



KUDREMUKH  
ಐಸೋ 9001, 14001 ಮತ್ತು  
ಓಹೆಸ್‌ಎಸ್‌ಎಸ್‌ಎಸ್ 18001 ಸಂಸ್ಥೆ  
ಆರ್‌ಐ‌ಐ‌ಎಸ್ 9001, 14001 ಸಹಾ  
ಆರ್‌ಐ‌ಐ‌ಎಸ್‌ಎಸ್ 18001 ಕಂಪನಿ  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

**ಕೆ.ಐ.ಓ.ಸಿ.ಎಲ್. ಲಿಮಿಟೆಡ್**

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :  
ಶಿವೇ ವಿಭಾಗ, ಕೋರಮಂಗಲ  
ಬೆಂಗಳೂರು - 560 034.

ದೂರವಾಣಿ : 080-25531461 ರಿಂದ 66  
ಫ್ಯಾಕ್ಸ್ : 080-25532153-5941  
ವೆಬ್ ಸೈಟ್ : www.kioclltd.in

**के आई ओ सी एल लिमिटेड**

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय :  
II ब्लॉक, कोरमंगला,  
बेंगलूर - 560 034.

कार्यालय : 080-25531461 - 66  
फैक्स : 080-25532153-5941  
वेबसाइट : www.kioclltd.in

**KIOCL LIMITED**

(A Government of India Enterprise)

Registered Office :  
II Block, Koramangala,  
Bengaluru - 560 034.

Telephone : 080-25531461 - 66  
Fax : 080-25532153-5941  
Website : www.kioclltd.in  
CIN : L13100KA1976GOI002974

No. S/BC/1(18-5)/2023/195

May 30, 2023

<b>National Stock Exchange of India Limited</b> Scrip Code: KIOCL Through: NEAPS
<b>BSE Limited</b> Scrip Code: 540680, Scrip Name: KIOCL Through: BSE Listing Centre
<b>Metropolitan Stock Exchange of India Limited</b> Scrip Code: KIOCL Through: mylisting

Dear Sir / Madam,

**Sub: Outcome of Board Meeting**

With reference to above, we hereby inform that the Board of Directors at its Meeting held today i.e., on May 30, 2023 has *interalia* approved: -

- appointment of Shri Manoj Kumar Jhavar, Director (Finance) as Chief Financial Officer of the Company. Brief Profile of Shri Manoj Kumar Jhavar is given hereunder: -

Shri Manoj Kumar Jhavar, aged 54 years, is a graduate in Mechanical Engineering with PG in Industrial Engineering & Management. Shri Jhavar is also the member of the Institute of Cost Accountants of India and holds a Doctorate (PHD) in Management Sciences.

Shri Jhavar is having experience of more than three decades in the field of Power Sector and has worked in Commercial, IT, Management, Finance and Engineering Domains of the Company. Shri Jhavar also served at various Senior Management roles as Director, CFO, Chief IT Officer & Executive Director etc.

Prior to joining KIOCL, Shri Jhavar was working with MP Paschim Kshetra Vidyut Vitaran Company Limited as Executive Director.



**ಕುದ್ರೆಮುಖ್ ಅಮಿಟೆಡ್**

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :  
ವಿಸೇ ವಿಭಾಗ, ಕೋರಮಂಗಲ  
ಬೆಂಗಳೂರು - ೫೬೦ ೦೩೪.

ದೂರವಾಣಿ : ೦೮೦-೨೫೫೩೨೧೪೬೧ ರಿಂದ ೬೬  
ಫ್ಯಾಕ್ಸ್ : ೦೮೦-೨೫೫೩೨೧೫೩-೫೯೪೧  
ವೆಬ್ ಸೈಟ್ : www.kiocltd.in

**के आई ओ सी एल लिमिटेड**

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय :  
II ब्लॉक, कोरमंगला,  
बेंगलूर - 560 034.

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ISO 9001, 14001 ಮತ್ತು  
OHSAS 18001 ಸಂಸ್ಥೆ  
आई एस ओ 9001, 14001 तथा  
ओएचएसएस 18001 कम्पनी  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

- the Audited Financial Results alongwith the Auditors Report for the quarter and year ended March 31, 2023. Copy is annexed.
- a declaration from Director (Finance) & Chief Financial Officer of the Company that Statutory Auditors have given the audit report with unmodified opinion for the Financial Year ended March 31, 2023. Further it is hereby confirmed that Regulation 32 of SEBI (LODR) Regulations, 2015 i.e., Statement of Deviation / Variation is not applicable. Copy is annexed.
- in the absence of Distributable Profits, the Board has not recommended any Dividend for the Financial Year 2022-23.
- re-appointment of M/s. Manohar Chowdhry and Associates as the Internal Auditor of the Company for the Financial Year 2023-24. Brief Profile of Internal Auditor is given hereunder: -

“M/s Manohar Chowdhry and Associates has been re-appointed as Internal Auditor for the Financial Year 2023-24. They are having experience of more than 35 years in providing Audit, Tax and Risk Advisory services to various Public and Private Sector Companies. They are having team of 25 Partners, over 400 staff and trainees. M/s Manohar Chowdhry and Associates is well equipped with professionals across its Branches.

The Meeting of the Board commenced at 11:00 Hrs. (IST) and concluded at 18:00 Hrs. (IST).

This is for information and record please.

Thanking You,

Yours faithfully,  
For KIOCL Limited,

(P.K. Mishra)  
Company Secretary & Compliance Officer

Encl. as above

# KIOCL LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

CIN - L13100KA1976GOI002974

Regd. Office: II Block, Koramangala, Bangalore - 560 034

Tel. & Fax No.080-25531525, E-mail:cs@kioclltd.in, Website: www.kioclltd.in

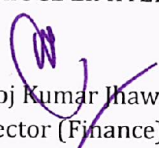
## Statement of Standalone Audited Financial Results for the Quarter and Year ended 31<sup>st</sup> March, 2023

(Rs. in lakhs except EPS)

Particulars	3 Months	Preceding	Corresponding	Current	Previous
	ended	3 months	Three months	Accounting	Accounting
	ended	ended	ended in the	year	year
	ended	ended	ended in the	ended	ended
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)
<b>I. Revenue</b>					
Income from operations					
(a) Net Sales/ Income from Operations	73,466	28,787	113,875	154,321	300,621
(b) Other Operating Income	8	2	5	21	24
Income from Operations	73,474	28,789	113,880	154,342	300,645
Other Income	2,185	1,922	1,900	8,039	7,429
<b>Total Revenue</b>	<b>75,659</b>	<b>30,711</b>	<b>115,780</b>	<b>162,381</b>	<b>308,074</b>
<b>II. Expenditure</b>					
Cost of materials consumed	46,704	18,613	50,247	113,179	196,326
Changes in inventories of finished goods and work-in-progress	2,858	1,722	21,645	(984)	3,418
Consumable Stores Spares & Additives	5,679	3,003	3,439	13,705	11,127
Direct cost towards service contracts	411	264	436	1,356	1,890
Power and fuel	7,663	3,772	7,257	19,577	24,754
Employee benefits expense	2,922	4,425	5,362	16,613	18,833
Finance costs	691	234	536	1,364	1,221
Depreciation and amortization expenses	392	715	798	2,525	3,118
Other Expenses	2,578	1,351	1,961	7,322	6,285
<b>Total Expenses</b>	<b>69,898</b>	<b>34,099</b>	<b>91,681</b>	<b>174,657</b>	<b>266,971</b>
<b>III. Profit/(Loss) before Exceptional Items (I-II)</b>	<b>5,761</b>	<b>(3,388)</b>	<b>24,099</b>	<b>(12,276)</b>	<b>41,103</b>
<b>IV. Exceptional Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Profit/(Loss) before Tax (III-IV)</b>	<b>5,761</b>	<b>(3,388)</b>	<b>24,099</b>	<b>(12,276)</b>	<b>41,103</b>
<b>VI. Tax Expenses</b>	<b>(2,460)</b>	<b>-</b>	<b>4,705</b>	<b>(2,509)</b>	<b>9,762</b>
<b>VII. Profit/(Loss) after Tax (V-VI)</b>	<b>8,221</b>	<b>(3,388)</b>	<b>19,394</b>	<b>(9,767)</b>	<b>31,341</b>
<b>VIII. Other Comprehensive Income (Net of Tax)</b>	<b>408</b>	<b>-</b>	<b>347</b>	<b>408</b>	<b>347</b>
<b>IX. Total Comprehensive Income (VII+VIII)</b>	<b>8,629</b>	<b>(3,388)</b>	<b>19,741</b>	<b>(9,359)</b>	<b>31,688</b>
<b>X. Earnings per Equity Share (EPS)</b>					
Equity Shares of par value Rs.10/- each					
Number of Shares for computing EPS	607,751,096	607,751,096	607,751,096	607,751,096	607,751,096
Basic & Diluted	1.35	(0.56)	3.19	(1.61)	5.16

Place: Bangalore  
Date : 30.05.2023

By order of the Board  
for KIOCL LIMITED

  
Manoj Kumar Jhavar  
Director (Finance)  
(DIN 07306454)



## Statement of Assets and Liabilities

Rs. in Lakhs

Particulars	Figures as at the end of 31-03-2023	Figures as at the end of 31-03-2022
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	17,490.48	17,834.24
Capital Work-in-progress	16,634.53	11,138.07
Right of use assets	10,535.08	9,791.82
Other Intangible Assets	158.27	94.59
Intangible Assets Under Development	53,535.87	18,441.69
Financial Assets		
i) Loans	226.09	248.95
ii) Other Financial Assets	1,342.15	1,031.56
Deferred Tax Assets (net)	3,036.33	651.29
Other Non-Current Assets	2,760.13	2,641.70
<b>Total Non-Current Assets</b>	<b>1,05,718.93</b>	<b>61,873.91</b>
<b>Current Assets</b>		
Inventories	33,318.46	34,574.63
Financial Assets		
i) Trade Receivables	35,422.40	29,186.18
ii) Cash and Cash equivalents	50,858.20	35,171.20
iii) Bank Balances other than (ii) above	26,470.30	75,586.72
iv) Loans	72.36	82.20
v) Other Financial Assets	3,229.01	2,905.73
Current Income Tax Assets (net)	4,835.92	3,552.86
Other Current Assets	33,878.95	23,143.76
<b>Total Current Assets</b>	<b>1,88,085.60</b>	<b>2,04,203.28</b>
<b>TOTAL ASSETS</b>	<b>2,93,804.53</b>	<b>2,66,077.19</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	60,775.11	60,775.11
Other Equity	1,39,428.56	1,53,588.74
<b>Total Equity</b>	<b>2,00,203.67</b>	<b>2,14,363.85</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
i) Borrowings	3,083.00	900.00
ii) Lease Liabilities	10,691.40	10,447.91
iii) Other Financial Liabilities	82.21	59.89
Provisions	8,736.95	9,212.63
<b>Total Non-current Liabilities</b>	<b>22,593.56</b>	<b>20,620.43</b>
<b>Current Liabilities</b>		
Financial Liabilities		
i) Borrowings	38,082.11	-
ii) Lease Liabilities	1,876.21	1,229.29
iii) Trade Payables		
(a) Total outstanding dues of micro enterprises and small enterprises	1,338.08	800.66
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15,147.10	12,550.62
iv) Other Financial Liabilities	8,758.75	10,649.32
Other current liabilities	3,794.15	3,341.40
Provisions	2,010.90	2,521.62
<b>Total Current Liabilities</b>	<b>71,007.30</b>	<b>31,092.91</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,93,804.53</b>	<b>2,66,077.19</b>

Place: Bangalore  
Date : 30.05.2023

By order of the Board  
for KIOCL LIMITED

Manoj Kumar Inawar  
Director (Finance)  
(DIN 07306454)



## Statement of Cash Flow for the year ended 31st March, 2023

Rs. in Lakhs

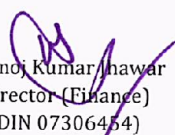
Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(12,275.53)	41,103.18
Adjustment for :		
Depreciation and amortization expense	2,525.25	3,118.23
Finance costs	1,363.92	1,220.66
Liabilities no longer required written back	(459.34)	-
Interest income on financial assets at amortized cost	(6,156.73)	(6,227.10)
Net gain on financial assets designated at fair value through profit or loss	(463.80)	(339.08)
Net gain on disposal of property, plant and equipment	(17.15)	(8.69)
<b>Operating cash flow before working capital changes</b>	<b>(15,483.38)</b>	<b>38,867.20</b>
Adjustment for working capital changes:		
(Increase)/Decrease in inventories	1,256.17	(4,072.54)
(Increase)/Decrease in trade and other receivables	(18,318.32)	(19,060.78)
Increase/(Decrease) in trade and other payables	1,609.07	4,157.76
<b>Cash generated from operations</b>	<b>(30,936.46)</b>	<b>19,891.64</b>
Income tax paid (Net of refunds)	-	(12,900.00)
<b>Net cash flow from operating activities</b>	<b>(30,936.46)</b>	<b>6,991.64</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	(1,740.91)	(3,678.94)
Proceeds from sale of property, plant and equipment	19.54	8.60
(Increase)/Decrease in capital work in progress and intangible assets under development	(40,590.64)	(25,366.45)
Purchase of investments - liquid mutual fund	(71,806.41)	(180,436.98)
Redemption of investments- liquid mutual fund	72,234.20	180,668.13
Interest income on financial assets at amortized cost	5,686.58	6,845.24
Investment in term deposits with more than three months	49,116.42	8,721.51
<b>Net cash flow from investing activities</b>	<b>12,918.78</b>	<b>(13,238.89)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	2,183.00	900.00
Proceeds from current borrowings	38,082.11	
Payment of dividend	(4,801.23)	(15,923.08)
Repayment of lease liabilities	(1,300.01)	(1,282.61)
Finance cost paid	(459.19)	(171.51)
<b>Net cash flow from financing activities</b>	<b>33,704.68</b>	<b>(16,477.20)</b>
<b>ABSTRACT</b>		
(A) Net cash from operating activities	(30,936.46)	6,991.64
(B) Net cash from investing activities	12,918.78	(13,238.89)
(C) Net cash from financing activities	33,704.68	(16,477.20)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15,687.00</b>	<b>(22,724.45)</b>
<b>Net increase/(decrease) in cash and cash equivalents :</b>		
Cash and cash equivalents as at 1st April, 2022 (opening balance)	35,171.20	57,895.65
Cash and Cash Equivalents as at 31st March, 2023 (closing balance)	50,858.20	35,171.20
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>15,687.00</b>	<b>(22,724.45)</b>

## Notes:

- The above statement has been prepared using indirect method as set out in Ind AS 7.
- Figures in brackets indicate cash outflows.

Place: Bangalore  
Date: 30.05.2023

By order of the Board  
for KIOCL LIMITED

  
Manoj Kumar Jhavar  
Director (Finance)  
(DIN 07306454)



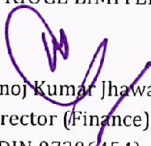
## Segment wise Revenue, Results, Capital Employed for the quarter and year ended 31<sup>st</sup> March, 2023

Particulars	3 Months	Preceding	Corresponding	Current	Previous
	ended	3 months	Three months	Accounting	Accounting
	31.03.2023	31.12.2022	ended in the	year	year
	(Audited)	(Un-Audited)	ended in the	ended	ended
			previous year	ended	ended
			31.03.2022	31.03.2023	31.03.2022
			(Audited)	(Audited)	(Audited)
<b>1 Segment Revenue</b>					
a) Pellet Plant	72,760	28,286	1,12,922	1,51,802	2,98,015
b) Pig Iron Plant	52	125	38	471	115
c) Total	72,812	28,411	1,12,960	1,52,273	2,98,130
Less: Inter segment revenue					
Add: Other Operating Revenue - O and M Contract	112	376	848	1,505	2,423
Other Operating Revenue	550	2	72	564	92
Net Sales/Income from Operation	73,474	28,789	1,13,880	1,54,342	3,00,645
<b>2 Segment Results</b>					
a) Pellet Plant	4,685	(4,552)	22,782	(17,170)	36,597
b) Pig Iron Plant	(336)	(716)	(617)	(2,170)	(2,511)
c) Un allocable					
i) Interest income from treasury operation	1,397	1,506	1,427	6,157	6,227
ii) Net gain on financial assets designated at fair value through profit or loss	24	248	107	464	339
iii) Contribution from Service Contract (Net of Expenses)	(9)	126	400	443	451
Profit Before Tax	5,761	(3,388)	24,099	(12,276)	41,103
Less: Tax Expenses	(2,460)	-	4,705	(2,509)	9,762
Net Profit(+)/ Loss(-) for the period	8,221	(3,388)	19,394	(9,767)	31,341
<b>3 Capital employed</b>					
(Segment Assets - Segment Liabilities)					
a) Pellet Plant	47,141	39,033	41,473	47,141	41,473
b) Pig Iron Plant	9,368	9,230	6,865	9,368	6,865
c) Unallocable Corporate Assets less Liabilities	1,43,695	1,43,311	1,66,026	1,43,695	1,66,026
Total	2,00,204	1,91,574	2,14,364	2,00,204	2,14,364
<b>4 Segment Assets</b>					
Pellet Plant	80,542	73,602	73,112	80,542	73,112
Pig Iron Plant	12,445	11,530	9,910	12,445	9,910
Un-allocable Assets	2,00,818	1,55,808	1,83,055	2,00,818	1,83,055
Total	2,93,805	2,40,940	2,66,077	2,93,805	2,66,077
<b>5 Segment Liabilities</b>					
Pellet Plant	33,401	34,569	31,639	33,401	31,639
Pig Iron Plant	3,077	2,300	3,045	3,077	3,045
Un-allocable Liabilities	57,123	12,497	17,029	57,123	17,029
<b>Total</b>	<b>93,601</b>	<b>49,366</b>	<b>51,713</b>	<b>93,601</b>	<b>51,713</b>

- The Financial Results for the Quarter and year ended 31<sup>st</sup> March, 2023 are in compliance with Ind AS and other Accounting Principles generally accepted in India.
- The above results have been reviewed by the Audit Committee and approved in the Meeting of the Board of Directors held on 30.05.2023
- Figures for the previous periods have been regrouped and/ or reclassified where ever necessary.
- Figures for the quarter ended 31<sup>st</sup> March , 2023 and 31<sup>st</sup> March, 2022 represent the difference between the audited figures in respect of full financial year and the published figures of nine months ended 31<sup>st</sup> December , 2022 and 31st December, 2021.
- The Audited Accounts are subject to review by the Comptroller and Auditor General of India under Section 143(6) of the Companies Act.
- The management assessed that there shall not be any impact due to COVID 19 as on balance sheet date and next 12 months.

Place : Bangalore  
Date : 30.05.2023

By order of the Board  
for KIOCL LIMITED

  
Manoj Kumar Jhawar  
Director (Finance)  
(DIN 07306454)



## Independent Auditors' Report

To,  
The Members of KIOCL Limited,

### Report on the Standalone Ind AS Financial Statements:

#### Opinion

We have audited the accompanying Standalone Ind AS financial statements of **KIOCL Limited** ("the Company") which comprises the Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and Notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2023, the **Loss** including Other Comprehensive Income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there

under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS financial statements.

## **Emphasis of Matters**

### **1. Kudremukh Mining Operations**

Attention is drawn to Note No. 3.1 along with foot note thereto and Note No. 28.3.4 of the Standalone Ind AS financial statements on the Kudremukh mine site from where iron ore was extracted by KIOCL Limited and has been suspended due to the order of the Hon'ble Supreme Court in 2006 and all the assets located therein are either disposed of or transferred to Pellet Plant. Owing to disputes relating to land and pending issues on surrender of mines, the buildings in the township are reduced to 'NIL' value but value of the land continues to be shown in the books of accounts. The Company is of the view that pending the decision of the Government of Karnataka, since Lakhya dam therein is the main water source for the pellet plant, the asset continues to be shown under PPE.

### **2. Blast Furnace Unit (BFU)**

Attention is drawn to Note No. 1.10, Note No. 3.1 along with additional information thereto and Note No. 28.3.7 of the Standalone Ind AS financial statements on Blast Furnace Unit (BFU) which is not in operation since 2009, since it is not economically viable in running the unit. As per the valuation report provided by the Independent Valuer, the recoverable amount in each class of BFU are more than the carrying amount and hence, no impairment loss is recognised.

### **3. Right to Use (ROU) Asset- The allotment of land by M/s Karnataka Industrial Areas Development Board (KIADB) at Mangalore and Doddaballapura.**

Attention is drawn to Note No. 3.3 along with additional information thereto and Note No. 28.1.2 and Note No 28.2.5

The company was allotted 52.86 Acres of land at Mangalore in 2008 for the purpose of building a Railway siding and 17,483 Sq.mtrs at Doddaballapura in 2016 for the purpose of setting up an R & D Centre. As per the terms and conditions of the agreement the company was supposed to start construction of the Railway siding within





4 years from the date of allotment of land, failing which the Company would have to pay the difference in the cost of the land from the date of allotment to the actual date of construction. However, the company is in discussion with M/s KIADB for revising the entire lease agreement.

The ultimate outcome of the matters is uncertain and the positions taken by the management are based on the application of their best judgement, the Company is of the view that pending the decision of the M/s KIADB, the asset continues to be shown under ROU and no provisions are to be made for the differential value of the land.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p><b>Going Concern</b></p> <p>As included in Note No. 1.2 and Note No. 2 (related to 'Going Concern and estimation of uncertainties that may impact the Company's operations') to the Standalone Ind AS financial statements, the Company's financial statements have been prepared using the going concern basis of accounting.</p>	<p>In view of the significance of the matter we have obtained appropriate audit evidence and assessed the adequacy of the disclosures related to application of the going concern assumption.</p> <p>The management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and</p>



	<p>In view of the above, we have identified our assessment of the going concern basis of accounting as a key audit matter.</p>	<p>accordingly none is disclosed in the financial statements. Based on our audit of the Standalone Ind AS financial statements, we also have not identified such a material uncertainty.</p>
<p><b>2.</b></p>	<p><b>Property, Plant &amp; Equipment, Intangible Assets and its impairment</b></p> <p>There are areas where management judgement impacts the carrying amount of property, plant and equipment, intangible assets and their respective depreciation/amortization rates and impairment.</p> <p>These include the decision to capitalise or expense costs; the annual asset life review; the timeliness of the capitalization of the assets and the use of the management assumptions and estimates for the determination or the measurement and recognition criteria for assets retired from active use and its impairment.</p> <p>This capitalization and annual impairment test are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the key assumptions, including estimates</p>	<p>Due to the materiality in the context of balance sheet of the Company and age of the PPE of the Company and the level of judgement and estimates required, we consider this to be as area of significance.</p> <p>We assessed the controls in place over the PPE life cycle, evaluated the appropriateness of capitalisation process, performed tests of details on costs capitalised, the timeliness of the capitalisation of the assets and de-recognition criteria for the assets retired from active use and its impairment.</p> <p>In performing these procedures, we reviewed the judgements made by the management including the nature of underlying costs capitalised; determination of realisable value of the assets retired from active use; the appropriateness of assets lives applied in the calculation of depreciation; the useful lives of the assets prescribed in Schedule II of Companies Act, 2013 and the useful lives of certain assets as per the technical assessment of management and its impairment. In case of realizable value for assets retired from active use, we have</p>



<p>of future sales volumes and prices, operating costs, terminal value growth rates, capital expenditure and the weighted-average cost of capital (discount rate), to be used to estimate the recoverable amount.</p> <p>[Refer Note No. 2, 3.1, 3.2, 4.1, 4.2 &amp; 28.3 to the Standalone Ind AS financial statements]</p>	<p>relied upon the independent valuation report obtained by the management and provided to us. We've observed that the management has regularly reviewed the aforesaid judgments and there are no material changes.</p>
<p><b>3. Adoption of Ind AS 116 Leases</b></p> <p>The Company has adopted Ind AS 116 Leases. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a large number of leases with different contractual terms.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract / arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition.</p>	<p>Our audit procedures on adoption of Ind AS 116 include:</p> <ul style="list-style-type: none"> <li>• Assessed and tested the process and controls in respect of the lease accounting standard (Ind AS 116);</li> <li>• Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business;</li> <li>• Evaluation of reasonableness of the discount rates applied in determining the lease liabilities;</li> <li>• On a sampling basis, we performed the following procedures: <ul style="list-style-type: none"> <li>a. Assessed the key terms and conditions of each lease with the underlying lease contracts; and</li> <li>b. Evaluated computation of lease liabilities and challenged the key estimates such as, discount rates, escalation in lease payments and the lease term.</li> </ul> </li> <li>• Assessed and tested the presentation and disclosure relating to Ind AS 116</li> </ul> <p>Based on the above audit procedures, the presentation and disclosures in the</p>



	<p>[Refer Note No. 3.3, 13.2, 15.2 &amp; 28.2.5 to the Standalone Ind AS financial statements]</p>	<p>Standalone Ind AS financial statements are in accordance with the standard.</p>
<p><b>4.</b></p>	<p><b>Defined benefit obligation</b></p> <p>The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, rate of inflation and mortality rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation.</p> <p>[Refer Note No. 1.16, 14, 17 &amp; 28.2.1 to the Standalone Ind AS financial statements]</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, re-measurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p> <p>In this process, we have relied upon the valuation of 'actuary' in accordance with SA 620 issued by the ICAI.</p>
<p><b>5.</b></p>	<p><b>Provisions and Contingent Liabilities</b></p> <p>The Company has exposures towards litigations relating to</p>	<p>Our audit procedures in response to this matter included, among others,</p> <ul style="list-style-type: none"> <li>Understanding, assessing and testing the design and operating effectiveness</li> </ul>

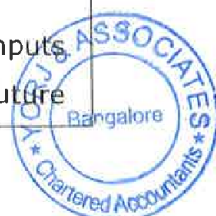


<p>various matters as set out in the Notes to the Standalone Ind AS Financial Statements.</p> <p>Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognized, or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate.</p> <p>As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.</p> <p>[Refer Note No. 14, 17 &amp; 28.1.2 to the Standalone Ind AS financial statements]</p>	<p>of key controls surrounding assessment of litigations relating to the relevant laws and regulations;</p> <ul style="list-style-type: none"> <li>• Discussion with the Management any material developments and latest status of legal matters;</li> <li>• Evaluation of management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and</li> <li>• Review of adequacy of the disclosures in the notes to the financial statements.</li> </ul> <p>Based on the above work performed, management's assessment in respect of litigations and related disclosures relating to contingent liabilities/other significant litigations in the Standalone Ind AS Financial Statements are considered to be reasonable.</p>
<p><b>6. Inventory Management</b></p> <p>The Company was majorly dependent on a single vendor for procurement of raw material i.e., iron ore fines, required for the production of its finished goods</p>	<p>We observed that the Company was majorly dependent on a single vendor for procurement of raw materials (iron ore fines) and during the year we observed that the production process was disrupted for a considerable amount of time due to</p>



<p>i.e., pellets.</p> <p>This could have an impact on the uninterrupted production process of the Company if the raw materials required were not available on a timely basis as per the procurement or production schedule of the Company.</p>	<p>the imposition of export duty by the government of India from May 2022 To November 2022.</p> <p>We were informed by the management that the Company is in the process of finding alternative source of raw material (Iron ore fines) from Odisha which require additional facilities in the manufacturing process like vertical pressure filter. The purchase order has already been placed for the installation of vertical pressure filter to process iron ore fines sourced from Odisha. We have relied upon the management replies and documents provided in this process.</p> <p>KIOCL during the year have obtained the second stage approvals for mining in Devadari mines, Bellary district, therefore their dependency on NMDC will be reduced in the coming financial years.</p>
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<p><b>7. Recognition of Intangible Asset under development</b></p> <p>Refer Note No. 1.6, 4.2 &amp; 28.3.5 of the Standalone Ind AS Financial Statements, the Company has recognized costs incurred towards acquisition of mining rights amounting to Rs. 52,728.73 Lakhs as 'Intangible Assets under Development'.</p> <p>As per the Ind AS-38, the development costs are recognized as Intangible Assets only when:</p> <ol style="list-style-type: none"> <li>1. Technical feasibility has been established</li> <li>2. The Company has committed</li> </ol>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <p><b>Test of Controls</b></p> <ul style="list-style-type: none"> <li>• Tested the Company's design, implementation and operating effectiveness of controls to comply with the recognition criteria set out in Ind AS 38 'Intangible Assets' for projects initiated during the year.</li> </ul> <p><b>Test of details</b></p> <ul style="list-style-type: none"> <li>• Evaluated and compared the inputs used in the assessment of future</li> </ul>
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technical and commercial resources to complete the development and use the intangible asset and

3. It is probable the asset will generate future economic benefits.

The costs capitalized include the amount paid to Government, cost of technical knowhow expenses, materials, direct labour, inspecting and testing charges, designing cost, software expenses, contribution made to District CSR fund of Bellary District and directly attributable overhead expenditure incurred up to the date the intangible asset is available for use.

The recognition of development cost as an intangible asset is considered to be a key audit matter given the assessment of the recognition criteria set out in Ind AS 38 'Intangible Assets' is made at an early stage of development and there are inherent challenges with accurately predicting the future economic benefit, which must be assessed as 'probable' for capitalisation to commence.

Owing to the nature of intangible asset under development, there could be delay in ultimate implementation of the project.

economic benefits;

- Examined approvals and clearances of the project given by the concerned authorities, reviewed the source documents to determine the expected future economic benefits and feasibility of the project.



### **Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon**

1. The 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, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.
2. Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
3. In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained during the course of our 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. We have nothing to report in this regard.

### **Management's Responsibilities for the Standalone Ind AS Financial Statements**

1. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position and financial performance, changes in equity and cash flows of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 design, implementation and maintenance of adequate **internal financial**





**controls**, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

2. In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
3. The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

1. Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.
2. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Standalone Ind AS 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
3. Materiality is the magnitude of misstatements in the Standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS financial statements.
  4. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.
  5. 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.

6. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS 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**

1. As per the information and explanations provided to us, the Company has requested its trade receivables, trade payables, Advances and deposits for confirmation of balances. However, we have not received all confirmations and hence, we have relied upon the balances appearing in the books for the reporting period.

### **Report on Other Legal and Regulatory Requirements**

1. As required under the directions and sub-directions issued by the Comptroller and Auditor General of India in terms of Sub-section (5) of Section 143 of the Companies Act 2013, we are enclosing our report in "**Annexure A**".
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable our report thereon is enclosed as "**Annexure B**".
3. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- (c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) As per notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
- (f) With respect to the adequacy of the **internal financial controls over financial reporting** of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure C**".
- (g) As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is a Government Company;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. Refer Note No. 28.1.2 of the Standalone Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Company.



iv.

- a) The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediary"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the company from any person or entity, including foreign entity ("Funding Party"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. The dividend paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

For **YCRJ & Associates**  
Chartered Accountants  
FRN: 006927S

*Rajnish Rama Rao*

**CA Rajnish Rama Rao**  
Partner  
M. No. 202465

**Place: Bengaluru**

**Date: 30-05-2023**

**UDIN: 232044-65 BGSLSK 8947**



## Annexure – A to the Auditors' Report

Referred to in Paragraph 1 under "**Report on Other Legal and Regulatory Requirements**" section of our report to the Members of the Company of even dated

### **Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013**

1. The units of the Company have a system in place to process all the accounting transactions through IT system. Transactions relating to Inventory are recorded in a separate software called **Price Stores Ledger (PSL)** which is not integrated with the **Financial Accounting System**. Similarly, production details are not linked to the Financial Accounting System. During our audit, we have not come across any major implications (whether financial or otherwise) of processing of accounting transactions through IT system on the integrity of the accounts.
2. According to the information and explanations given to us, there is no restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc., made by a lender. As such, there is no financial implication involved.
3. According to the information and explanations given to us, the Company has not received any funds for specific schemes from Central / State Government or its agencies during the financial year 2022-23.

For **YCRJ & Associates**  
Chartered Accountants  
FRN: 006927S



**CA Rajnish Rama Rao**  
Partner  
M. No. 202465

**Place: Bengaluru**

**Date: 30-05-2023**

**UDIN: 23202465 BQSLSK 8947**



## **Annexure – B to the Auditors' Report**

Referred to in Paragraph 2 under "**Report on Other Legal and Regulatory Requirements**" section of our report to the Members of the Company of even dated

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a. (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plants and Equipment and relevant details of right-of-use assets.  
(B) The comprehensive description of assets, their current location and asset numbering is to be updated in the fixed asset register.
  - b. According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years.  
As explained to us, in accordance with this programme, certain fixed assets were verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. According to the information and explanations given to us and based on our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
  - d. As per the information and explanation given us the Company has not revalued any of its Property, Plant and Equipment (including right of-use assets) during the year.
  - e. As per the information and explanation given us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.



- ii.
- a. According to the information and explanations given to us, physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed;
  - b. According to the information and explanations given to us, the Company has overdraft facility against deposits with banks in excess of Rs.5 crore, in aggregate. As explained to us, since the facilities were sanctioned against fixed deposits, there were no requirement of submission of quarterly returns or statements with the banks and hence the same were not submitted by the Company.
- iii. As per the information and explanation given to us, during the year, the company has not made investments in, provided any guarantee or security or granted any loans, secured or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties. Hence reporting under clause 3(iii) of paragraph 3 of the Order are not applicable.
- iv. As per the information provided and explanation given to us, there are no loans, investments, guarantees, and security under section 185 and 186 of the Companies Act 2013. Hence the provisions of clause 3(iv) of paragraph 3 of the Order are not applicable.
- v. As per the information provided and explanation given to us, the Company has not accepted any deposits from the public and does not have any unclaimed deposits as at March, 31, 2023 and therefore reporting under paragraph 3(v) of the Order is not applicable to the Company.
- vi. On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under sub-section (1) of section 148 of the Companies Act, 2013 have been made and maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company,





- a. The Company has generally been regular in depositing the amounts deducted/accrued in the books of account in respect of undisputed applicable statutory dues including provident fund, employees' state insurance, income tax, sales tax, and service tax, duty of customs, duty of excise, GST, cess and any other statutory dues applicable to it with the appropriate authorities.

There were no outstanding of aforesaid statutory dues as on 31st March 2023 for a period of more than six months from the date they became payable.

- b. As per the information and explanations given to us, the following statutory dues have not been deposited on account of dispute:

Statute	Nature of dues	Rs. in Lakhs	Period	Dispute Forum
The Central Excise Act, 1944	Non-payment of SAD on DTA clearance of Pellets	1454.11	2010-11	CESTAT
		1248.99	2011-12	
		3145.21	2011-12	
Finance Act, 1994	Service Tax	60.77	2012-14	CESTAT
Income Tax Act, 1961	Income Tax	4973.66	2018-19	CIT (Appeals)

- viii. As per the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Hence, reporting under clause 3(viii) of the Order is not applicable.

ix.

- a. As per the information and explanations given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. As per the information and explanations given to us, the company has not been declared as wilful defaulter by any bank or financial institution or other lender.



- c. As per the information and explanations given to us, and as per our review, prima facie, the term loans were applied for the purpose for which the loans were obtained. However, we have not carried out any detailed examination of such accounts, records and utilisation.
  - d. As per the information and explanations given to us, and as per our review, prima facie, funds raised on short term basis have not been utilised for long term purposes. However, we have not carried out any detailed examination of such accounts, records and utilisation.
  - e. As per the information and explanations given to us, the company has not taken any funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
  - f. As per the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. As per the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year or has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under clause 3(x) of the Order is not applicable.
- xi.
- a. Based on the audit procedures performed and based on the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
  - b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
  - c. As per the information and explanation given to us, the Company has not received any whistle blower complaints during the year.
- xii. The company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.



- xiii. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv.
- a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - b. We have considered, the internal audit reports for the year under audit, issued to the Company for the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. As per the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and also is not a Core Investment Company (CIC) as defined in the Core Investment Companies (Reserve Bank) Directions, 2016. Hence, reporting under clause 3(xvi) (a), (b), (c) and (d) of the Order is not applicable.
- xvii. The Company has incurred cash loss of Rs. 9,335.90 Lakhs during the financial year covered by our audit however, there were no cash losses incurred in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and hence clause 3(xviii) is not applicable to the company.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the



date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx.

- a. As per the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- b. As per the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) other than ongoing projects requiring a transfer to a fund specified in Schedule VII to the Companies Act in compliance with sub-section (5) of Section 135 of the said Act, however, in respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a special account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

xxi. As this report is being given on the Standalone Financial Statements of the company, reporting under clause 3(xxi) is not applicable.

For **YCRJ & Associates**  
Chartered Accountants  
FRN: 006927S

**CA Rajnish Rama Rao**  
Partner  
M. No. 202465

**Place: Bengaluru**  
**Date: 30-05-2023**  
**UDIN: 232024-65 BGSLSK8947**



## **Annexure – C to the Auditors' Report**

Referred to in Paragraph 3(f) under **"Report on Other Legal and Regulatory Requirements"** section of our report to the Members of the Company of even dated

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **KIOCL LIMITED** (referred to as the "Company") as of March 31, 2023, in conjunction with our audit of the Standalone financial statements of the company of the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, 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 Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide us for our audit opinion on the Company's 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 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 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 financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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



## Opinion

In our opinion, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Emphasis of Matters

1. Temporary Discrepancies between Real-time stock position as per stock register and bin card of Inventory Accounting System (IAS) resulting in the frequent use of Draft Stock Issue Vouchers (SIVs) has been observed in the internal audit report, which may have impact on the control over inventories. We have been informed by the Company, that the same will be addressed while implementing ERP which is under progress.
2. Non-Adherence to the procedure stipulated in the manual in arriving at Re-Order Level in respect of Automatic Replenishment (AR) category of stock has been observed in the internal audit report, which may have impact on the control over inventories. We have been informed by the Company, that the same will be addressed while implementing ERP which is under progress.
3. The Standard Operating Procedures (SOPs) and Manuals prepared earlier in the years are required to be updated/modified to reflect the current practices.

Our opinion is not modified in respect of these matters.

**Place: Bengaluru**

**Date: 30-05-2023**

**UDIN: 23 2024 65 BGSLSK 8947**

For **YCRJ & Associates**

Chartered Accountants

FRN: 006927S

**CA Rajnish Rama Rao**

Partner

M. No. 202465





KUDREMUKH

ಐಎಸ್ಒ 9001, 14001 ಮತ್ತು  
ಓಹೆಸ್ ಎಸ್ ಎಸ್ 18001 ಸಂಸ್ಥೆ  
ಆರ್‌ಇಒ 9001, 14001 तथा  
ओएचएसएस 18001 कम्पनी  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

**ಕೆಐಒಸಿಎಲ್ ಅಮಿಟೆಡ್**

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :

೨ನೇ ವಿಭಾಗ, ಕೋರಮಂಗಲ

ಬೆಂಗಳೂರು - ೫೬೦ ೦೩೪.

ದೂರವಾಣಿ : ೦೮೦-೨೫೫೩೧೪೬೧ ರಿಂದ ೬೬

ಫ್ಯಾಕ್ಸ್ : ೦೮೦-೨೫೫೩೨೧೫೩-೫೯೪೧

ವೆಬ್ ಸೈಟ್ : www.kioclltd.in

**के आई ओ सी एल लिमिटेड**

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय :

II ब्लॉक, कोरमंगला,

बेंगलूर - 560 034.

कार्यालय : 080-25531461 - 66

फेक्स : 080-25532153-5941

वेबसाईट : www.kioclltd.in

**KIOCL LIMITED**

(A Government of India Enterprise)

Registered Office :

II Block, Koramangala,  
Bengaluru - 560 034.

Telephone : 080-25531461 - 66

Fax : 080-25532153-5941

Website : www.kioclltd.in

CIN : L13100KA1976GOI002974

## DECLARATION

In terms of Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CNID/56/2016 dated May 27, 2016, we hereby declare that M/s. YCRJ & Associates, Chartered Accountants, the Statutory Auditors of the Company have given the Audit Report with unmodified opinion on the Audited Financial Results of the Company for the year ended 31<sup>st</sup> March, 2023.

Further, it is hereby confirmed that Regulation 32 of SEBI (LODR) Regulations, 2015 i.e., Statement of Deviation / Variation is not applicable.

Date : 30/05/2023

Place: Bangalore

For KIOCL Limited

(Manoj Kumar Jhavar)  
Director (Finance) & CFO  
DIN: - 07306454