

Preference Share is treated as financial liability as per Ind AS 32, as these are redeemable on maturity for a fixed determinable amount and carry fixed rate of dividend

(i) Rights, preferences and restrictions attached to Preference shares:

The Company has one class of preference shares i.e. Non-Convertible Cumulative Redeemable Preference Shares (NCCRP Shares) of ₹ 10 per share.

(ii) Non-convertible cumulative redeemable preference shares to the extent of ₹ 500 Crore, out of the total outstanding amount of ₹ 1000 crore was redeemed on 06.06.2018.

(iii) Preference Shares held by Holding Company

Particulars	31-Mar-20	31-Mar-19
50,00,00,000 (2019 : 50,00,00,000) Non-Convertible Cumulative Redeemable Preference Shares of ₹10/- each (100%) fully paid-up, held by Indian Oil Corporation Limited, the Holding Company.	500.00	500.00

(iv) Details of Preference shareholders holding more than 5% shares

Name of Preference Shareholder	Number of Preference shares held	Percentage of Holding	31-Mar-19	Percentage of Holding
Indian Oil Corporation Limited	500000000	100	500000000	100

(v) Preference dividend has been provisionally accrued as finance cost. However, as per the Companies Act 2013, the preference shares is treated as part of share capital and the provisions of the Act relating to declaration of Preference Dividend would be applicable.

(vi) Refer Note -13 & 13A - Authorised and issued Preference Share capital and the reconciliation of no. of shares of preference shares

F. Lease obligations

Lease obligations are against assets acquired under operating leases. The Carrying value of the assets is ₹12.96 crore (2019: Nil)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 16 : OTHER FINANCIAL LIABILITIES

Sl. No	Particulars	Note	Non-current		Current	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Current maturities of Long term debt		-	-	12.59	350.49
2	Liability for Capital Expenditure	A	-	-	387.71	574.34
3	Liability to Trusts and Other Funds		-	-	64.11	5.32
4	Employee Liabilities for Expenses		-	-	141.24	97.38
5	Security Deposits	B	6.84	-	47.58	46.66
6	Liability for Unpaid Dividend	C	-	-	3.68	3.93
7	Other Financial Liabilities		-	-	1.03	1.21
TOTAL			6.84	-	657.94	1079.33

Notes :

- A** Includes dues Payable to Indian Oil Corporation Limited ₹ 4.58 Crore (2019: ₹ Nil) and Indian Oiltanking Limited (formerly known as IOT Infrastructure & Energy Services Limited) ₹ 4.76 Crore (2019: ₹ 11.71 Crore)
- B** Non-Current Liability pertains to Indian Oil Corporation Ltd., the holding company.
- C** There are no amounts due for payment to the Investor Education and Protection Fund as at the year end.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 17 : PROVISIONS

Sl. No	Particulars	Note	Non-current		Current	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Provision for Employee Benefits		100.63	254.68	17.13	25.11
2	Contingencies for probable obligations		-	-	24.39	86.14
	Less: Deposits		-	-	-	75.09
	Contingencies for probable obligations	A	-	-	24.39	11.05
	TOTAL		100.63	254.68	41.52	36.16

A In compliance of Ind AS - 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under :

	Opening Balance	Addition during the year	Utilization during the year	Reversals during the year	Closing Balance
Sales Tax	11.05	-	-	-	11.05
Income Tax	75.09	13.34	-	75.09	13.34
TOTAL	86.14	13.34	-	75.09	24.39
Previous Year	86.14	-	-	-	86.14



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 18 : OTHER LIABILITIES

Sl. No	Particulars	Note	Non-current		Current	
			31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Deferred Income	A	8.02	-	0.30	-
2	Government Grants					
	Liability towards Government Grants (Refer Note - 40)		5.62	1.36	1.10	-
3	Statutory Liabilities		-	-	397.69	362.28
4	Advances from Customers		-	-	16.87	32.65
TOTAL			13.64	1.36	415.96	394.93

Note :

A Pertains to Indian Oil Corporation Ltd., the holding company



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 19 : BORROWINGS - CURRENT
(At Amortised Cost)

₹ in Crore

Sl. No	Particulars	Note	31-Mar-20	31-Mar-19
I. SECURED LOANS				
1 Loans Repayable on Demand				
From Banks:				
a) In Rupees				
Cash Credit - SBI			0.44	833.02
2 Other Loans				
From Banks:				
i) Export Promotion Credit - SBI				135.09
ii) Commercial Paper - SBI		1493.38		1648.89
Sub-Total			1493.38	1783.98
Total Secured Loans	A		1493.82	2617.00
II. UNSECURED LOANS				
1 Loans Repayable on Demand				
From Banks/Financial Institutions:				
In Rupees				
Working Capital Demand Loan		2720.88		2256.97
Sub-Total			2720.88	2256.97
2 Other Loans				
From Banks/Financial Institutions:				
In Rupees				
Commercial Paper			1517.98	-
Total Unsecured Loans			4238.86	2256.97
TOTAL BORROWINGS - CURRENT			5732.68	4873.97

Notes:

A Secured against hypothecation of Trade receivables & Inventories to the extent of ₹ 3184 Crore with State Bank of India. (2019: ₹ 4184 Crore)

As at 31 March 2020 the Company had available ₹ 669.43 Crore (2019: ₹ 1527.74 Crore) of undrawn Credit facilities.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 20 : TRADE PAYABLES

₹ in Crore

Particulars	Note	31-Mar-20	31-Mar-19
Dues to Micro and Small Enterprises	A	0.56	1.58
Dues to Related Parties	B	1077.01	1677.16
Dues to Others		477.10	762.36
TOTAL	C	1554.67	2441.10

Notes :

A Details relating to Micro and Small Enterprises is as follows:

Particulars	31-Mar-20	31-Mar-19
(a) the principal amount	0.56	1.58
(b) the interest due thereon remaining unpaid	-	-
(c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

B Represents dues to Indian Oil Corporation Ltd., the holding company

C Refer Note - 10(A)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 21 : REVENUE FROM OPERATIONS

₹ in Crore

Sl. No	Particulars	Note	31-Mar-20	31-Mar-19
1	Sale of Products and Crude (including Excise Duty)		48754.55	52233.64
	Less: Discounts		130.31	56.21
	Sales (Net of Discounts)	A	48624.24	52177.43
2	Other Operating Revenues (Note "21.1")		25.98	23.79
			48650.22	52201.22
	TOTAL	B	48650.22	52201.22

Notes :

A Breakup of Gross revenue and Excise Duty on sales

Particulars	31-Mar-20	31-Mar-19
Revenue (gross)	48624.24	52177.43
Less: Excise Duty	11380.55	10896.98
Net Revenue	37243.69	41280.45

B Refer Note-42 Revenue from contracts with customers



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 21.1 : OTHER OPERATING REVENUES

₹ in Crore

Sl. No	Particulars	31-Mar-20	31-Mar-19
1	Sale of Power	0.96	1.10
2	Unclaimed / Unspent liabilities written back	3.34	5.24
3	Provision for Doubtful Debts, Advances, Claims, and Stores written back.	2.38	-
4	Recoveries from Employees	1.07	1.39
5	Sale of Scrap	11.71	11.10
6	Amortisation of Government Grants related to OIDB loan	0.47	-
7	Revenue Grants	3.10	4.96
8	Terminalling Charges	2.95	-
	TOTAL	25.98	23.79



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 22 : OTHER INCOME

₹ in Crore

Sl. No	Particulars	Note	31-Mar-20	31-Mar-19
1	Interest on : Financial Item:			
	a) Loans and Advances		6.47	5.40
	b) Short Term Deposits with Banks		0.87	8.83
	c) Customers Outstanding		6.45	9.42
	d) Others		4.22	5.55
			18.01	29.20
2	Other Non Operating Income		54.89	23.61
	TOTAL		72.90	52.81

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss:

₹ in Crore

31-Mar-20	31-Mar-19
-----------	-----------

In relation to financial assets measured at amortised cost

18.01 29.20



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 23 : COST OF MATERIALS CONSUMED

₹ in Crore

Particulars	Note	31-Mar-20	31-Mar-19
Raw Material Consumed :			
Opening Balance		2276.56	2604.70
Add :			
Purchases		34264.09	38139.97
Sub Total		36540.65	40744.67
Less: Closing Stock		747.31	2276.56
TOTAL (Net)		35793.34	38468.11



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 24 : CHANGES IN INVENTORY

₹ in Crore

Particulars	Note	31-Mar-20	31-Mar-19
Closing Stock			
a) Finished Products		1061.64	1700.20
b) Stock in Process		<u>281.43</u>	<u>633.26</u>
		1343.07	2333.46
Less:			
Opening Stock			
a) Finished Products		1700.20	1442.24
b) Stock in Process		<u>633.26</u>	<u>481.33</u>
		2333.46	1923.57
NET INCREASE/(DECREASE)		(990.39)	409.89



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 25 : EMPLOYEE BENEFIT EXPENSE

	₹ in Crore	
Particulars	31-Mar-20	31-Mar-19
Employee Benefit Expense:		
(a) Salaries, Wages, Bonus etc	403.43	361.10
(b) Contribution to Provident & Other Funds	73.04	60.68
(c) Staff Welfare Expenses	35.16	38.74
TOTAL	<u>511.63</u>	<u>460.52</u>

Notes :

- A Disclosure in compliance with Ind AS - 19 on "Employee Benefits" is given in Note - 32
- B Above excludes ₹ 27.33 Crore (2019: ₹ 27.84 Crore) included in capital work in progress (Note - 2.1)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 26 : FINANCE COSTS

₹ in Crore

Sl. No	Particulars	Note	31-Mar-20	31-Mar-19
1	Interest Payments on Financial items:	(i)		
	I Working Capital Loans			
	Short term Borrowings		314.27	292.68
	Other Loans			
	Debentures/Long Term Loan	A	<u>35.16</u>	<u>65.22</u>
			349.43	357.90
	II Unwinding of Finance cost on Lease obligations		1.72	-
	III Interest expense for Preference Shares treated as financial liabilities	B	33.25	47.46
2	Interest Payments on Non Financial items		0.30	2.85
3	Other Borrowing Cost		1.76	1.59
4	Exchange differences regarded as adjustment to borrowing cost	A	26.79	9.96
	TOTAL		<u>413.25</u>	<u>419.76</u>

Notes :

A Net of interest capitalised as part of CWIP

48.28 **41.55**

B Refer Note-15 E (v)

(i) Total interest expense (calculated using the effective interest method) for financial liabilities that are not measured at fair value through profit or loss:

₹ In Crore

In relation to financial liabilities measured at amortised cost

31-Mar-20 **31-Mar-19**

384.40 **405.36**



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 27 : OTHER EXPENSES

		₹ in Crore	
Sl. No	Particulars	31-Mar-20	31-Mar-19
1	Consumption:		
a)	Stores, Spares and Consumables	89.61	91.46
b)	Packages & Drum Sheets	1.15	1.14
		90.76	92.60
2	Power & Fuel	2750.54	3941.77
	Less : Fuel from own production	2680.77	3860.94
		69.77	80.83
3	Irrecoverable taxes - Central Sales Tax	199.46	225.43
4	Repairs and Maintenance		
i)	Plant & Machinery	243.02	235.23
ii)	Buildings	2.48	3.34
iii)	Others	42.76	38.70
		288.26	277.27
5	Freight, Transportation Charges and Demurrage	28.15	56.86
6	Office Administration, Selling and Other Expenses (Note "27.1")	408.86	433.03
	TOTAL	1085.26	1166.02
	Less: Company's use of own Products	1.39	2.32
	TOTAL (Net)	1083.87	1163.70



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 27.1 : OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

₹ in Crore

Sl. No	Particulars	Note	31-Mar-20	31-Mar-19
1	Rent		11.01	14.46
2	Insurance		18.88	15.82
3	Rates & Taxes		2.03	2.67
4	Payment to auditors :			
	a) For Statutory Audit	0.24		0.23
	b) For Limited Review	0.12		0.11
	c) For Taxation Matters	0.06		0.06
	d) Other Services(for issuing other certificates etc.)	0.03		0.03
			0.45	0.43
5	Travelling & Conveyance		23.80	25.79
6	Communication Expenses		2.15	2.23
7	Printing & Stationery		1.38	1.35
8	Electricity & Water		1.28	1.10
9	Bank Charges		1.61	1.22
10	Provision / Loss on Assets sold or written off (Net)		12.08	15.61
11	Technical Assistance Fees		9.02	7.89
12	Exchange Fluctuation (Net)		239.22	242.80
13	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores		3.82	4.05
14	Security Force Expenses		35.97	33.82
15	Terminalling Charges		10.43	20.40
16	Expenses on CSR Activities	Refer Note:39	16.72	18.89
17	Miscellaneous Expenses	A	19.01	24.50
	TOTAL		408.86	433.03

Note :

A Miscellaneous Expenses Includes:

i) Expenditure on Advertisement, Public Relations and Publicity amounting to ₹ 0.78 Crore (2019: ₹ 3.17 Crore). The ratio of annual expenditure on Advertisement, Public Relations and Publicity to the annual turnover (inclusive of excise duty) is 0.00002:1 (2019: 0.00006:1)

ii) Entertainment Expenses ₹ 0.39 Crore (2019: ₹ 0.24 Crore)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 28 : OTHER COMPREHENSIVE INCOME

		₹ in Crore	
Sl. No	Particulars	31-Mar-20	31-Mar-19
A. Items that will not be reclassified to profit or loss:			
1	Remeasurement of Defined Benefit Plans	(60.95)	(2.30)
2	Share of Joint Ventures and Associates in Remeasurement of Defined Benefit Plans	0.00	(0.44)
		(60.95)	(2.74)
B. Income Tax relating to items that will not be reclassified to profit or loss:			
1	Remeasurement of Defined Benefit Plans	21.30	0.80
2	Share of Joint Ventures and Associates in Remeasurement of Defined Benefit Plans	-	0.16
		21.30	0.96
	TOTAL	(39.65)	(1.78)



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 29 : DISTRIBUTIONS MADE AND PROPOSED

	₹ in Crore	
Particulars	31-Mar-20	31-Mar-19
Cash dividends on Equity shares declared and paid:		
Final dividend for FY 2018-19 declared and paid during the year ended 31 March 2020: ₹ NIL per share; (for FY 2017-2018 declared and paid during the year ended 31 March 2019 : ₹ 18.5 Per Share)	-	275.49
DDT on dividend paid	-	56.63
	-	332.12

Note : Refer Note-15 E (v) for Preference dividend



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 30 : EARNINGS PER SHARE (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-20	31-Mar-19
Profit / (Loss) attributable to equity holders (₹ in Crore)	(2056.40)	(205.35)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	148911400	148911400
Earning Per Share (Basic and Diluted) (₹)	(138.10)	(13.79)
Face value per share (₹)	10.00	10.00



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 31 : DISCLOSURE OF INTEREST IN JOINT VENTURES AND ASSOCIATES

(₹ In Crore)

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying Amount	
					As at 31.03.2020	As at 31.03.2019
Indian Additives Limited	India	50%	Joint Venture	Equity Accounting	178.92	158.98
National Aromatics and Petrochemical Corporation Limited	India	50%	Joint Venture	Equity Accounting	Nil	Nil

Summarised balance sheet of the Indian Additives Limited:

(₹ In Crore)

	31-Mar-20	31-Mar-19
	Unaudited	Audited
Current assets	324.51	292.62
Current liabilities	107.97	100.53
Non-current assets	176.01	163.46
Non-current liabilities	34.71	37.59
Net assets	357.84	317.96
	31-Mar-20	31-Mar-19
	Unaudited	Audited
Proportion of the company's ownership on the above	50%	50%
Carrying amount of the investment	178.92	158.98
The above amounts of assets and liabilities include the followings		
Cash and cash equivalents	37.61	22.75
Current financial liabilities (excluding trade and other payables and provisions)	4.88	4.35
Non-current financial liabilities (excluding trade and other payables and provisions)	0.48	-

Summarised statement of profit and loss of the Indian Additives Limited:

(₹ In Crore)

Particulars	31-Mar-20	31-Mar-19
	Unaudited	Audited
Revenue From Operations	793.37	777.08
Other Income	8.04	9.57
Cost of Material Consumed	470.21	471.73
Purchases of Stock in trade	128.07	136.52
Changes in inventories of finished goods, stock-in-trade and work in progress	(13.82)	(0.12)
Excise duty on sale of goods	0.00	0.00
Employee Benefits Expense	31.22	27.68
Finance Costs	0.50	0.18
Depreciation and amortization expense		
a) Tangible Assets	13.61	10.24
b) Intangible Assets	0.44	0.31
Other Expenses	102.87	96.43
Profit before exceptional items and tax	68.30	43.69
Exceptional Items		
Profit/(loss) before tax	68.30	43.69
Tax expense:		
Current Tax	15.79	9.92
Deferred Tax	-1.64	5.85
Profit (Loss) for the period	54.15	27.92
Other Comprehensive Income	-	(0.57)
Total comprehensive income	54.14	27.35
Dividend received	5.92	5.92

Commitments and contingent liabilities in respect of Joint Venture

Particulars	31-Mar-20	31-Mar-19
	Unaudited	Audited
Commitments - Joint Venture		
Property, Plant and Equipments	6.27	4.88
Civil Work relating to Project	-	0.58
Contingent liabilities - Joint Venture		
Income Tax Matters	5.12	5.12
Excise Duty Matters	0.01	0.01
Service Tax Matters	0.80	0.80
Sales Tax Matters	0.34	0.34
Customs duty matters	0.37	0.37

Individually immaterial Joint Ventures:

Particulars	31-Mar-20	31-Mar-19
Aggregate carrying amount of individually immaterial Joint		
i) National Aromatics and Petrochemical Corporation Limited A	-	-
Aggregate amounts of the group's share of:		
Profit/(loss) from continuing operations	NA	NA
Other comprehensive income	NA	NA
Total comprehensive income	NA	NA
Share of profits from Joint Venture	NA	NA

A. The Investment in JV have been fully provided for diminution in value of investments. The JV is not Operational. The company has decided to exit from the JV and the process in this regard is already initiated.
NA - Not Applicable



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 32 : EMPLOYEE BENEFITS

Disclosures in compliance with Ind AS 19 on "Employee Benefits" is as under:

A. Defined Contribution Plans- General Description

Pension Scheme:

During the year, the company has recognised ₹ 22.95 Crore (2019: ₹ 22.53 Crore) towards Defined Contributory Employees Pension Scheme in the Statement of Profit and Loss/ CWIP (included in Contribution to Provident & Other Funds in Note - 25/ Construction period expenses in Note-2.1)

During the year, the company has recognised ₹ 2.11 Crore (2019: ₹ 2.24 Crore) as contribution to EPS-95 in the Statment of Profit and Loss/ CWIP (included in Contribution to Provident and Other Funds in Note - 25/ Construction period expenses in Note-2.1)

B. Defined Benefit Plans- General Description

1 Provident Fund:

The Company's contribution to the Provident Fund is remitted to separate provident fund trust established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company. The Provident Funds maintained by the PF Trust in respect of which actuarial valuation is carried out does not have any deficit as on 31st March 2020 and disclosures have been provided accordingly.

2 Gratuity:

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the eligible salary for every completed year of service subject to a maximum of ₹ 0.20 Crore at the time of separation from the company. Besides, the ceiling of gratuity increases by 25% whenever IDA rises by 50%. The company has funded the liability through insurance company.

3 Post Retirement Medical Scheme (PRMS):

PRMS provides medical benefit to retired employees and eligible dependant family members. From the current year, the company has funded the liability through insurer managed funds.

4 Workman Compensation:

The company pays an equivalent amount of 100 months salary to the family member of employee, if employee dies due to accidental death while he is on duty. This scheme is not funded by the company. The liability originates out of the workman compensation Act and Factory Act.

C. Other Long-Term Employee Benefits - General Description

1 Leave Encashment:

(i) Each employee is entitled to get 8 days of earned leaves for each completed quarter of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 15 days subject to maximum accumulation up to 300 days. In addition each employee is entitled to get 5 days of sick leaves at the end of every six months. The Company has been adopting a practice of permitting encashment of the entire accumulation of sick leaves only at the time of retirement.

(ii) DPE Guidelines in this regard states that sick leave cannot be encashed and is void ab initio vide its office memorandum dated 17-12-2012. The practice adopted by the Company of permitting encashment of sick leave is in contravention to the DPE guidelines issued. The company continues this practice keeping in view operational complications and service agreements. Our Holding company has represented to the concerned authorities to reconsider the matter. The net expenditure accounted towards encashment of sick leave for the year is ₹ 4.64 Crore (2019: ₹ 3.87 crore). The accumulated provision for towards encashment of sick leave is ₹ 29.98 Crore (2019: ₹ 25.95 Crore).

2 Compensation to be paid at the time of death:

2 Long Service Award:

On completion of specified period of service with the Company and also at the time of retirement, employees are rewarded with Prepaid Card as per eligibility, based on the duration of service completed based on the Board approved policy. This award based on length of meritorious and faithful service of employees (Long Service Award) was specifically allowed by DPE (formerly BPE) thru its letter dated 14.02.1983. MOP&NG has advised the Company that the Scheme is in contravention to the present DPE guidelines issued vide DPE OM No. 2(22)/97-DPE(WC) dated 20th November, 1997 which states that such long service awards cannot be given. The matter is being pursued with MOP&NG for resolution. Pending resolution of the matter, the company is of the view that the provision is in line with Board approved policy. The net expenditure accounted on this account is ₹ 0.72 Crore (2019: ₹ 1.84 Crore). The accumulated provision in this regard is ₹ 12.59 Crore (2019: ₹ 13.70 Crore). The Company continues this practice keeping in view operational complications and service agreements. Our Holding company has represented to the concerned authorities to reconsider the matter.

D. The summarised position of various defined benefits / Long Term Employee Benefits recognised in the Statement of Profit & Loss, Balance Sheet are as under:

(Figures presented in *Italic Font* in the table are for previous year)



(i) Reconciliation of balance of Defined Benefit / Long Term Employee Benefit Obligations
₹ in Crore

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Defined Obligation at the beginning	544.95	144.22	175.54
	471.24	141.47	164.31
Current Service Cost	22.72	1.60	3.82
	20.89	1.48	3.58
Interest Cost	46.51	11.09	13.66
	41.74	11.15	12.75
Past Service Cost#	-	1.15	-
	-	-	-
Benefits paid	(57.72)	(12.89)	(4.14)
	(39.00)	(13.28)	(3.98)
Employee Contribution	39.93	-	-
	49.59	-	-
Transferred from other company	(0.39)	-	-
	0.49	-	-
Actuarial (gain)/ loss on obligations	-	9.62	47.80
	-	3.40	(1.12)
Defined Benefit Obligation at the end of the year	596.00	154.79	236.68
	544.95	144.22	175.54

#Refer Note-43.3

(ii) Reconciliation of balance of Fair Value of Plan Assets

(₹ in Crore)

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Fair Value of Plan Assets at the beginning of the year	556.86	138.65	-
	481.81	81.86	-
Expected return on plan assets (Interest Income)	46.51	10.66	-
	41.74	10.46	-
Contribution by employer	22.72	-	194.97
	20.89	59.59	-
Contribution by employees	39.93	-	0.04
	49.59	-	-
Benefit paid	(57.72)	(12.89)	-
	(39.00)	(13.24)	-
Transferred from other company	(0.39)	-	-
	0.49	-	-
Actuarial gain / (losses)(Return on Plan Assets ex	(8.80)	(3.53)	-
	1.34	(0.02)	-
Fair value of plan assets at the end of the year	599.11	132.89	195.01
	556.86	138.65	-

(iii) Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation

(₹ in Crore)

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Fair Value of Plan Assets at the end of the year	599.11	132.89	195.01
	556.86	138.65	-
Defined Benefit Obligation at the end of the year	596.00	154.79	236.68
	544.95	144.22	-
Liability recognised in the Balance Sheet (As per para 64 of Ind AS-19)	-	21.90	41.67
	-	5.57	-
Amount not recognised in the Balance Sheet	(3.11)	-	-
	(11.91)	-	-

(iv) Amount recognised in Statement of Profit and Loss / CWIP

(₹ in Crore)

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Current Service Cost	22.72	1.60	3.82
	20.89	1.48	3.58
Interest Cost	46.51	11.09	13.66
	41.74	11.15	12.75
Expected (return) / loss on plan asset	(46.51)	-	-
	(41.74)	-	-
Contribution by Employees	-	-	(0.04)
	-	-	-
Past Service Cost	-	1.15	-
	-	-	-
Expenses for the year	22.72	13.84	17.44
	20.89	12.63	16.33



(v) Amount recognised in Other Comprehensive Income (OCI)

(₹ in Crore)

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Actuarial (gain)/ loss on Obligations	-	9.62	47.80
	-	3.40	(1.12)
Remeasurement (Return on Plan Assets excl interest income)	(8.80)	3.53	-
	1.34	0.02	-
Net Loss / (Gain) recognized in OCI	-	13.15	47.80
	-	3.42	(1.12)
Net Loss / (Gain) not recognized in P&L / OCI	8.80	-	-
	(1.34)	-	-

(vi) Major Actuarial Assumptions

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Discount rate	6.83%	6.83%	6.81%
	7.69%	7.69%	7.78%
Guaranteed return on plan assets	8.50%	-	-
	8.65%	-	-
Salary escalation	-	8.00%	-
	-	8.00%	-
Inflation	-	-	7.00%
	-	-	7.00%

The estimate of future salary increases considered in actuarial valuation takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The expected return on plan assets is determined considering several applicable factors mainly

(vii) Sensitivity on Actuarial Assumptions:

(₹ in Crore)

Loss / (Gain) for:	Gratuity	PRMS
	Funded	Funded
Change in Discounting Rate		
Increase by 0.5%	(4.20)	(24.79)
	(3.77)	(13.01)
Decrease by 0.5%	4.48	15.42
	3.99	14.76
Change in Employee Turnover		
Increase by 0.5%	1.05	(5.86)
	1.15	0.56
Decrease by 0.5%	(2.23)	(6.23)
	(1.21)	(0.60)
Change in Salary Escalation/ Inflation rate		
Increase by 0.5%	1.02	15.40
	0.94	14.90
Decrease by 0.5%	(1.05)	(24.95)
	(0.96)	(13.24)

(viii) Investment details:

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Investment with Insurer	-	100.00%	100.00%
	-	100.00%	-
Self managed Investments	100.00%	-	-
	100.00%	-	-

Details of the investment pattern for the above mentioned funded obligations is as under:

	Provident Fund	Gratuity	PRMS
	Funded	Funded	Funded
Government securities (Central & State)	41.86%	74.84%	84.94%
	42.50%	66.76%	-
Investment in Equity / Mutual Funds	6.02%	5.95%	4.33%
	6.20%	6.94%	-
Investment in Debentures / Securities	46.19%	17.85%	10.30%
	46.03%	22.17%	-
Other approved investments (incl. Cash)	5.92%	1.36%	0.43%
	5.26%	4.13%	-

(ix) The following payments are expected projections to the defined benefit plan in future years:

(₹ in Crore)

Cash Flow Projection from the Fund/Employ	Gratuity Funded	PRMS Funded	Total
Within next 12 Months	23.46	6.04	29.50
	17.64	4.63	22.27
Between 2 to 5 Years	69.11	32.68	101.79
	71.05	26.28	97.33
Between 6 to 10 Years	65.67	60.68	126.35
	66.34	51.30	117.64

	Gratuity Funded	PRMS Funded
Weighted Average Duration of Defined Benefit Obligation	7 Years	16 Years
	7 Years	16 Years



A Leases

Operating lease – as lessee

Transition and Practical Expedient

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Company has adopted Ind AS 116 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1st April 2019. The lease liability is measured at the present value of remaining lease payments and right of use asset has been recognized at an amount equal to the lease liability.

The Company has exercised following practical expedient;

- Company has not reassessed whether a contract is, or contains, a lease at the date of initial application i.e. the contracts classified as leases as on 31st March 2019 as per Ind-AS 17 is treated as leases under Ind-AS 116 and not applying this standard to contracts that were not previously identified as containing a lease applying Ind AS 17.
- For leases for which the lease term ends within 12 months of the date of initial application have been accounted as short term leases.

The effect of this standard on transition and for the year ended 31st March 2020 along with relevant disclosures are as follows:

Recognition

All leases taken as lessee, except leases for short-term and leases of low value assets, shall be recognized in the financial statements as an asset (Right-of-Use asset) and a corresponding Lease Liability (as borrowings) by discounting the lease payments over the lease term. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit and Loss, unless the same are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

- The Lease Liability shall be measured at the present value of all the lease payments due over the lease term.
- The Right-of-Use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located.
- Discount rate to be used shall be the rate implicit in the lease. If it is impracticable to determine the implicit rate, CPCL incremental borrowing rate for the quarter earlier to the quarter in which the lease is entered is used.
- In case of composite contracts, the lease and non-lease components needs to be segregated (unless impracticable) as per relative standalone prices and only lease component needs to be discounted. If segregation of contract is impracticable, the entire component will be treated as lease component and shall be discounted accordingly.

Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid.

Operating lease – as lessee

Nature of Leasing Activities

The Company has entered into various material lease arrangements (including in substance lease arrangements) such as lands and buildings for purpose of its plants, facilities, offices, etc.,

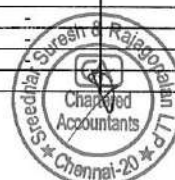
The Employees Township at Cauvery Basin Refinery has been constructed on land area of thirty four acres and forty nine cents of land leased from a trust on five-year renewable basis.

Amount Recognized in Statement of Profit and Loss Account or Carrying Amount of Another Asset

Particulars	(₹ in Crore)	
	31-03-20	31-03-19
Depreciation recognized	3.84	-
Interest on lease liabilities	1.34	-
Expenses relating to short-term leases (leases more than 30 days but less than 12 months)	1.00	-
Expenses relating to leases of low-value assets, excluding short-term leases of Low-value assets	-	-
Variable lease payments not included in the measurement of lease liabilities	1.87	-
Income from sub-leasing right-of-use assets	-	-
Total cash outflow for leases	7.03	-
Additions to ROU during the year	16.80	-
Gain or losses arising from sale and leaseback transactions	-	-
Net Carrying Amount of ROU at the end the year	12.96	-
Others including Disputed, Leave & License etc...	-	-

The details of ROU Asset other than leasehold land included in PPE (Note 2) held as lessee by class of underlying asset is presented below :-

Asset Class	(₹ in Crore)			
	Items Added to RoU Asset as on 01.04.2019	Additions to RoU Asset during the Year	Depreciation Recognized During the Year	Net Carrying value as on 31.03.2020
Leasehold Land	11.46	-	1.52	9.94
Buildings Roads etc.	0.37	-	0.02	0.35
Transport Equipments	4.97	-	2.30	2.67
Total	16.80	-	3.84	12.96



As per requirement of the standard, maturity analysis of Lease Liabilities have been shown as part of borrowings under Liquidity Risk of Note 36: Financial Instruments & Risk Factors.

Application of this standard has resulted a net decrease in Profit before Tax for the period April - Mar 2020 by ₹ 1.02 crore (increase in Depreciation & Amortization expenses and Finance Cost by ₹ 3.84 crore and ₹ 1.34 crore respectively and decrease in Other Expenses by ₹ 4.16 crore).

Details of items of future cash outflows which the Company is exposed as lessee but are not reflected in the measurement of lease liabilities are as under;

(i) Variable Lease Payments

As per general industry practice, the Company incurs various variable lease payments which are based on rate, kms covered etc. and are recognized in profit or loss and not included in the measurement of lease liability.

Operating lease — as lessor

The lease rentals recognized as income in these statements as per the rentals stated in the respective agreements:

(₹ in Crore)

Particulars	31-03-20	31-03-19
A. Lease rentals recognized during the period	30.29	-
B. Value of assets given on lease included in tangible assets		
- Gross Carrying Amount	17.68	-
- Accumulated Depreciation	2.29	-
- Depreciation recognized in the Statement of Profit and Loss	0.51	-

These relate to storage tankage facilities for petroleum products, buildings, plant and equipments given on lease. Asset class wise details have been presented under Note 2: Property, Plant & Equipments.

Maturity Analysis of Undiscounted Lease Payments to be received after the reporting date

(₹ in Crore)

	31-03-20	31-03-19
Less than one year	13.84	-
One to two years	13.63	-
Two to three year	14.34	-
Three to four years	15.08	-
Four to five years	15.85	-
More than five years	746.42	-
Total	819.16	-

B Contingent Liabilities

Contingent Liabilities amounting to ₹581.57 Crore (2019: ₹671.82 Crore) are as under:

- ₹ 23.13 Crore (2019: ₹ 21.44 Crore) being the demands raised by the Central Excise / Customs / Service Tax Authorities including interest of ₹ 9.30 Crore (2019: ₹ 8.29 Crore).
- ₹ 527.71 Crore (2019: ₹ 527.71 Crore) being the demands raised by the VAT/ Sales Tax Authorities and includes no interest (2019: Nil).
- ₹ Nil (2019: ₹ 92.39 Crore) in respect of Income Tax demands (including Interest of 2019: ₹ 46.57 Crore).
- ₹ 23.56 Crore (2019: ₹ 23.53 Crore) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrator. This includes interest of ₹ 7.60 Crore (2019: ₹ 7.89 Crore).
- ₹ 7.16 Crore (2019: ₹ 6.75 Crore) in respect of other claims including interest of ₹ 1.19 Crore (2019: ₹ 0.93 Crore).

The Company has not considered those disputed demands / claims as contingent liabilities, for which, the outflow of resources has been considered as remote.

C Commitments

(i) Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account not provided for ₹ 752.73 Crore (2019: ₹ 833.15 Crore).

(ii) Other Commitments

The Company has an export obligation to the extent of ₹ 33.30 Crore (2019: ₹ 31.74 Crore) on account of concessional rate of customs duty availed under EPCG license scheme on procurement of capital goods and the same is expected to be fulfilled by way of exports.



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Note - 34 "Related Party Disclosures" in compliance with Ind-AS 24, are given below:

1.Relationship with Entities

A. Details of Holding Company

1) Indian Oil Corporation Limited (IOCL)

The following transactions were carried out with Holding Company in the ordinary course of business:

(₹ In Crore)		
Particulars	31-Mar-2020	31-Mar-2019
• Sale of Product and Services	45180.87	46947.92
• Dividend on Preference Shares	33.25	66.50
• Dividend paid on Equity Shares	-	142.94
• Sale of Scrap / Catalyst	0.11	1.03
• EDP Maintenance	3.20	3.01
• Other Operating Income	2.95	-
• Other Non operating Income	32.63	3.51
• Purchase of Raw Material	105.81	981.62
• Purchase of Stock-in-Trade	268.10	207.78
• Purchase of Stores & Spares	11.64	5.47
• Canalising commission	2.50	2.50
• Terminalling Charges	6.75	8.74
• Rental Expenditure	1.73	2.07
• Training Expenses	0.24	-
• Other Miscellaneous Expenditure	0.16	-
• Purchase of RLNG	682.45	6.88
• Finance Cost - Unwinding of finance cost	0.37	0.00
• Creation of capital facilities by IOCL	-	8.11
• Capital Advances / (Liabilities)	(4.58)	0.79
• Outstanding Receivables	63.85	63.59
• Other Liabilities - Land given on lease	15.15	-
• Other Non - current Assets - Land given on lease	15.44	-
• Outstanding payables		
Trade Payables	1077.01	1677.14
Preference Shares (at face value)	500.00	500.00

B.Details of Joint Ventures

i) Indian Additives Limited

(₹ In Crore)		
Particulars	31-Mar-2020	31-Mar-2019
• Investment	11.83	11.83
• Sale of Product	33.67	51.52
• Rental Income	0.60	0.58
• Dividend received	5.92	5.92
• Sale of Water	0.01	-
• Outstanding Receivables	3.48	3.46

ii) National Aromatics & Petrochemicals Corp. Limited

(₹ In Crore)		
Particulars	31-Mar-2020	31-Mar-2019
• Investments in Joint Venture Entities/ Associates*	0.03	0.03

* The Investment has been fully Impaired (Note - 4)

C.Entities Over which KMP has significant influence

i) CPCL Educational Trust

(₹ In Crore)		
Particulars	31-Mar-2020	31-Mar-2019
• CSR Expenses	0.50	0.70
• Miscellaneous Expenses	0.01	-

D.Associates of Holding Company

i) Indian Oiltanking Limited (formerly known as IOT Infrastructure & Energy Services Limited)

(₹ In Crore)		
Particulars	31-Mar-2020	31-Mar-2019
• Terminalling/Bottling Charges	-	1.58
• Capital Projects	-	8.10
• Outstanding payable	4.76	11.71

E. Government related entities where significant transactions are carried out:

Apart from transactions reported above, the company has transactions with other Government related entities, which includes but not limited to the following:

Name of Government: Government of India (Central and State Government)

Nature of Transactions:

- Sale of Product and Services
- Purchase of Product
- Purchase of Raw Materials
- Handling and Freight Charges, etc.
- Borrowings

These transactions are conducted in the ordinary course of the Company's business on terms comparable to those with other entities that are not Government-related



2) Key Managerial Personnel

A. Whole Time Directors / Company Secretary

- 1) Shri S.N. Pandey
- 2) Shri Rajeev Allawadi (w.e.f. 08.05.2018)
- 3) Shri R. Srikanthan (w.e.f. 13.08.2018)
- 4) Shri. S. Krishnan (w.e.f. 01.03.2020)
- 5) Shri G. Aravindan (Upto 28.02.2020)
- 6) Shri U. Venkataramana (Upto 31.07.2018)
- 7) Shri P. Shankar

B. Independent / Part time Non-Executive Directors (Government / IOCL/ NICO Nominee)

- 1) Shri. Sanjay Singh (Non - Executive Chairman)
- 2) Smt. Perin Devi
- 3) Shri. Mohamad Bagher Dakhlili
- 4) Shri Babak Bagherpour (w.e.f. 27.03.2019)
- 5) Shri D. Dural Ganesan (w.e.f. 14.8.2018)
- 6) Shri. Amitabh Mathur (w.e.f. 29.07.2019)
- 7) Shri. Myneni Narayana Rao (w.e.f. 29.07.2019)
- 8) Shri. Sobha Surendran (w.e.f. 31.10.2019)
- 9) Shri B V Rama Gopal (Upto 31.07.2019)
- 10) Shri. Mrutunjay Sahoo (Upto 31.01.2020)
- 11) Dr. P.B. Lohiya (Upto 31.01.2020)
- 12) Shri S.M. Vadya (w.e.f. 01.08.2019)

C) Details relating to the parties referred to in Item No. 2A & 2B above : For the Year ended 31-Mar-2020

Details of Key Managerial Personnel	Short-Term Employee Benefits	Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Total Remuneration	Sitting Fee	Outstanding loans/advance receivables
A. Whole Time Directors / Company Secretary							
1) Shri S.N. Pandey	0.36	0.09	0.05	-	0.50	-	-
2) Shri G. Aravindan	0.41	0.08	0.29	-	0.78	-	-
3) Shri Rajeev Allawadi	0.39	0.08	0.09	-	0.56	-	-
4) Shri R. Srikanthan	0.38	0.08	0.01	-	0.47	-	-
5) Shri S. Krishnan	0.03	0.01	-	-	0.04	-	0.04
6) Shri P. Shankar	0.36	0.08	0.05	-	0.49	-	0.10
B. Independent / Government Nominee Directors#							
1) Shri. D. Dural Ganesan	-	-	-	-	-	0.03	-
2) Shri. Amitabh Mathur	-	-	-	-	-	0.02	-
3) Shri. Myneni Narayana Rao	-	-	-	-	-	0.02	-
4) Shri. Sobha Surendran	-	-	-	-	-	0.05	-
5) Shri Mrutunjay Sahoo	-	-	-	-	-	0.05	-
6) Dr. P.B. Lohiya	-	-	-	-	-	0.05	-
TOTAL	1.93	0.42	0.49	-	2.84	0.18	0.14

Sitting fees paid to Independent Directors

For the Year ended 31-Mar-2019

Details of Key Managerial Personnel	Short-Term Employee Benefits	Post Employment Benefits	Other Long Term Benefits	Termination Benefits	Total Remuneration	Sitting Fee	Outstanding loans/advance receivables
A. Whole Time Directors / Company Secretary							
1) Shri S.N. Pandey	0.51	0.08	-	-	0.59	-	0.01
2) Shri G. Aravindan	0.52	0.08	-	-	0.60	-	-
3) Shri Rajeev Allawadi	0.35	0.06	-	-	0.41	-	0.00
4) Shri R. Srikanthan	0.37	0.09	0.02	-	0.48	-	-
5) Shri U. Venkataramana	0.17	0.03	-	-	0.20	-	0.00
6) Shri P. Shankar	0.48	0.07	-	-	0.55	-	0.11
B. Independent / Government Nominee Directors#							
1) Shri Mrutunjay Sahoo	-	-	-	-	-	0.06	-
2) Dr. P.B. Lohiya	-	-	-	-	-	0.06	-
3) Dr. Dural Ganesan	-	-	-	-	-	0.02	-
TOTAL	2.40	0.41	0.02	0.00	2.83	0.14	0.12

This does not include the impact of provision made on actuarial valuation of retirement benefit/long term Schemes and provision made during the period towards Post Retirement Benefits as the same are not separately ascertainable for individual directors

3) Trusts

Transactions with Post Employment Benefit Plans managed through separate trust				31-Mar-2020		31-Mar-2019	
Sl. No	Name of the Trust	Post Employment Benefit Plan	Contribution by Employer	Outstanding P payable	Contribution by Employer	Outstanding P payable	
A	CPCL Employees Provident Fund	Provident Fund	22.74	0.55	20.97	5.00	
B	CPCL Employees Superannuation Benefit Fund	Pension Scheme	22.71	-	22.53	-	
C	CPCL Employees Group Gratuity Trust	Gratuity	0.30	21.90	59.59	5.57	
D	Post Retirement Medical Benefit Trust	PRMS	195.00	41.67	-	-	



CHENNAI PETROLEUM CORPORATION LIMITED
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Note – 35 : FAIR VALUES

Set out below, is a comparison by class of the carrying amounts as per financial statements and fair value of the Company's financial instruments, along with the fair value measurement hierarchy:

(₹ in Crore)					
Particulars	Carrying value		Fair value		Fair value measurement hierarchy level
	As at	As at	As at	As at	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	
Financial Assets					
<u>Amortised Cost:</u>					
Loans to employees	63.27	55.65	58.58	50.16	Level 2
Total	63.27	55.65	58.58	50.16	
Financial liabilities					
A. Borrowings (Non-Current):					
<u>Amortised Cost:</u>					
Non-Convertible Redeemable Debentures	1145.00	-	1148.17	-	Level 2
Lease obligation	13.97	-	14.48	-	Level 2
Preference Shares	572.51	547.33	555.63	558.38	Level 2
Term Loans from Oil Industry Development Board (OIDB)	345.05	50.00	355.32	50.03	Level 2
Total	2076.53	597.33	2073.60	608.41	

Notes:

1. Levels under Fair Value measurement hierarchy are as follows:

- Level 1** items fair valuation is based upon **market price quotation at each reporting date**
- Level 2** items fair valuation is based upon **Significant observable inputs like PV of future cash flows, MTM valuation, etc.**
- Level 3** items fair valuation is based upon **Significant unobservable inputs wherein valuation done by independent valuer.**

2. The management assessed that Trade Receivables, Cash and Cash Equivalents, Bank Balances, Deposit for Leave Encashment Fund, Recoverable from Employee Benefits Trusts, Other Non-derivative Current Financial Assets, Short-term Borrowings, Trade Payables, Floating Rate Loans and Other Non-derivative Current Financial Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

3. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Methods and assumptions

The following methods and assumptions were used to estimate the fair values at the reporting date:

Level 2 Hierarchy:

(i) **Derivative instruments at fair value through profit or loss viz. Foreign exchange forward contracts:** Replacement cost quoted by institutions for similar instruments by employing use of market observable inputs are considered.

(ii) **Loans to employees, Loan to related parties, Security deposits paid and Security deposits received, Lease obligations:** Discounting future cash flows using rates currently available for items on similar terms, credit risk and remaining maturities

(iii) **Non Convertible Redeemable Preference shares :** The fair value of Preference shares is estimated by discounting future cash flows.

(iv) **Term Loans from Oil Industry Development Board (OIDB):** Discounting future cash flows using rates currently available for similar type of borrowings (OIDB Borrowing rate) using exit model as per Ind AS 113.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note – 36 : FINANCIAL INSTRUMENTS AND RISK FACTORS

Financial Risk

Factors

The Company's principal financial liabilities, other than derivatives, comprise Borrowings, trade and other payables, security deposits and employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans & advances, trade and other receivables, short-term deposits and cash / cash equivalents that derive directly from its operations. The company's requirement of crude oil imports are canalized through its holding company, Indian Oil Corporation Limited. The derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that trading in derivatives are taken only to hedge the various risks that the company is exposed to and not for speculation purpose.

The Company is exposed to a number of different financial risks arising from natural business exposures as well as its use of financial instruments including market risk relating to interest rate, commodity prices, foreign currency exchange rates and equity price, credit risk and liquidity risk.

To ensure alignment of Risk Management system with the corporate and operational objective and to improve upon the existing procedure, the Executive Committee of the company constituted a Committee comprising of officials from various functional areas to identify the risks in the present context, prioritize them and formulate proper action plan for implementation. The Committee has formulated the Risk Management Policy.

The Action Taken Report on the Risk Management Policy for the year 2019-20 (Upto Dec'19) was reviewed by the Risk Management Committee and Audit Committee in April/2020 and Board at the Meeting held on 20.05.2020. The Report for the year 2018-19 has been reviewed by the Audit Committee and Board at the Meeting held on 07.05.2019 and 08.05.2019 respectively.

The Board of Directors oversees the risk management activities for managing each of these risks, which are summarised below:

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The major components of market risk are interest rate risk, foreign currency risk, commodity price risk and other price risks etc. Financial instruments affected by market risk include Borrowings, Deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at 31 March 2020 and 31 March 2019 including the effect of hedge accounting.
- The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at 31st March 2020.

1) Interest rate risk

The Company is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows of a financial instrument, principally financial debt. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's interest rate risk management includes to maintain a mix between fixed and floating rates for rupee and foreign currency loans, based on liquidity, availability of cost effective instruments and considering the market / regulatory constraints. As at 31 March 2020, approximately 63% of the Company's Long term borrowings are at fixed rate of interest (31 March 2019: 96%).

The sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, on floating rate borrowings is as follows:

Currency	Increase / Decrease		Effect on profit before tax		Increase / Decrease		Effect on profit before tax	
	in basis points		(₹ in Crore)		in basis points		(₹ in Crore)	
	31-Mar-2020		31-Mar-2019		31-Mar-2019		31-Mar-2019	
INR	+50	(2.50)	+50	(6.65)	+50	(6.65)	+50	(6.65)
US Dollar	+50	(1.89)	+50	(3.48)	+50	(3.48)	+50	(3.48)
INR	-50	2.50	-50	6.65	-50	6.65	-50	6.65
US Dollar	-50	1.89	-50	3.48	-50	3.48	-50	3.48

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.



2) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and Borrowings. The Company manages its foreign currency risk through combination of natural hedge, hedging undertaken on occurrence of pre-determined triggers as per the Risk management policy. The hedging is undertaken through forward contracts.

The sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant and the impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities is tabulated below. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase / Decrease		Effect on profit before tax		Increase / Decrease		Effect on profit before tax	
	in %	31-Mar-2020	(₹ in Crore)		in %	31-Mar-2019	(₹ in Crore)	
US Dollar	+5%	(90.51)		+5%		(177.87)		
	-5%	90.51		-5%		177.87		

The effects of most exchange rate fluctuations are absorbed in business operating results which are offset by changing cost competitiveness, lags in market adjustments to movements in rates to its other non-financial assets like inventory etc. For this reason, the total effect of exchange rate fluctuations is not identifiable separately in the company's reported results.

3) Commodity price risk

The Company is exposed to various commodity price related risk such as Refinery Margins i.e. Differential between the prices of petroleum products & crude oil, inventory valuation fluctuation and crude oil imports etc. As per approved risk management policy, the Company can undertake refinery margin hedging, inventory hedging and crude oil price hedging through swaps, options and futures in the OTC market as well as domestic exchanges to mitigate the risk within the approved limits.

B. Credit risk

1) Trade receivables

Customer credit risk is managed according to the Company's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Transactions other than with oil marketing companies are either generally covered by Letters of Credit, Bank Guarantees or cash-and-carry basis.

2) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty so as to minimise concentration of risks and mitigate consequent financial loss.

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2020 and 31 March 2019 is the carrying amounts as provided in Note 4, 5, 6, 11 & 12.

C. Liquidity risk

The Company monitors its risk of shortage of funds using detailed cash flow projections which is monitored closely on daily basis. The Company seeks to manage its liquidity requirement by maintaining access to both short term and long term debt markets. In addition, Company has committed credit facilities from banks.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, commercial papers, bank loans and debentures. and finance leases. The Company assessed the concentration of risk and concluded it to be low. The Company has access to a sufficient variety of sources of funding.



The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended						
31-Mar-2020						
Borrowings (including lease obligations)	2721.32	3015.46	8.49	2952.77	-	8698.04
Trade payables	262.27	1292.40	-	-	-	1554.67
Other financial liabilities	652.19	-	-	-	-	652.19
	3635.78	4307.85	8.49	2952.77	-	10904.90
Year ended						
31-Mar-2019						
Borrowings	3089.99	1788.67	345.80	1443.51	-	6667.97
Trade payables	1168.95	1272.15	-	-	-	2441.10
Other financial liabilities	728.84	-	-	-	-	728.84
	4987.78	3060.82	345.80	1443.51	-	9837.91

D. Excessive risk concentration

Substantial portion of the Company's sales is to the Holding Company, Indian Oil Corporation Limited. Consequently, trade receivables from IOCL are a significant proportion of the Company's receivables. Since the operations are synchronised with those of the Holding Company, for optimal results, the same does not present any risk.

E. Collateral

As the Company has been rated investment grade by various rating agencies, there has been no requirement of submitting any collateral for booking of derivative contracts. The Company undertakes derivatives contract only with those counterparties that have credit rating above the internally approved threshold rating. Accordingly, the Company does not seek any collaterals from its counterparties.



CHENNAI PETROLEUM CORPORATION LIMITED
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Note – 37 : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company monitors capital using debt equity ratio, which is borrowings divided by Equity. The Company's strategy is to keep the debt equity ratio in the range of 2:1 and 1:1 under normal circumstances. The Company also includes accrued interest in the borrowings for the purpose of capital management. The year end Debt-Equity ratio has been impacted by substantial write-down of inventories due to the CoVID-19 situation and the resultant decline in international prices of crude and products. Need for capital infusion, would be reassessed based on the turnaround of the situation

(₹ in Crore)		
Particulars	31-Mar-20	31-Mar-19
Borrowings	8698.04	6667.97
Total Borrowings	8698.04	6667.97
Equity Share Capital	148.91	148.91
Reserves and Surplus	1210.36	3307.63
Equity	1359.27	3456.54
Debt Equity Ratio	6.40 : 1	1.93 : 1

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2020 and 31st March 2019



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 38 : RESEARCH AND DEVELOPMENT COSTS

Research and Development Expenses of ₹ 0.32 Crore(2019: ₹ 0.41 Crore) of capital expenditure incurred and ₹ 4.49 Crore (2019 ₹ 5.91 Crore) of recurring expenditure have been accounted for in the Statment of Profit and Loss during the year. Detailed break up of total expenditure is as under:

A. CAPITAL EXPENSES (PROPERTY, PLANT & EQUIPMENT)

₹ in Crore										
A. CAPITAL EXPENSES (PROPERTY, PLANT & EQUIPMENT)										
Asset Block	Gross Block as at 1st Apr 2019	Additions during the year	Transferred from CWIP	Transfer/ Deduction/ Disposal during the year	Gross Block as at 31st Mar 2020	Work-in-Progress as at 1 Apr 2019	Additions during the year	Transferred to Fixed Assets (Capitalized)	Work-in-Progress as at 31st Mar 2020	Total Capital Expenditure
1	2	3	4	5	6 = (2+3+4-5)	7	8	9	10 = (7+8-9)	11=(3+8)
Property, Plant & Equipment										
Plant & Equipment	15.96	0.24	0.20	-	16.40	0.12	0.08	0.20	-	0.32
Office Equipment	0.30	-	-	-	0.30	-	-	-	-	-
Furniture & Fixtures	0.28	-	-	-	0.28	-	-	-	-	-
Total	16.54	0.24	0.20	-	16.98	0.12	0.08	0.20	-	0.32

B. RECURRING EXPENSES

₹ in Crore		
Sl. No	Particulars	31-Mar-20
1	Consumption of Stores, Spares & Consumables	0.52
2	Repairs & Maintenance (a) Plant & Equipment	0.15
3	Payment to and Provisions for employees	4.65
4	Other Expenses	0.59
Total		5.91

C. TOTAL RESEARCH EXPENSES

₹ in Crore		
Particulars	31-Mar-20	31-Mar-19
Capital Expenditure	0.32	0.41
Recurring Expenditure	4.49	5.91
Total	4.81	6.32



CHENNAI PETROLEUM CORPORATION LIMITED
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Note - 39 : DISCLOSURE RELATING TO CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

Particulars	31-Mar-20	31-Mar-19
(a) Gross amount required to be spent by the company during the year.		
Annual CSR Allocation	16.72	18.74
Carry forward from previous year	-	-
Gross amount required to be spent	16.72	18.74

(b) Amount spent during the year on:

	31-Mar-20		31-Mar-19	
	In cash	Yet to be paid In cash**	In cash	Yet to be paid In cash**
(i) Construction/acquisition of any assets	-	-	-	-
(ii) On purposes other than (i) above				
Health and Sanitation	2.06	-	4.73	0.02
Swachh Bharat	9.65	-	7.22	0.10
Education/employment vocational skills	2.86	-	3.91	-
Drinking Water	-	-	0.30	-
Other expenses	2.15	-	2.61	-
Total Expenses (ii)	16.72	-	18.77	0.12
Grand Total (i) and (ii)	16.72	-	18.77	0.12
				18.89

**Provisions made for liabilities incurred



CHENNAI PETROLEUM CORPORATION LIMITED
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Note – 40 : DISCLOSURE ON GOVERNMENT GRANTS

A Revenue Grants

1 Stipend to apprentices under NATS scheme

The company has received grant of ₹ 0.97 crore (2019: Nil) in respect of stipend paid to apprentices registered under National Apprenticeship Training Scheme (NATS) and the same has been accounted on net basis against training expenses.

2 EPCG Grant

Grant recognised in respect of duty waiver on procurement of capital goods under EPCG scheme of Central Government which allows procurement of capital goods including spares for pre production and post production at zero duty subject to an export obligations of 6 times of the duty saved on capital goods procured. The unamortized capital grant amount as on March 31, 2020 is ₹ 1.67 Crore (2019: ₹ 1.36 Crore). The company recognised ₹ 3.10 Crore (2019: ₹ 4.96 Crore) in the statement of profit & loss account as amortisation of revenue grant. The company expects to meet the export obligations in line with the scheme.

3 Export of Notified Goods under Advance Authorisation Scheme

The Company has recognised ₹ 0.38 Crore (2019: Nil) on export of notified goods under Advance Authorisation Scheme in the statement of Profit and loss as Revenue Grant.

4 Grant in respect of Revenue expenditure for research projects

During the year, the Company has received revenue grant of ₹ 0.47 crore (2019 : ₹ 2.36 Crore in respect of meeting out revenue expenditure such as manpower, consumable etc for research project undertaken with Centre of High Technology under the Ministry of Petroleum & Natural Gas and the same has been reckoned on net basis in expenses.

B Capital Grants

1 Capital Grant in respect of interest subsidy

The Company has received capital grant in the form of interest subsidy on loans taken from OADB. The unamortized capital grant amount as on March 31, 2020 is ₹ 5.05 crore (2019 : Nil). During the year, the company has recognised ₹ 0.47 crore (2019 : Nil) in the statement of profit and loss as amortisation of capital grants



CHENNAI PETROLEUM CORPORATION LIMITED
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Note - 41 : EXPOSURE TO FINANCIAL DERIVATIVES

Financial and Derivative Instruments:

- 1 All derivative contracts entered into by the Company are for hedging its foreign currency relating to underlying transactions and firm commitments and not for any speculative or trading purposes.
- 2 The company has No Outstanding forward contract as at 31st March 2020(2019 : NIL) which has been undertaken to hedge its exposure to borrowings and other financial liabilities.
- 3 Foreign currency exposure that are not hedged by a derivative instrument as on 31st March 2020 is given below:

S. No	Particulars	₹ in Crore	
		As on	As on
		31-Mar-2020	31-Mar-2019
		Aggregate amount	Aggregate amount
1	Unhedged- Payables	1866.60	3691.80
2	Unhedged- Receivables	56.31	134.46

Refer Note - 10A - Offsetting Financial Assets and Financial Liabilities



CHENNAI PETROLEUM CORPORATION LIMITED
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Note – 42 : REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company is in the business of refining crude oil and it earns revenue primarily from sale of petroleum products and others. Revenue is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. In determining the transaction price for the sale of products, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Generally, Company enters into contract with customers for sale on EX-MI basis. Majority of Company's sales are to Oil Marketing Companies and Downstream industries for which credit period is less than 1 year. Direct sales to other customers are generally on cash and carry basis. Revenue is recognised when the goods are delivered to the customer by adjusting the amounts deposited by customers, if any.

Bifurcation of Total Revenue into Revenue from contract with customers and other sources of revenue as per requirement of Ind AS 115 is given below;

₹ in Crore

	2019-20	2018-19
Total Revenue	48642.24	52191.02
Revenue from contract with customers	48624.24	52177.43
Revenue from other contracts/from others	18.00	13.59

No impairment of losses on receivables has been recognised during the current and previous year.



1 Details of impairment loss in respect of Cauvery Basin Refinery

The Company has refineries at two locations viz., Manali and Nagapattinam (Cauvery Basin-Refinery - CBR). Consequent to implementation of BS- IV specifications on a pan India basis w.e.f 01.04.2017 and in the absence of secondary treatment facilities, the BS – III grade of diesel production from CBR would not be marketable in the local market, entailing significant coastal/export under recoveries, which has adversely impacted the profitability of CBR and the operations of the CBR unit have been stopped from 01.04.2019. Accordingly, the value in use is negative and, the recoverable value of the assets was reviewed and it is estimated that there would not be any recoverable value for the same. Considering "Nil" recoverable Value of the assets, an amount of ₹ 54.42 Crore (2019: ₹ 0.93 Crore) has been accounted as impairment loss during the year, (including Capital work in Progress), in line with the requirements of Ind AS -36. The Total impairment loss recognized as on 31.03.2020 - ₹ 121.47 Crore (2019: ₹ 67.04 Crore).

The impairment provision is sensitive to changes in key judgements, such as changes in commodity prices, future changes in alternate use of assets etc, which could result in increase or decrease of the recoverable amounts and result in additional impairment charges or recovery of impairment charged.

- 2 Capital Work in progress & Intangibles under development includes ₹ 49.66 crore and ₹ 222.29 crore (2019 : ₹ 25.11 crore and ₹ 77.99 crore) respectively towards pre-project feasibility studies for the 9 MMTA refinery being planned at Cauvery Basin Refinery, Nagapattinam.
- 3 Pending finalization of revision in pay and benefits in respect of non - supervisory employees, provision of ₹ 114.77 crore has been reckoned. (2019: ₹ 69.14 Crore)
- 4 As part of CSR activities, CPCL sponsors polytechnic college, for which twenty acres of land of the company has been leased to the CPCL Educational Trust for a period of 50 years.
- 5 (a) The cost of land includes provisional payments towards cost, compensation, and other accounts for which detailed accounts are yet to be received from the authorities concerned.
(b) The company has valid title for all immovable properties. However, in respect of 186.86 acres of land allotted by Government of Tamil Nadu (classified as Poramboke) assignment deed is yet to be received. Out of this, value is to be determined by Government of Tamilnadu in respect of 135.93 acres.
(c) Pending decision of the Government/Court, additional compensation, if any, payable to the landowners and the Government for certain lands acquired, is not quantifiable, and hence not considered.
- 6 The company's Property, Plant & Equipments and stores and spares were damaged due to severe floods in Chennai during December 2015. As against the claim amount of ₹ 39.05 Crore (replacement & repair cost net of deductibles and Fuel cost for start-up, shutdown and for loss minimisation net of deductibles), on account payment of ₹ 3.00 Crore received from the insurance company in FY 2015-16, has been accounted as income in that year. The claim has been lodged with the insurance company. The insurance company is yet to settle the claim amount.

In respect of damages suffered due to Vardha cyclone during December 2016, claim of ₹ 15.04 Crore (net of deductibles) for material damage and fuel cost for shutdown and startup was submitted to M/s. United India Insurance Company Limited during the year 2018-19. The insurance company has settled an amount of ₹ 11.95 crore on 27th March 2020. The same has been accounted as income in the current year.
- 7 The International prices of crude and prices have crashed on account of demand destruction due to the COVID-19 Pandemic situation. This has resulted in significant inventory write down of ₹ 1456 crore.
- 8 During the year, the company has opted to settle pending disputed cases under the Direct Tax Vivad Se Vishwas Act, 2020. The gross amount of tax dispute foregone is ₹ 269.54 Crore and provision for ₹ 94.51 Crore has been included in current tax Expense and the same is subject to receipt of final orders from Income Tax Authorities. The procedural compliances in this regard is under progress.
- 9 The company operates only in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.
- 10 Covid-19 related impact: The offtake of petroleum products in April / May 2020 has been sluggish and accordingly, the capacity utilization has been low, which would be normalised based on Turnaround of the situation. There are no other significant subsequent events that would require adjustments or disclosures in the financial statements as at the Balance Sheet date.
- 11 Previous year's comparative figures have been regrouped, reclassified and recast wherever necessary.



CHENNAI PETROLEUM CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
Note - 44 : STATUTORY GROUP INFORMATION

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit and loss	₹ in Crore	As % of consolidated other comprehensive income	₹ in Crore	As % of total comprehensive income	₹ in Crore
Parent Chennai Petroleum Corporation Limited Balance as at 31st March 2020 Balance as at 31st March 2019	86.84% 95.40%	1180.35 3297.56	101.32% 106.80%	(2083.48) (219.31)	100.00% 84.24%	(39.65) (1.50)	101.29% 106.60%	(2123.13) (220.81)
Joint ventures (investment as per the equity method of accounting) Indian 1 Indian Additives Limited Balance as at 31st March 2020 Balance as at 31st March 2019	13.16% 4.60%	173.92 158.98	(1.32%) (6.80%)	27.08 13.96	0.00% 15.76%	0.00 (0.28)	(1.29%) (6.60%)	27.08 13.68
2 National Aromatics and Petrochemical Corporation Limited Balance as at 31st March 2020 Balance as at 31st March 2019	- -	- -	- -	- -	- -	- -	- -	- -
Total Balance as at 31st March 2020 Balance as at 31st March 2019	100.00% 100.00%	1359.27 3456.54	100.00% 100.00%	(2056.40) (205.35)	100.00% 100.00%	(39.65) (1.78)	100.00% 100.00%	(2096.05) (207.13)



CHENNAI PETROLEUM CORPORATION LIMITED**CONSOLIDATED FINANCIAL STATEMENTS****Note - 45 : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES (FORM AOC-I)****Part A : Subsidiaries**

Not applicable as there are no subsidiaries

Part "B" : Associates and Joint VenturesStatement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and
₹ in Crore

Sl No	Name of the Associates / Joint Ventures	Indian Additives Limited	National Aromatics and Petrochemical Corporation Limited
1	Latest Audited Balance Sheet Date	31-Mar-2020	31-Mar-2020
2	Date on which the Associate or Joint Venture was associated or acquired	13-Jul-89	10-May-89
3	i) No.	1183401	25000
	ii) Amount of Investment in Associates / Joint Ventures	11.83	0.03
	iii) Extent of Holding	50.00%	50.00%
4	Description of how there is significant influence	Joint venture	Joint venture
5	Reason why the associate / Joint ventures is not consolidated	Consolidated	Consolidated
6	Net worth attributable to shareholding as per latest audited balance sheet	178.92	-
7	Profit / (Loss) for the year		
	I) Considered in Consolidation	27.08	-
	II) Not Considered in consolidation	27.08	-

(S N Pandey)
Managing Director
DIN - 08062182

(Rajeev Ailawadi)
Director (Finance)
DIN - 07826722

(P.Shankar)
Company Secretary
ACS -7624

As per our Report of even date

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
(FRN: 002510S)

P. Ranga Ramanujam
Partner

Membership No. 022201

UDIN : 20022201AAAABD5352

Place : Chennai

Date : 20-May-2020



For SREEDHAR SURESH & RAJAGOPALAN LLP
Chartered Accountants
(FRN: 003957S / S200145)

V. Suresh
Partner

Membership No. 026525

UDIN : 20026525AAAAAE2119

