



KUDREMUKH  
ಐಸೋ 9001, 14001 ಮತ್ತು  
ಓಹೆಸ್‌ಎಸ್‌ಎಸ್‌ಎಸ್ 18001 ಸಂಸ್ಥೆ  
आई एस ओ 9001, 14001 तथा  
ओएचएसएसएस 18001 कम्पनी  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

**ಕೆಐಓಸಿಎಲ್ ಅಮಿಟೆಡ್**  
(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :  
ಐಸಿಎ 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 :  
11 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 :  
11 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)/2020/575

November 11, 2020

<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 – Approval of Audited Financial Results of the Company for the second quarter and half year ended 30<sup>th</sup> September, 2020**

With reference to above, we hereby inform that, the Board of Directors at its Meeting held on today i.e. November 11, 2020 has approved inter-alia the Audited Financial Results of the Company for the second quarter and half year ended September 30, 2020, in the prescribed format, which have been reviewed by the Audit Committee. A copy of the Audit Report, with unmodified opinion, as furnished by Statutory Auditors of the Company is enclosed herewith.

The Audited Financial results for the aforesaid period along with Auditor's Report are also being uploaded on the Company's website at [www.kioclltd.in](http://www.kioclltd.in).

The Meeting of the Board commenced at 15:00 Hrs. (IST) and concluded at 17:40 Hrs. (IST)

This is for information and record please.

Thanking you,

Encl: as above

Yours faithfully,  
For KIOCL Limited,

(P.K. Mishra)

Company Secretary & Compliance Officer

# 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.com, Website: www.kioclltd.in

## Statement of Standalone Audited Financial Results for the Quarter and half year ended 30.09.2020

(Rs. in lakhs except EPS)

Particulars	3 Months ended	Preceding 3 months ended	Corresponding Three months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous year ended	Previous Accounting year ended
	30.09.2020 (Audited)	30.06.2020 (Un-Audited)	30.09.2019 (Un-Audited)	30.09.2020 (Audited)	30.09.2019 (Un Audited)	31.03.2020 (Audited)
<b>I. Revenue</b>						
1 Income from operations						
(a) Net Sales/ Income from Operations	45,906	43,444	35,970	89,350	95,626	1,92,547
(b) Other Operating Income	186	227	152	413	340	1,218
Income from Operations	46,092	43,671	36,122	89,763	95,966	1,93,765
Other Income	2,552	2,387	2,482	4,939	5,305	11,888
<b>Total Revenue</b>	<b>48,644</b>	<b>46,058</b>	<b>38,604</b>	<b>94,702</b>	<b>1,01,271</b>	<b>2,05,653</b>
<b>II. Expenditure</b>						
Cost of Materials Consumed	28,414	28,153	30,247	56,567	65,838	1,38,423
Purchases of Stock-in-Trade	-	-	12	-	12	350
Changes in Inventories - Pellet Feed & Finished Products	3,457	3,160	(5,959)	6,617	2,971	632
Consumable Stores Spares & Additives	1,874	1,679	2,107	3,553	3,786	8,253
Direct Cost towards Service Contracts	99	60	266	159	326	698
Power and Fuel	3,693	4,264	4,932	7,957	11,639	23,427
Employees Benefits Expense	4,223	4,279	4,197	8,502	8,474	16,940
Depreciation and Amortization Expense	674	668	665	1,342	1,329	2,749
Other Expenses	1,791	1,642	801	3,433	3,020	6,816
Finance Costs	203	255	253	458	485	997
<b>Total Expenses</b>	<b>44,428</b>	<b>44,160</b>	<b>37,522</b>	<b>88,589</b>	<b>97,881</b>	<b>1,99,285</b>
<b>III. Profit/(Loss) before Exceptional Items (I-II)</b>	<b>4,216</b>	<b>1,897</b>	<b>1,082</b>	<b>6,113</b>	<b>3,390</b>	<b>6,368</b>
IV. Exceptional Items	-	-	-	-	-	-
<b>V. Profit/(Loss) before Tax (III-IV)</b>	<b>4,216</b>	<b>1,897</b>	<b>1,082</b>	<b>6,113</b>	<b>3,390</b>	<b>6,368</b>
VI. Tax Expenses	1,084	695	675	1,779	1,319	2,020
<b>VII. Profit/(Loss) after Tax (V-VI)</b>	<b>3,132</b>	<b>1,202</b>	<b>407</b>	<b>4,334</b>	<b>2,071</b>	<b>4,348</b>
VIII. Other Comprehensive Income (Net of Tax)	-	-	-	-	-	(21)
<b>IX. Total Comprehensive Income (VII+VIII)</b>	<b>3,132</b>	<b>1,202</b>	<b>407</b>	<b>4,334</b>	<b>2,071</b>	<b>4,327</b>
<b>X. Earnings per Equity Share (EPS)</b>						
Equity Shares of par value Rs.10/- each						
Number of Shares for computing EPS	62,19,25,565	62,19,25,565	62,19,25,565	62,19,25,565	62,19,25,565	62,19,25,565
Basic & Diluted	0.50	0.20	0.06	0.70	0.33	0.70

Place: Bangalore  
Date : 11.11.2020

By order of the Board  
for KIOCL LIMITED

  
(S.K. GORAI)

DIRECTOR (FINANCE)  
DIN: 07223221



## Statement of Assets and Liabilities

Rs. in Lakhs

Particulars	Figures as at the end of 30-09-2020	Figures as at the end of 31-03-2020
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	16,684.52	17,618.22
Right of use assets	9,925.23	10,201.01
Capital Work-in-progress	2,336.35	2,006.00
Other Intangible Assets	68.96	74.48
Intangible Assets Under Development	203.53	84.59
Financial Assets		
i) Loans	106.37	102.96
ii) Other Financial Assets	145.68	141.71
Other Non-Current Assets	37.82	227.32
Deferred Tax Assets (net)	692.08	227.00
<b>Total Non-Current Assets</b>	<b>30,200.54</b>	<b>30,683.29</b>
<b>Current Assets</b>		
Inventories	19,910.70	25,684.48
Financial Assets		
i) Investment	17,309.75	-
ii) Trade Receivables	1,287.73	12,266.77
iii) Cash and Cash equivalents	380.94	42,980.09
iv) Bank Balances other than (iii) above	1,57,439.83	1,10,028.80
v) Loans	38.63	71.95
vi) Other Financial Assets	1,047.01	1,258.22
Current Income Tax Assets (net)	1,484.87	3,815.51
Other Current Assets	13,201.20	11,381.51
<b>Total Current Assets</b>	<b>2,12,100.66</b>	<b>2,07,487.33</b>
<b>TOTAL ASSETS</b>	<b>2,42,301.20</b>	<b>2,38,170.62</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	62,192.56	62,192.56
Other Equity	1,33,734.64	1,29,400.26
<b>Total Equity</b>	<b>1,95,927.20</b>	<b>1,91,592.82</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
i) Lease Liabilities	10,344.60	11,129.85
ii) Other Financial Liabilities	62.75	64.25
Employee Benefit Obligation	9,699.04	9,106.73
Deferred Tax Liability (Net)		
<b>Total Non-current Liabilities</b>	<b>20,106.39</b>	<b>20,300.83</b>
<b>Current Liabilities</b>		
Financial Liabilities		
i) Trade Payables		
(A) Total outstanding dues of micro enterprises and small enterprises; and	68.29	68.92
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,525.33	11,052.55
ii) Lease Liabilities	1,247.31	1,251.57
ii) Other Financial Liabilities	9,116.85	8,815.85
Employee Benefit Obligation	690.88	690.88
Other Current Liabilities	4,618.95	4,397.20
<b>Total Current Liabilities</b>	<b>26,267.61</b>	<b>26,276.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,42,301.20</b>	<b>2,38,170.62</b>

Place: Bangalore  
Date : 11.11.2020

By order of the Board  
for KIOCL LIMITED

(S.K. GORAI)  
DIRECTOR (FINANCE)  
DIN: 07223221



Cash Flow Statement for the half year ended 30<sup>th</sup> September 2020

Rupees in Lakhs

Particulars	Figures as at the end of Current Reporting Period 30-09-2020	Figures as at the end of Previous Reporting Period 31-03-2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax from Continuing Operations	6,112.64	6,367.64
Add/(Less) Adjustment for :		
Depreciation Current Year	1,341.98	2,749.08
Finance Costs excluding Interest on Working Capital	456.78	977.16
Net of Impairment Loss & Provision no longer required	(175.00)	313.58
Interest Income	(4,591.60)	(10,314.07)
Short Term Capital Gain- Liquid Mutual Funds	(150.38)	(608.47)
(Profit)/Loss on sale of Fixed assets	-	(38.77)
<b>Operating Cash Flow before Working Capital Change</b>	<b>2,994.42</b>	<b>(553.84)</b>
Adjustment for :		
(Increase)/Decrease in Inventories	5,773.78	5,202.15
(Increase)/Decrease in Trade and Other Receivables	10,862.74	(5,404.83)
Increase/(Decrease) in Trade and Other Payables	(1,482.65)	(1,419.02)
Sale/deletion/transfer of Fixed Assets	-	(0.38)
<b>Net Cash from Operating Activities</b>	<b>18,148.29</b>	<b>(2,175.92)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(245.91)	(444.54)
(Increase)/Decrease in Capital Work in Progress	(330.35)	(1,649.42)
(Increase)/Decrease in Investment in Term Deposits with than three months	(47,411.03)	(8,861.44)
(Increase)/Decrease in Current Investment in Liquid MF	(17,309.75)	4,230.89
Interest Received (Gross)	5,645.50	10,930.61
Short Term Capital Gain- Liquid Mutual Funds	150.38	608.47
Proceeds from sale of Fixed Assets	-	38.77
<b>Net Cash from Investing Activities</b>	<b>(59,501.15)</b>	<b>4,853.34</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of Dividend and Dividend Tax	-	(9,971.92)
Repayment of Lease Liability	(1,246.29)	(1,244.84)
<b>Net Cash used in Financing Activities</b>	<b>(1,246.29)</b>	<b>(11,216.76)</b>
<b>ABSTRACT</b>		
(A) Net Cash from Operating Activities	18,148.29	(2,175.92)
(B) Net Cash from Investing Activities	(59,501.15)	4,853.34
(C) Net Cash used in Financing Activities	(1,246.29)	(11,216.76)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(42,599.15)</b>	<b>(8,539.35)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents :</b>		
Cash and Cash Equivalents as at 01.04.2020 (O.B)	42,980.09	51,519.44
Cash and Cash Equivalents as at 30.09.2020 (C.B)	380.94	42,980.09
<b>Net Increase /(Decrease) in Cash and Cash Equivalent:</b>	<b>(42,599.15)</b>	<b>(8,539.35)</b>

## Notes:

- The above statement has been prepared using indirect method except in case of interest income Income from short term capital gain, dividend, purchase and sale of investment/Fixed assets and have been considered on the basis of actual movement of cash, with corresponding adjustments in and Liabilities.
- Additions to Fixed Assets and Capital Work-in-progress between the beginning and end of the investing activities.
- Figures in brackets indicate cash outflows.

Place Bangalore  
Date: 11.11.2020

By order of the Board  
for KIOCL LIMITED

  
 (S.K. GORAI)  
 DIRECTOR(FINANCE)  
 DIN: 07223221



**Segment wise Revenue, Results, Capital Employed for the quarter and half year ended 30.09.2020**

Particulars	3 Months	Preceding	Corresponding	Year to date	Year to date	Previous
	ended	3 months	Three months	figures for	figures for	Accounting
	30.09.2020	ended	ended in the	current period	previous year	year
	(Audited)	[Un-Audited]	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
<b>1 Segment Revenue</b>						
a) Pellet Plant	45,797	43,274	34,692	89,071	92,999	1,87,897
b) Pig Iron Plant	49	58	12	107	83	520
c) Total	45,846	43,332	34,705	89,178	93,082	1,88,417
Less : Inter segment revenue						
Add : Other Operating Revenue - O and M Contract-NMDC			1,079		2,159	2,504
Other Operating Revenue - O and M Contract-Kaliapa	26	89	157	115	327	686
Other Operating Revenue	220	250	181	470	398	2,158
Net Sales/Income from Operation	46,092	43,671	36,123	89,763	95,966	1,93,765
<b>2 Segment Results</b>						
a) Pellet Plant	2,499	110	(1,086)	2,609	(1,557)	(3,395)
b) Pig Iron Plant	(606)	(591)	(492)	(1,197)	(847)	(1,899)
c) Un allocable						
i) Treasury Income	2,378	2,364	2,476	4,742	5,280	10,923
ii) Income from Services (Net of expenses)	(55)	14	184	(41)	514	739
Profit Before Tax	4,216	1,897	1,082	6,113	3,390	6,368
Less: Tax Expenses	1,084	695	675	1,779	1,319	2,020
Net Profit(+)/ Loss(-) for the peirod	3,132	1,202	407	4,334	2,071	4,348
<b>3 Capital employed</b>						
<u>(Segment Assets - Segment Liabilities)</u>						
a) Pellet Plant	15,302	17,126	19,835	15,302	19,835	24,390
b) Pig Iron Plant	5,878	6,096	6,753	5,878	6,753	6,364
c) Unallocable Corporate Assets less Liabilities	1,74,747	1,69,573	1,62,932	1,74,747	1,62,932	1,60,839
Total	1,95,927	1,92,795	1,89,520	1,95,927	1,89,520	1,91,593
<b>4 Segment Assets</b>						
Pellet Plant	49,492	52,634	54,956	49,492	54,956	56,893
Blast Furnace Plant	7,785	8,010	8,454	7,785	8,454	8,246
Un-allocable Assets	1,85,024	1,79,965	1,79,305	1,85,024	1,79,305	1,73,032
Total	2,42,301	2,40,609	2,42,716	2,42,301	2,42,716	2,38,171
<b>5 Segment Liabilities</b>						
Pellet Plant	34,190	35,508	35,120	34,190	35,120	32,503
Blast Furnace Plant	1,907	1,914	1,702	1,907	1,702	1,882
Un-allocable Liabilities	10,277	10,392	16,374	10,277	16,374	12,193
<b>Total</b>	<b>46,374</b>	<b>47,814</b>	<b>53,196</b>	<b>46,374</b>	<b>53,196</b>	<b>46,578</b>

- The Financial Results for the Quarter and half year ended 30th September, 2020 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 11.11.2020.
- Figures for the previous periods have been regrouped and/ or reclassified where ever necessary to conform with the current period.

Place : Bangalore  
Date : 11.11.2020

By order of the Board  
for KIOCL LIMITED



(S.K. GORAI)  
DIRECTOR (FINANCE)  
DIN: 07223221



**Independent Auditor's Report**

To,  
The Board of KIOCL Limited,

**Report on the Half Yearly Audit of Ind AS Financial Statements:**

**Opinion**

We have audited the accompanying Ind AS financial statements of **KIOCL Limited** ("the Company"), for the quarter and half year ended 30<sup>th</sup> September 2020, which comprise the Balance Sheet as at 30<sup>th</sup> September 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the period 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 "Ind AS financial statements"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements:

1. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
2. gives the information required by the Companies Act, 2013 ("Act") in the manner so required and gives a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 30<sup>th</sup> September, 2020, and the **profit** including Other Comprehensive Income, the changes in equity and its cash flows for the period ended on that date.



### Basis for Opinion

We conducted our audit of the 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 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 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 Ind AS financial statements.

### Emphasis of Matters

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

Attention is drawn to Note No. 24.4 of the Ind AS financial statements on Kudremukh Unit from where iron ore was extracted by KIOCL Limited, is abandoned long time back 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 since Lakhya dam therein is the main water source for the pellet plant, the asset is shown under PPE.

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

Attention is drawn to Note No. 24.8 of the 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. The company is in the initial process of setting up a Non-Recovery Coke Oven Plant as backward integration and Ductile Spun Pipe Plant as forward integration.

Our opinion is not modified in respect of these matters

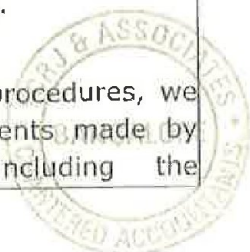




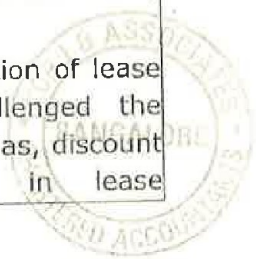
## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of 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	Auditor's Response
1.	<p><b>Going Concern</b></p> <p>As included in Note No. 24.16 to the Ind AS financial statements, the Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate or to cease operations or has no realistic alternative but to do so.</p>	<p>As a part of our audit of financial statements, we concur with the management's use of the going concern basis of accounting in the preparation of the company's financial statements.</p> <p>Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.</p>
2.	<p><b>Property, Plant &amp; Equipment and 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, 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</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.</p> <p>In performing these procedures, we reviewed the judgements made by the management including the</p>

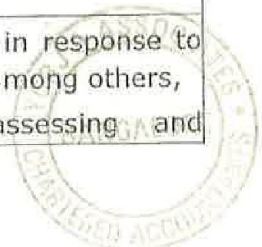


	<p>use and its impairment.</p>	<p>nature of underlying costs capitalised; determination of realisable value of the assets retired from active use; the appropriateness of assets lives applied in the calculation of depreciation; the useful lives of the assets prescribed in Schedule II of Companies Act, 2013 and the useful lives of certain assets as per the technical assessment of management and its impairment. As per the Audit Report for FY 2019-20, the management has regularly tested and reviewed the aforesaid judgments and the last test and review was conducted as at 31.03.2020 and there are no material changes. Review as at 30.09.2020 was not conducted by the management since their policy of review is on an annual basis. Therefore, we cannot comment on the material changes, if any, as at 30.09.2020</p>
<p>3.</p>	<p><b>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</p>	<p>Our audit procedures on adoption of Ind AS 116 include:</p> <ul style="list-style-type: none"> <li>• Assessed and tested new 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</li> </ul> </li> </ul>





	disclosures in respect of transition,	<p>payments and the lease term.</p> <ul style="list-style-type: none"> <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 Ind AS financial statements are in accordance with the standard.</p>
4.	<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>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 period. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations as on 30.09.2020 are based on the actuarial valuations report submitted by an 'actuary' as on 31.03.2020.</p> <p>In this process, we have relied upon valuation of management as on 30.09.2020</p>
5.	<p><b>Provisions and Contingent Liabilities</b></p> <p>The Company has exposures towards</p>	<p>Our audit procedures in response to this matter included, among others,</p> <ul style="list-style-type: none"> <li>Understanding, assessing and</li> </ul>





<p>litigations relating to various matters as set out in the Notes to the 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>testing the design and operating effectiveness 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 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 production of its finished goods i.e., pellets.</p> <p>This could have 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>We observed that the Company was majorly dependent on a single vendor for procurement of raw material (iron ore fines) and during the period of our audit and on our visit to the Pellet plant at Mangalore we observed that the production process has disrupted for a considerable amount of time due to non-availability of raw materials required.</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</p>

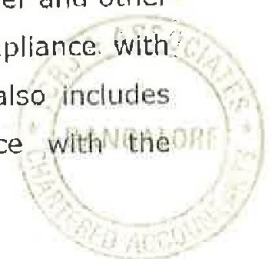
		from Odisha. We have relied upon the management replies and documents provided in this process.
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**Information Other than the Ind AS Financial Statements and Auditor's Report thereon**

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 Ind AS financial statements and our auditor's report thereon.
2. Our opinion on the 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 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 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 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 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



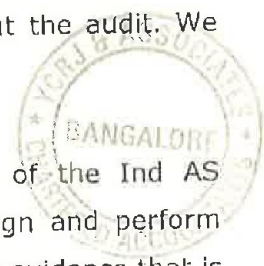


provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance 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 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 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 Ind AS Financial Statements**

1. Our objectives are to obtain reasonable assurance about whether the 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 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 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.
  - Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations
  - 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 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 Ind AS financial statements, including the disclosures, and whether the 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 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 financial statements.

4. We also 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 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.

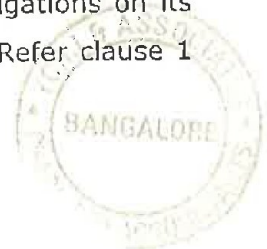
#### Other Matters

1. The financial statements of the Company for the year ended 31<sup>st</sup> March 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 25<sup>th</sup> June 2020.
2. The Company has requested its debtors and creditors for confirmation of balances as disclosed in Note No. 24.18 to the Ind AS financial statements. However, we have not received any 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. The requirement of the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, have not been addressed for the half yearly ended reporting period i.e., 30.09.2020.
  
2. 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. Accordingly, we have relied upon the expenditure statement as certified by the management.
  
  - (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), 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 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) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we have not addressed the same for the half yearly ended reporting period i.e., 30.09.2020.
  
  - (f) 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 Ind AS financial statements. Refer clause 1 of Note No. 24 of the Ind AS financial statements.



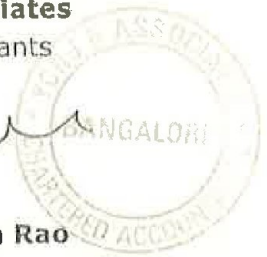


- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Company.

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

*Rajnish*

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



**Place:** Bangalore  
**Date:** 11.11.2020  
**UDIN:** 20202465AAAAC5252



**KUDREMU KH**

ಕವಿಎಲ್ 9001, 14001 ಮತ್ತು  
ಓಎಸ್ ಎಸ್ 18001 ಸಂಸ್ಥೆ  
ಆರ್‌ಐ‌ಎಸ್‌ಓ 9001, 14001 ತಥಾ  
ಓಎಫ್‌ಎಸ್‌ಐ 18001 ಕಂಪನಿ  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

## ಕವಿಎಲ್ ಅಮಿಟೆಡ್

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :  
೨ನೇ ವಿಭಾಗ, ಕೋರಮಂಗಲ  
ಬೆಂಗಳೂರು - ೫೬೦ ೦೩೪.

ದೂರವಾಣಿ : ೦೮೦-೨೫೫೩೧೪೬೧ ರಿಂದ ೬೬  
ಫ್ಯಾಕ್ಸ್ : ೦೮೦-೨೫೫೩೧೪೬೨-೫೯೪೧  
ವೆಬ್ ಸೈಟ್ : [www.kioclltd.in](http://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](http://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](http://www.kioclltd.in)  
CIN : L13100KA1976GOI002974

CERTIFICATE AS PER REGULATION 33(2)(a) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Board of Directors  
KIOCL Limited.

We hereby certify that the Audited Financial Results for the Quarter and half year ended 30<sup>th</sup> September, 2020 as placed before the Board do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

  
(S.K. Gorai)

**Director Finance**

  
(MV Subba Rao)

**Chairman-cum-Managing Director**

Place: Bangalore

Date: 11<sup>th</sup> November, 2020