



ISO 9001, 14001 ಮತ್ತು  
18001 ಸಂಸ್ಥೆ  
ಆಐಐಎಸ್ 9001, 14001 ಮತ್ತು  
18001 ಕಂಪನಿ  
ISO 9001, 14001 &  
OHSAS 18001 COMPANY

## ಕೆಐಓಸಿಎಲ್ ಅಮಿಟೆಡ್

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ನೋಂದಾಯಿತ ಕಾರ್ಯಾಲಯ :  
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## के आई ओ सी एल लिमिटेड

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय :  
II ब्लॉक, कोरमंगला,  
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## KIOCL LIMITED

(A Government of India Enterprise)

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

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No. S/BC/1(26-1)/2022/

February 8, 2022

The Secretary,  
National Financial Reporting Authority,  
7<sup>th</sup> Floor, Hindustan Times House,  
Kasturba Gandhi Marg,  
New Delhi.

**Sub: Financial Reporting Quality Review Report (FRQRR) for the financial year 2019-20 of KIOCL Ltd: Action Taken Report.**

This is in reference to the FRQRR dated 28<sup>th</sup> September 2021, issued by the Authority in respect of KIOCL Ltd for the Financial Year 2019-20. Immediately on receipt of the FRQRR the Company forwarded the same to its then Statutory Auditors M/s Anand & Ponnappan, Chartered Accountants and also to the Director General of Commercial Audit, Hyderabad for their information and perusal. The FRQRR was also forwarded forthwith to the Chairman, Audit Committee and all Independent Directors of the Company for their information.

Upon perusal of the FRQRR, it is seen that the conclusions/ recommendations by NFRA in respect of 48 (Forty-Eight) observations were categorized into High (7 observations), Moderate (28 observations) and Low impact (13 observations). Out of the 7 observations categorized as high impact, 3 have been highlighted as "high impact non-compliance". Upon our scrutiny, it is seen that out of these, one is deviation of accounting treatment from that of the Policy/Ind AS, having financial impact of Rs.48.08 lakhs, one pertains to non-updation of the policy as per latest Ind AS, having Nil financial impact and the third one was made due to non-attachment of evidence of valuation of assets in BFU by external valuer assessing nil impairment loss, consequently having no financial impact.

In the said FRQRR, NFRA advised KIOCL to examine if it is necessary "to prepare and publish restated financial statements as per Ind AS 8 and Section 131 of the Companies Act, 2013" for the said year. The Company was also advised to place FRQRR before its Board of Directors for information and for taking appropriate actions.

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*Asst. Secy.*

This is to submit that, the Company scrutinized all the NFRA observations in depth and noted that many cases (Refer Annexure-I), *the original query raised by NFRA for which KIOCL responded, was modified/redrafted by NFRA when incorporating into FRQRR, which has the potential of leading the readers of FRQRR and the public at large through press to erroneous conclusion. It is further noted that the Company was not given opportunity to respond to the NFRA observations/conclusions made in FRQRR and also to the modified KIOCL's response, incorporated into FRQRR, before the same was uploaded in NFRA website and simultaneously disseminated through press release.*

However, as recommended by NFRA, FRQRR was placed before 112<sup>th</sup> Audit Committee meeting held on 12.11.2021 and also in the 276<sup>th</sup> Meeting of the Board, held on the same day. The Board while deliberating on the FRQRR, duly considered the following aspects:

- (a) Findings of the Audit Committee upon deliberation in its 112<sup>th</sup> Meeting on FRQRR.
- (b) Comments of the then statutory auditors, M/s Anand & Ponnappan, Chartered Accountants on FRQRR.
- (c) Impact of NFRA's each observation on Financial Reporting for the said Financial Year, in particular the financial impact of omission regarding treatment of Foreign Currency Forward Contracts, which worked out to Rs 48.08 lakhs, on the true and fair view of the state of affairs of the Company.

After detailed deliberation, based on the proposal of the management, the Board of the Company took note of the management's view that restatement of the financial statement for the FY 2019-20 was not necessary. The Board however advised the management, "to prepare reply to the points raised in FRQRR duly vetted by the Chairman, Audit Committee and place the same along-with action plan to the Board in its next Board meeting for furnishing an ATN to NFRA, including the remedial action proposed to be taken". Management action on the same has since been initiated.

In this regard, it is to inform that, work order issued to M/s Deloitte Touche Tohmatsu India LLP on 19.01.22 as an external expert agency to guide the Company team in incorporating observation of NFRA and any other pertinent issues on disclosure and presentation of Financial Reporting into the Financial Statement of the FY 2021-22. Also, any other suggestions from the proposed experts for improvement in compliance with mandatory Ind AS Standards and also overall presentation of the same, would also be incorporated if found relevant and appropriate.

*NSP at 02*

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After incorporating the observations of NFRA, that require management action/rectification, the Company would forward to the NFRA, the Financial Statements for the FY 2021-22, as soon as the same is approved by the Company's Board of Directors.

This Action Taken Report is being issued in the interim, till the completion of preparation of Financial Statements for the current Financial Year.

The Company would be happy to provide any further clarification on the action taken on FRQRR as may be advised by NFRA.

Thanking you,

Yours sincerely,  
For KIOCL Limited



PK Mishra  
(Company Secretary)

Encl : Annexure-I

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Statement of Modification incorporated in FRQRR of KIOCL Limited (*Highlighted*)

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021                       | FRQR Report   |   |
|-------|------------------------|--|---|---|---|
|       |                        |  |   | NFRA Observation having modifications   | KIOCL Response as quoted                            |
| 1     | 2                      | <p><b>Para No 1.4.6</b><br/> <b>Note 1.14 Impairment of financial assets</b><br/> <b>Subject Matter of Issue</b><br/> Accounting policy .....Expected Credit Loss (ECL).</p> <p><b>NFRA Query</b><br/> a. Kindly provide the details of the amount of impairment allowances based on ECL recognized for Trade Receivables and the mechanics of the practical expedient used, if any.<br/> b. Please explain where the allowance for ECL has been presented in the financial Statements</p>   | There was .....copy attached.                       | <p><b>Para No 2.1.2</b><br/> <b>Note 1.14 Impairment of financial assets (Also, refer Observation # 2.1.6 below)</b><br/> <b>Subject Matter of Issue</b><br/> Accounting policy ..... Expected Credit Loss (ECL).<br/> In Note 5.4, KIOCL has disclosed Outstanding amount Trade Receivables ₹ 12,266.77 lakh comprising the following<br/> (i) Considered Good Secured (Secured by Letter of Credit) - ₹ 8752.74 lakh<br/> (ii) Considered Good Unsecured – ₹ 3,514.03 lakh</p> <p><b>NFRA Observation</b><br/> a) NFRA observes that there is no impairment loss allowance recognised in respect of the above financial assets as required under Ind AS 109, Financial Instruments.</p> | There were ..... copy attached.                     |
| 2     | 4                      | <p><b>Para No 1.3.19</b><br/> <b>Note 24.20: : Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the above referred .....during the year.”.</p> <p><b>NFRA Query</b><br/> Please provide the details supporting the following:<br/> a. How the recoverable amount was measured i.e., higher of fair value less costs of disposal and value in use?<br/> b. Details of computation of value in use such as estimated of future cash flows,</p> | Due to uneconomic price ..... resolution attached.) | <p><b>Para No 2.1.4</b><br/> <b>Note 24.20: Other Notes forming part of Financial Statements: Impairment of Assets</b><br/> <b>Subject Matter of Issue</b><br/> In the above referred ..... during the year.”.</p> <p><b>NFRA Observation</b><br/> a) It is not clear from the above disclosures as to how the recoverable amount was measured i.e., higher of fair value less costs of disposal and value in use. Further, there is lack of disclosure of information required by paragraph 30 to 53 of Indian Accounting Standard (Ind AS) 36 “Impairment of Assets”)</p>   | Due to uneconomic price ..... resolution attached.) |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021        | FRQR Report   |                                      |
|-------|------------------------|---|--------------------------------------|---|--------------------------------------|
|       |                        |   |                                      | NFRA Observation having modifications   | KIOCL Response as quoted             |
|       |                        | <p>basis of estimation of such cash flows, period over which the future cash flows have been estimated, discount rates used, how the estimated future cash flows that are expected to arise from (a) a future restructuring to which an entity is not yet committed; or (b) improving or enhancing the asset's performance are eliminated etc. (paragraph 30 to 53 of Indian Accounting Standard (Ind AS) 36 "Impairment of Assets" (Ind AS 36).</p> <p>c. Whether the above computations were considered reviewed presented to Audit Committee and the Board of Directors (BoD) and please provide us the evidence of relevant reports provided to such authorities.</p> <p>d. Whether the company considered the need of disclosure required by paragraph 132 of Ind AS 36 and where it is disclosed.</p> |                                      | <p>(Ind AS 36) such as details of computation of value in use such as estimated of future cash flows, basis of estimation of such cash flows, period over which the future cash flows have been estimated, discount rates used, how the estimated future cash flows that are expected to arise from (a) a future restructuring to which an entity is not yet committed; or (b) improving or enhancing the asset's performance are eliminated etc.</p> <p>b) Also, it not clear whether the impairment loss computations were considered and reviewed by Audit Committee and the Board of Directors (BoD) of the Company as there was no mention of relevant reports being provided to such authorities.</p> |                                      |
| 3     | 5                      | <p><b>Para No 1.3.20</b><br/> <b>Note 24.26: Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In the above-mentioned ..... in other gains/ (losses).<br/> <b>NFRA Query</b><br/>           Please provide which line of the Balance Sheet the unrealised gain/loss of these above-mentioned Foreign Currency Forward Contracts outstanding are presented in the Balance Sheet as of 31 March 2020 and 31 March 2019 and supporting calculation.</p>   | Gain and Loss ..... 31st March 2019. | <p><b>Para No 2.1.5</b><br/> <b>Note 24.26: Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In the above-mentioned ..... in other gains/ (losses).<br/> <b>NFRA Observation</b><br/>           It is not clear from the presentation and disclosures in the financial statements as to which line item of Balance Sheet the financial assets (unrealised gains) or financial liabilities (unrealised losses) relating to these outstanding Fx Forward Contracts, which are Derivative Financial Instruments within the scope of Ind AS 109, are presented.</p>   | Gain and Loss ..... 31st March 2019. |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021        | FRQR Report  |                                      |
|-------|------------------------|--|--------------------------------------|--|--------------------------------------|
|       |                        |  |                                      | NFRA Observation having modifications  | KIOCL Response as quoted             |
| 4     | 6                      | <p><b>Para No 1.3.22</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In Note 24.26 Financial Risk Management, ..... receivable to be negligible. <b>[Emphasis Added]</b></p> <p><b>NFRA Query</b><br/> <i>Kindly explain why the management considers the trade receivables supported by Letters of Credit and Bank Guarantees as having negligible credit risk? There have been many instances of heightened credit risk due to bank failures in India and abroad. It is important to note that Banks and Financial Institutions also have potential to default on their payment/credit obligations, hence pose credit risk to their counterparties. Therefore, is this assumption of KIOCL justified? Also, kindly provide the reference of Ind AS 109 which permits this kind of Expected Credit Loss (ECL) recognition and measurement.</i></p> | Assumption of ..... scheduled banks. | <p><b>Para No 2.1.6</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In Note 24.26 Financial Risk Management, ..... receivable to be negligible. <b>[Emphasis Added]</b></p> <p><b>NFRA Observation</b><br/> <i>KIOCL's assumption that the trade receivables supported by Letters of Credit and Bank Guarantees as having negligible credit risk is not justifiable and is not in accordance with letter and spirit of principles and concepts of Expected Credit Loss (ECL) approach for impairment loss recognition and measurement under Ind AS 109, Financial instruments. There have been many instances of heightened credit risk due to bank failures in India and abroad. It is important to note that Banks and Financial Institutions also have potential to default on their payment/credit obligations, hence, also pose credit risk to their counterparties.</i></p> | Assumption of ..... scheduled banks. |
| 5     | 7                      | <p><b>Para No 1.3.23</b><br/> <b>Note 24.28: Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/>           In clause ..... as their fair values....."</p> <p><b>NFRA Query</b><br/>           Please explain which paragraph ....(Ind AS 109) <i>makes this statement as a basis for determining fair value.</i></p>  | This statement is ..... Attached)    | <p><b>Para No 2.1.7</b><br/> <b>Note 24.28: Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/>           In clause ..... as their fair values....."</p> <p><b>NFRA Observation</b><br/>           It is not clear which paragraph .... (Ind AS 109) <i>or Indian Accounting Standard (Ind AS) 107, Financial Instruments: Fair Value Disclosures</i></p>   | This statement is ..... AS-107.      |

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| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021                          | FRQR Report  |  |
|-------|------------------------|---|--|--|--|
|       |                        |   |  | NFRA Observation having modifications  | KIOCL Response as quoted                               |
|       |                        |   |  | <i>(Ind AS 107) prescribes the above as basis for determining fair value.</i>  |  |
| 6     | 8                      | <p><b>Para No 1.3.5</b><br/> <b>Note 5.4 Trade Receivables</b><br/> <b>Subject Matter of Issue</b><br/> Paragraph 119(b) ..... with paragraphs 56–58).<br/> <b>NFRA Query</b><br/> NFRA observes that in Note 5.4 ..... (for example 30 to 90 days etc.).<br/> Please explain<br/> <i>a. why the above aspect has not been disclosed?</i><br/> b. how do you distinguish ..... significant financing component?</p> | Most of the sales ..... additional disclosure if any.  | <p><b>Para No 2.2.1</b><br/> <b>Note 5.4 Trade Receivables</b><br/> <b>Subject Matter of Issue</b><br/> Paragraph 119(b) ..... with paragraphs 56–58).<br/> <b>NFRA Observation</b><br/> NFRA observes that in Note 5.4 ..... (for example 30 to 90 days etc.).<br/> Also, it is not clear how the KIOCL distinguishes ..... financing component.</p>  | Most of the sales ..... additional disclosure, if any. |
| 7     | 9                      | <p><b>Para No 1.3.17</b><br/> <b>Note 24.1: Capital Commitment and Contingent/Dispute Liability</b><br/> <b>Subject Matter of Issue</b><br/> In the above .....Disputed Liability.<br/><br/> In this respect, ..... reimbursement.”<br/><br/> <b>NFRA Query</b><br/> a. NFRA ..... amounts presented. <i>Please explain the reason for non-compliance with Ind AS 37 disclosure requirements</i></p>                | The Company has made ..... due to practical expedient. | <p><b>Para No 2.2.2</b><br/> <b>Note 24.1: Capital Commitment and Contingent/Disputed Liability</b><br/> <b>Subject Matter of Issue</b><br/> In the above .....Disputed Liability.<br/> <i>In particular, it has disclosed the total amount of ₹ 65,549.29 Lakh as contingent liabilities under the heading Claims against the Company not acknowledged as debt. The break up this amount is as follows.</i><br/> On Revenue Account ₹ 50,563.<br/> On Capital Account ₹ 14,986.15 lakh<br/><br/> <i>It has given brief description of the contingent liabilities for amounts totalling approx. ₹ 42,485.11 lakh (11,057.62+ 5,848.31+60.77+440.32+192.96+59.82+14,463.93+10,361.38) only.</i><br/> In this respect, ..... reimbursement.”<br/> <b>KIOCL Observation ?? (NFRA Observation)</b></p> | The Company has made .... due to practical expedient.  |

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| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report   |  |
|-------|------------------------|---|---|---|--|
|       |                        |   |   | NFRA Observation having modifications   | KIOCL Response as quoted   |
|       |                        |   |   | NFRA .....amounts presented as required by paragraph 86 of Ind AS 37 <i>in respect of substantial amount of contingent liabilities.</i>   |  |
| 8     | 10                     | <p><b>Para No 1.3.18 &amp; 1.4.10</b><br/> <b>Note 24.6: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the above ..... commissioning liabilities.”<br/> <b>NFRA Query (1.3.18)</b><br/> <i>Please explain the purpose of this note and its implications, if any, on non-compliance with Ind AS requirements.</i></p> <p><b>NFRA Query (1.4.10)</b><br/> Considering the .... Ind AS 36? Please explain.</p>  | <p><b>Reply to NFRA Query (1.3.8)</b><br/> Disclosure has ..... requirements.</p> <p><b>Reply to NFRA Query (1.4.10)</b><br/> There is no ..... loss expected as per Ind AS 36.</p>   | <p><b>Para No 2.2.3</b><br/> <b>Note 24.6: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the above ..... commissioning liabilities.”<br/> <b>NFRA Observation</b><br/> It is unclear as to the objective behind this disclosure. Also, <i>there is absence of any quantitative disclosure regarding the impact of this on the financial statements of the Company.</i><br/> NFRS further ..... as per Ind AS 36?</p>   | <p>Disclosure has .... requirements.<br/> There is no ..... loss expected as per Ind AS 36.</p>  |
| 9     | 12                     | <p><b>Para No 1.3.24</b><br/> <b>Note 24.28: Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/> <i>As disclosed in the above referred note, KIOCL has valued Liquid Mutual Funds Of ₹ 4,230.89 Lakhs as Amortised Cost Method as on March 31, 2019.</i><br/> Para 4.1.2 of Ind AS ..... outstanding.”</p> <p><b>NFRA Query</b><br/> <i>a. NFRA observes that in Note 24.28. KIOCL has valued Liquid Mutual Funds of ₹ 4,230.89 Lakhs as Amortised Cost Method as on March 31, 2019. Please explain how this measurement treatment meets the cash flow</i></p> | <p><i>a. The Company has made Investments in SEBI regulated Liquid Mutual Fund and such Investments were classified under “Cash and Cash Equivalent” up to 2018-19. During the year 2019-20 he same has been reclassified as “Current Investments” based on the expert opinion in line with C&amp;AG observations. As on 31st March 2020, there was no investment. The previous year balance alone has been regrouped from cash and cash equivalent to Current Investments.</i></p> | <p><b>Para No 2.2.5</b><br/> <b>Note 5.3: Investment &amp; Note 24.28: Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/> <i>In Note 5.3, KIOCL has disclosed an amount ₹4,230.89 lakh as investments in liquid mutual funds as of March 31, 2019, which qualifies as financial asset within the scope of recognition and measurement requirements of Ind AS 109 Financial Instruments and disclosure requirements Ind AS 107 and Ind AS 113. Further, in Note 24.28 the KIOCL has disclosed measurement category-wise carrying amounts of various financial assets and financial liabilities. In this Note 24.28 all the items of financial assets and financial</i></p> | <p><i>As on 31st March 2020, there was no investment. The previous year balance alone has been regrouped from cash and cash equivalent to Current Investments. Being Liquid Mutual Funds are traded at Active Market for which NAVs available. Hence, it has been categorized as Level1 in the Fair Value measurement hierarchy. As already explained, it was only a</i></p> |



| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |  |
|-------|------------------------|--|---|---|--|
|       |                        |  |   | NFRA Observation having modifications   | KIOCL Response as quoted   |
|       |                        | <p>characteristic criteria prescribed in paragraph 4.1.2 (b) of Ind AS 109 for subsequent measurement at amortised cost of financial asset.</p> <p>b. Please explain how KIOCL determined that it is a Level I/II/III Category Asset as per fair value hierarchy mentioned in Paragraph 72 to 75 of Ind AS 113 "Fair Value Measurement" and why it is not disclosed for liquid mutual fund.</p> <p>C. Please explain whether the KIOCL has used the Net Asset Value of liquid mutual fund for calculating the fair value of financial asset? If not, why not?</p> <p>d. Please also explain whether Liquid mutual funds are traded in the active market for which quoted price/ Net Asset Value is available or not?</p> <p>e. Note 24.14 mentions about correction of error observed during supplementary audit by the C&amp;AG. Please provide a copy of the C&amp;AG observation in this regard. Also, clarify whether the correction of error resulted in restatement of comparative amount as required under paragraph 42 of Ind AS 8. If yes, what is the amount of correction and how the measurement related error has been corrected?</p> | <p>b. Being Liquid Mutual Funds are traded at Active Market for which NAV's available. Hence, it has been categorized as Level-1 in the Fair Value measurement hierarchy. As already explained, it was only a reclassification during the year and since the balance outstanding at the reporting date was nil, the fair value measurement disclosure was not made.</p> <p>c. For calculating fair value, Net Assets Value (NAV) of Liquid mutual fund as on the closing date has been considered. Disclosure to that effect has not been made as there was no balance during the year 2019-20.</p> <p>d. Liquid mutual fund are traded at active market for which NAV's are available. The reclassification of Liquid Investment from cash and cash equivalent to current investment made based on the observation by C&amp;AG during the year 2018-19 As stated above only the comparative figures for Rs 4230.89 lakhs has been reclassified, with a reduction of same amount from cash and cash equivalent (C&amp;AG observation and management replies thereof are attached) and suitable disclosure to that effect has been made at Note No. 24.14. The question of</p> | <p>liabilities are reported under Amortised Cost Measurement category including the above-mentioned investments in Liquid Mutual Funds of ₹ 4,230.89 lakh as on March 31, 2019.</p> <p>Para 4.1.2 of Ind AS ..... outstanding."</p> <p><b>NFRA Observation</b><br/>NFRA observes that based on the KIOCL's disclosures, it has erroneously classified and measured investments in liquid mutual funds at Amortised Cost. However, these investments do not meet the cash flows characteristics conditions in paragraphs 4.1.2(b) and 4.1.2A(b) of Ind AS 109 and cannot be subsequently measured at amortised cost or fair value through other comprehensive income. Therefore, investments in liquid mutual funds have to be classified and subsequently measured as Fair Value through Profit or Loss (FVTPL). Accordingly, the classification and measurement for investments in liquid mutual funds at amortised cost is not compliance with the requirements of Ind AS 109 for the financial year March 31, 2019. Although, there were no such investments as of March 31, 2020 and these were sold during the financial year 2019-20, the erroneous measurement of investments as of previous financial year end will have impact on the gain/loss recognised during the financial year</p> | <p>reclassification during the year and since the balance outstanding at the reporting date was nil, the fair value measurement disclosure was not made.</p> |

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| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report   |  |
|-------|------------------------|---|---|---|--|
|       |                        |   |   | NFRA Observation having modifications   | KIOCL Response as quoted   |
|       |                        |   | <i>restatement did not arise as there was no reduction in the value and the consequent effect on Retained Earnings.</i>                                     | <i>2019-20 on account of sale of these investments.</i>   |  |
| 10    | 13                     | <p><b>Para No 1.3.27</b><br/> <b>Note 24.36: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issues</b><br/> In the above ..... date.....".<br/> <b>NFRA Query</b><br/> <i>In this respect, please provide us the below documents and clarifications:</i><br/> <i>a. Please provide the work paper where the detailed assessment for COVID-19 impact was carried out covering the assets and liabilities as on Balance sheet date.</i><br/> <i>b. Whether COVID-19 assessment as mentioned above was presented to Audit Committee or Board of Directors?</i><br/> <i>c. Please provide the reference of date of audit committee meeting/Board of Directors meeting where such issue/assessment was presented and discussed with approval thereof.</i><br/> <i>d. Please provide the assessment of the Company on going concern with respect to adverse indicator of reduction of Net Worth in FY 2019-20 as compared to FY 2018-19, Negative net cash flows from operating activities in last 3 years of ₹2,175.92 Lakhs negative (FY 2018-19 ₹ 12,626.89 Lakhs negative, and FY 2017-18 ₹9957.74 Lakhs negative), Valuation</i></p> | <p><b>(a, b &amp; c)</b> Detail assessment ..... to the Board.</p> <p><b>(d)</b> During the year the ..... concern. The Company ..... Directors report.</p> | <p><b>Para No 2.2.6</b><br/> <b>Note 24.36: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the above .....date.....".<br/> <b>NFRA Observation</b><br/> <i>Paragraph 25 of Ind AS 1 requires that the Company's management shall make an assessment of an entity's ability to continue as a going concern. Paragraph 26 of Ind AS 1 provides guidance on assessment of going concern and requires the Companies', in some cases, to consider range of factors apart consideration of history of profitable operations, to satisfy itself that the preparation of financial statements on going concern assumption is appropriate. NFRA observes certain adverse factors which indicated a need for detailed assessment by KIOCL's assessment about its ability to continue as going concern. The adverse factors observed were Negative net cash flows from operating activities in last 3 years of ₹2,175.92 lakh negative (FY 2018-19 ₹12,626.89 lakh negative, and FY 2017-18 ₹9957.74 lakh negative), reduction of Net worth in FY 2019-20 as compared to FY 2018-19 and Write-down of inventories to Net Realisable Value (NRV) as of March 31 March, 2020 &amp; 31 March, 2019. While the above</i></p> | <p><i>Detail assessment ..... to the Board. During the year the ..... concern.</i></p> <p><i>The Company ..... Directors report.</i></p> |

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| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021                         | FRQR Report  |   |
|-------|------------------------|--|---|--|---|
|       |                        |  |   | NFRA Observation having modifications  | KIOCL Response as quoted                                |
|       |                        | <i>of Inventories at Net Realisable Value (NRV) as of March 31 March,2020 &amp; 31 March,2019 instead of cost.</i>   |   | <i>referred note states that a detailed assessment was made in the context of COVID-19 with regard to liquidity position, the disclosure did not provide adequate details of the Company's going concern assessment and also whether the assessment was subjected to a review by the Audit Committee or Board of Directors.</i>  |   |
| 11    | 14                     | <p><b>Para No 1.3.28</b><br/> <b>Note 24.39: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> Above ..... presentation</p> <p><b>NFRA Query</b><br/> <i>a. Please provide us the details of the above regroupings/reclassification/ re-casting made.</i><br/> <i>b. Has KIOCL evaluated whether these regroupings were due to prior period errors as defined in Indian Accounting Standard (Ind AS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors" (Ind AS 8)? If yes, did you evaluate the requirements of restatement of amounts as required by Paragraph 42 of Ind AS 8?</i></p> | The details are as below.....for better presentation. | <p><b>Para No 2.2.7</b><br/> <b>Note 24.39: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> Above ..... presentation.</p> <p><b>NFRA Observation</b><br/> <i>NFRA observes that there are no details of the regroupings/ reclassification/ re-casting made to enable the users of the financial statements to understand the impact of the above reclassifications and regroupings. Also, it is not clear whether these reclassifications and regroupings were due to correction of prior period errors as defined in Indian Accounting Standard (Ind AS) 8, Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS 8) and whether these errors needed any restatement of amounts as required by Paragraph 42 of Ind AS 8 or the reclassifications due to changes in the presentation/classification of items under paragraph 41 of Ind AS 1.</i></p> | The details are as below ..... for better presentation. |
| 12    | 15                     | <p><b>Para No 1.4.2</b><br/> <b>Note 1.7 Income Tax</b><br/> <b>Subject Matter of Issue</b></p>  | The Company ..... during current FY 2021-22.          | <p><b>Para No 2.2.8 Significant Accounting Policies</b><br/> <b>Note 1.7: Income Tax</b><br/> <b>Subject Matter of Issue</b></p>   | The Company ..... during current FY 2021-22.            |

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| S. No  | Ref S. No. of Analysis               | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |   |        |   |                                      |      |  |  |
|--------|--------------------------------------|---|--|---|---|--------|---|--------------------------------------|------|--|--|
|        |                                      |   |  | NFRA Observation having modifications   | KIOCL Response as quoted                    |        |   |                                      |      |  |  |
|        |                                      | Above referred accounting policy..... financial Statements.” [Emphasis Added]<br><b>NFRA Query</b><br>Kindly explain which paragraph of Ind AS 12 prescribes use of the ‘liability method’ for recognising the deferred tax assets and liabilities.   |  | Above referred accounting policy..... financial Statements.” [Emphasis Added]<br><b>NFRA Observation</b><br>KIOCL’s use of ‘Liability Method’ for accounting deferred tax assets and deferred tax liabilities is unclear, ambiguous and appears inconsistent with the accounting required under Indian Accounting Standard (Ind AS) 12, Income Taxes (Ind AS 12).   |   |        |   |                                      |      |  |  |
| 13     | 16                                   | <b>Para No 1.4.4</b><br><b>Note 1.11. Trade Receivables</b><br><b>Subject Matter of Issue.</b><br>The above ..... Impairment.”<br><b>NFRA Query</b><br>Please explain how the above stated accounting policy of initial measurement of trade receivables is in accordance with the requirements of paragraph 5.1.3 read with paragraph 5.1.1 of Indian Accounting Standard (Ind AS) 109, Financial Instruments? | It is submitted ..... Accounting Standards.  | <b>Para No 2.2.9</b><br><b>Note 1.11. Trade Receivables</b><br><b>Subject Matter of Issue</b><br>The above ..... impairment.”<br><b>NFRA Observation</b><br>NFRA observes that the accounting policy for initial measurement of financial asset in the form of Trade Receivables is incorrect and contrary initial measurement requirements of paragraph 5.1.3 read with paragraph 5.1.1 of Indian Accounting Standard (Ind AS) 109, Financial Instruments for Trade Receivables.<br><b>Paragraph 5.1.1</b> “Except ..... or financial liability.”<br><b>Paragraph 5.1.3</b> “Despite the ..... 63 of Ind AS 115).” | It is submitted ..... Accounting Standards. |        |   |                                      |      |  |  |
| 14     | 17                                   | <b>Para No 1.3.11</b><br><b>Note 16: Other Income</b><br><b>Subject Matter of Issue</b><br>In the above ..... Rs.331.77 Lakhs).<br><b>NFRA Query</b><br>Please give the category wise split up of details of amount included in this line item, Also, explain why KIOCL has not   | The breakup of Rs. 403.06 Lakhs are as follows:<br>(Rs. in Lakhs)<br><table border="1"> <thead> <tr> <th>Sr. no</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>i</td> <td>Interest on advance to the Employees</td> <td>5.60</td> </tr> </tbody> </table> | Sr. no  | Particulars                                 | Amount | i | Interest on advance to the Employees | 5.60 | <b>Para No 2.2.10</b><br><b>Note 16: Other Income</b><br><b>Subject Matter of Issue</b><br>In the above ..... ₹331.77 lakh). In this amount, interest on income tax refund has been included, which does not relate to an asset that is not within the scope amortised cost measurement under Ind AS 109.<br><b>NFRA Observation</b> | KIOCL has provided breakup of Interest income in which Interest against income tax refund was ₹ 298.07 lakh. |
| Sr. no | Particulars                          | Amount  |  |   |   |        |   |                                      |      |  |  |
| i      | Interest on advance to the Employees | 5.60  |  |   |   |        |   |                                      |      |  |  |

| S. No | Ref S. No. of Analysis                   | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |        |     |  |       |    |                             |       |  |       |        |   |  |
|-------|--|--|---|---|---|--------|-----|--|-------|----|-----------------------------|-------|--|-------|--------|---|--|
|       |  |  |   | NFRA Observation having modifications   | KIOCL Response as quoted                              |        |     |  |       |    |                             |       |  |       |        |   |  |
|       |  | specified the source of income instead of writing as 'other'.  | <table border="1"> <tr> <td>ii</td> <td>Interest against Income tax refund</td> <td>289.07</td> </tr> <tr> <td>iii</td> <td>Int. on Securities deposits with DISCOMS</td> <td>60.48</td> </tr> <tr> <td>iv</td> <td>Interest from Vendor (NMPT)</td> <td>47.01</td> </tr> <tr> <td></td> <td>Total</td> <td>403.06</td> </tr> </table> <p>The above interest are regular in nature except interest from the Vendor (NMPT) for which suitable disclosure was made in Note No 24.33 (Copy attached)</p> | ii  | Interest against Income tax refund                    | 289.07 | iii | Int. on Securities deposits with DISCOMS | 60.48 | iv | Interest from Vendor (NMPT) | 47.01 |  | Total | 403.06 | NFRA observes that there is incorrect presentation and grouping of interest income on assets not subject to amortised cost measurement. |  |
| ii    | Interest against Income tax refund       | 289.07   |   |   |   |        |     |  |       |    |                             |       |  |       |        |   |  |
| iii   | Int. on Securities deposits with DISCOMS | 60.48  |   |   |   |        |     |  |       |    |                             |       |  |       |        |   |  |
| iv    | Interest from Vendor (NMPT)              | 47.01  |   |   |   |        |     |  |       |    |                             |       |  |       |        |   |  |
|       | Total                                    | 403.06   |   |   |   |        |     |  |       |    |                             |       |  |       |        |   |  |
| 15    | 18                                       | <p><b>Para No 1.3.26</b><br/> <b>Note 24.34: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the ..... head of accounts.”<br/> <b>NFRA Query</b><br/> a. Please explain why the above disclosure has been made if the amounts are not material?<br/> b. While concluding the materiality of the amounts did you consider both: the size and nature of the item or combination of both (refer paragraph 7 of Ind AS 1) or only the size (quantitative factor) as the determining factor.</p> | <p>a. Income ..... disclosure made.<br/> b. While ..... considered.</p>   | <p><b>Para No 2.2.11</b><br/> <b>Note 24.34: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/> In the above ..... head of accounts.”<br/> <b>NFRA Observation</b><br/> Explanatory notes and disclosures regarding items/aspects that are not material should be avoided otherwise, it may obscure the importance of other material information which will be against the underlying principles of Ind AS.<br/> It is not clear which line or sub-line items in the financial statements are impacted by the above disclosure. As a result, it is incomplete and ambiguous disclosure to the users of the financial statements.</p> | Income ..... disclosure made. While ..... considered. |        |     |  |       |    |                             |       |  |       |        |   |  |
| 16    | 19                                       | <p><b>Para No 1.4.5</b><br/> <b>Note 1.14 (iii) Fair Value through Profit or Loss:</b></p>   | Accounting policy ..... other gains/(losses).”  | <p><b>Para No 2.2.12</b><br/> <b>Note 1.14 (iii) Fair Value through Profit or Loss:</b><br/> <b>Subject Matter of Issue</b></p>   | Accounting policy ..... other gains/(losses).”        |        |     |  |       |    |                             |       |  |       |        |   |  |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |   |
|-------|------------------------|---|--|---|---|
|       |                        |   |  | NFRA Observation having modifications   | KIOCL Response as quoted  |
|       |                        | <p><b>Subject Matter of Issue</b><br/>Accounting ..... instruments.</p> <p><b>NFRA Query</b><br/>Please explain ..... FC Forward Contracts, please explain why the accounting policy disclosed in the financial statements is silent in this respect?</p>   |  | <p>Accounting ..... instruments.</p> <p><b>NFRA Observation</b><br/>Please explain ..... FC Forward Contracts, it is not clear and apparent as to the accounting policy applied for Fx Forward Contracts.</p>   |   |
| 17    | 20                     | <p><b>Para No 1.1.2</b><br/><b>Cash flow from Operating Activities</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 35 of ..... investing activities, [Emphasis Added]</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL has not disclosed "Taxes Paid (net of refunds)" as a separate line item within cash flows from operating activities. Please explain the reason for non-compliance of the provisions of the Para 35 of Ind AS 7. Further please advise the line item where this item is clubbed or presented.</p> | <p>During the year 2019-20 ..... subsequent financial year i.e 2020-21.</p>  | <p><b>Para No 2.2.13</b><br/><b>Cash Flow Statement: Cash flow from Operating Activities</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 35 of ..... investing activities, [Emphasis Added]</p> <p><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not disclosed "Taxes Paid (net of refunds)" as a separate line item within cash flows from operating activities.</p> | <p>During the year 2019-20 ..... subsequent financial year i.e 2020-21.</p> |
| 18    | 24                     | <p><b>Para No 1.3.6</b><br/><b>Note 7.a : Inventories &amp; Note 24.13 : Other Notes ..... Statements: Inventories</b><br/><b>Subject Matter of Issue</b></p> <p>a) <b>Mode of Valuation of Inventories</b><br/>KIOCL has ..... Additives</p> <p><b>NFRA Query</b><br/>NFRA observes ..... for each class of inventories. Please clarify,</p>   | <p>a. It is clearly ..... compliance.<br/><i>The valuation of different Inventories is summarized below and the detailed statement is enclosed as Annexure:</i><br/>i. <i>Iron Ore Fines (NMDC, Bailadila) : The Cost (weighted average) of stock as on 31.03.2020 was Rs.5985.19/MT and the Landed cost against the price revision by NMDC on 04.04.2020 was Rs.5530.42/MT(NMDC revision letter and Landed cost calculations enclosed). Thus, the lower of value at</i></p> | <p><b>Para No 2.2.17</b><br/><b>Note 7.a : Inventories &amp; Note 24.13 : Other Notes ..... Statements: Inventories</b><br/><b>Subject Matter of Issue</b></p> <p>a) <b>Mode of Valuation of Inventories</b><br/>KIOCL ..... Additives</p> <p>b) <b>Valuation of Inventories</b><br/>In Note 24.13 ..... (Ind AS 2).</p> <p><b>NFRA Observation</b></p>                               | <p>a) It is ..... compliance.</p>   |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021  | FRQR Report   |                          |
|-------|------------------------|--|--|---|--------------------------|
|       |                        |  |  | NFRA Observation having modifications   | KIOCL Response as quoted |
|       |                        | <p>Also provide the complete details of inventories with carrying amount and NRV as of March 31, 2020 and March 31, 2019 with the supporting that how KIOCL has concluded the valuation of inventories.</p> <p><b>b) Valuation of Inventories</b><br/> <b>Subject Matter of Issue</b><br/>           In Note 24.13 ..... (Ind AS 2)<br/> <b>NFRA Query</b><br/>           However, NFRA observes that ..... Significant Accounting Policies.<br/>           i) Please explain with supposing documents which raw materials are valued at net replacement cost and how the price is determined. ii) Also provide supporting documents related to how KIOCL has estimated the amount of Net Realisable Value (NRV) of Finished Goods:<br/>           ii) Please provide details of various category of inventories (e.g. Raw Materials, Work in progress, Finished Goods, Stores and Spare parts etc), which are valued NRV and those which are valued at Cost.</p> <p><b>c. Inadequate and lack of systematic cross referencing: (page 103 &amp; 115 of Annual Report of KIOCL for 2019-20)</b><br/> <b>Subject Matter of Issue</b><br/>           Paragraph 113 ..... the notes".</p> <p><b>NFRA Query</b></p> | <p>NRV Rs.5530.42/MT has been considered in valuation of Baila Iron ore fines including semi-finished goods.</p> <p>ii. Anthracite Coal : The Cost (weighted avg) of material as on 31.03.2020 was Rs.8964.10/MT and the Unit price as per latest PO was Rs.9050//MT (PO copy enclosed). Thus, the lower value at Cost Rs.8964.10/MT has been valued.</p> <p>iii. Burntlime: The Cost (weighted avg) of material as on 31.03.2020 was Rs.4894.59/MT and the Unit price as per latest PO was Rs.6170/MT (PO copy enclosed). Thus, the lower value at Cost Rs.4894.59/MT has been valued.</p> <p>iv. Limestone: The Cost (weighted avg) of material as on 31.03.2020 was Rs.1378.04/MT and the Unit price as per latest PO was Rs.1326.45/MT (\$17.10 x Rs.77.57) (PO copy enclosed). Thus, the lower value at NRV Rs.1326.45/MT has been valued. v. Bentonite Lumps: The Cost (weighted avg) of material as on 31.03.2020 was Rs.3413.92/MT and the Unit price as per latest PO was Rs.3475/MT (PO copy enclosed). Thus, the lower value at Cost Rs.3413.92/MT has been valued.</p> | <p>a) NFRA observes ..... for each class of inventories.</p> <p>b) NFRA observes that ..... Accounting Policies.</p> <p><b>c) Inadequate and lack of systematic cross referencing: (page 103 &amp; 115 of Annual Report of KIOCL for 2019-20)</b><br/> <b>i. Subject matter of Issue</b><br/>           Paragraph 113 ..... the notes".</p> <p><b>NFRA Observation</b><br/>           NFRA observes ..... AS 1.</p> <p><b>ii. Subject Matter of Issue</b><br/>           Note 7.a: Inventories has following disclosure "As valued and certified by the Management"</p> <p><b>NFRA Observation</b><br/>           It is unclear as to the purpose of disclosure and this kind of disclosures confuse the users of financial statements and create doubts and dilute the reliability of the independent audit assurance on the financial statements.</p> |                          |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report                           |  |
|-------|------------------------|---|---|---------------------------------------|--|
|       |                        |   |   | NFRA Observation having modifications | KIOCL Response as quoted                           |
|       |                        | <p>NFRA observes ..... AS 1.</p> <p>ii. Further please explain which Ind AS requires the disclosure of "As valued and certified by the Management" as disclosed in the Note 7.a: Inventories.</p> | <p>The Complete details of Inventories with carrying amount and NRV as of March 31, 2020 and March 31, 2019 are enclosed as Annexure.</p> <p>b. Valuation of Inventories..... was disclosed.</p> <p>i) All raw materials as on 31.03.2020 are valued at lower of Cost and NRV and details of valuation with supporting documents are enclosed as Annexure:</p> <p>ii) The details of valuation of Finished Goods as on 31.03.2020: The quantity of Finished goods at the year-end: 155775 MT The Cost of production of Pellet per ton: Rs.7,864.27/- The Net realizable value per ton: Rs.6,812.12/- (based on Sale price in Apr 20 less selling expenses of Rs.48 towards NMPT port charges. Sale Price \$91 @Rs.75.39 = Rs.6860.12 (-) Rs.48 = Rs.6,812.12/- Thus, in value of Closing stock of Pellets, considered the lowest of Cost and NRV, i.e., Rs.6,812.12/- The details of cost of production and Sale agreement with M/s. Glencore Int!, Switzerland are enclosed as Annexure:</p> <p>iii) The details of valuation of each of inventory as on 31.03.2020 is enclosed as Annexure.</p> <p>c. i. It is .....subsequent year.<br/>ii. "As valued and ..... FY 2021-22.</p> |                                       | <p>b) Valuation of Inventories..... disclosed.</p> |



| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021                       | FRQR Report   |  |
|-------|------------------------|---|---|---|--|
|       |                        |   |   | NFRA Observation having modifications   | KIOCL Response as quoted   |
|       |                        |   |   |   | c) i. It is ..... subsequent year.<br>ii. "As valued ..... FY 2021-22. |
| 19    | 26                     | <p><b>Para No 1.3.8</b><br/><b>Note 14: Other Current Liabilities</b><br/><b>Subject Matter of Issue</b><br/>In the above ..... 'Other (specify nature)'.<br/><b>NFRA Query</b><br/><i>Please explain the reason why KIOCL has not disclosed the nature of the other liability.</i></p>   | Under Note 14 ..... incorporated accordingly.       | <p><b>Para No 2.2.19</b><br/><b>Note 14: Other Current Liabilities</b><br/><b>Subject Matter of Issue</b><br/>In the above ..... 'Other (specify nature)'.<br/><b>NFRA Observation</b><br/><i>NFRA observes that there is non-compliance with the disclosure requirements of Paragraph F (III) (c) of 'General instructions for preparation of Balance Sheet' of Division II of Schedule III to the Companies Act 2013.</i></p> | Under Note 14 ..... incorporated accordingly.                          |
| 20    | 27                     | <p><b>Para No 1.3.12</b><br/><b>Note 18: Employee Benefit Expenses</b><br/><b>Subject Matter of Issue</b><br/>As part of .....figure show "Nil".<br/><b>NFRA Query</b><br/>NFRA observes ..... of Ind AS 19.<br/><i>Further, please explain whether there is any contribution relating to primary superannuation benefits in addition to 'contribution to other superannuation benefits'.</i></p> | The other superannuation ..... in the current year. | <p><b>Para No 2.2.20</b><br/><b>Note 18: Employee Benefit Expenses</b><br/><b>Subject Matter of Issue</b><br/>As part of ..... show "Nil".<br/><b>NFRA Observation</b><br/>NFRA observes ..... of Ind AS 19.</p>  | The other superannuation ..... in the current year.                    |
| 21    | 28                     | <p><b>Para No 1.3.15</b><br/><b>Note 21: Tax Expense</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 81(C) ..... computed;<br/><b>NFRA Query</b><br/><i>Please explain where and which part of the financial statements the above-mentioned information has been disclosed and why KIOCL has not complied with the above referred</i></p>  | The Company ..... for further disclosure.           | <p><b>Para No 2.2.21</b><br/><b>Note 21: Tax Expense</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 81(C) ..... computed;<br/><b>NFRA Query</b><br/><i>NFRA observes that KIOCL has not complied with the disclosure requirement Para 81(c) of Ind AS 12.</i></p>   | The Company ..... for further disclosure.                              |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021     | FRQR Report   |                                   |
|-------|------------------------|---|-----------------------------------|---|-----------------------------------|
|       |                        |   |                                   | NFRA Observation having modifications   | KIOCL Response as quoted          |
|       |                        | <i>disclosure requirement, if no such disclosure is made?</i>   |                                   |   |                                   |
| 22    | 30                     | <p><b>Para No 1.6.1</b><br/> <b>Other Observations.....Inconsistency in cross referencing etc.)</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/> On the face ..... "Equity Share Capital".<br/> <b>NFRA Query</b><br/> <i>Please explain the reason for non-compliance of above requirement.</i></p> | Change for ..... presentation.    | <p><b>Para No 2.2.23</b><br/> <b>Other Observations ..... Inconsistency in cross referencing etc.)</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/> On the face ..... "Equity Share Capital".<br/> <b>NFRA Observation</b><br/> <i>NFRA observes that KIOCL shall disclose the terms which should be consistent with the presentation and disclosure requirement of Balance Sheet given in Part I of Division II of Schedule III</i></p> | Change for ..... presentation.    |
| 23    | 31                     | <p><b>Para No 1.6.5</b><br/> <b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/> General instructions ..... presented."<br/> <b>[Emphasis added]</b><br/> <b>NFRA Query</b><br/> NFRA observes ..... Ind AS 7.</p>   | Heading ..... Cash Flow"          | <p><b>Para No 2.2.24</b><br/> <b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/> General instructions .... presented." <b>[Emphasis added]</b><br/> <b>NFRA Observation</b><br/> NFRA observes ..... Ind AS 7. <i>Cash Flow Statement is a title used in AS 3, Cash Flow Statements in Accounting Standards Rules 2006 and this AS is not applicable to KIOCL.</i></p>  | Heading ..... Cash Flow".         |
| 24    | 32                     | <p><b>Para No 1.6.6</b><br/> <b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/> In the head ..... Ind AS7.<br/> <b>NFRA Query</b><br/> Please explain the reason for non-compliance of the provisions of the</p>  | The necessary ..... incorporated. | <p><b>Para No 2.2.25</b><br/> <b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/> In the head ..... Ind AS 7.<br/> The same error..... activities."<br/> <b>NFRA Observation</b><br/> <i>NFRA observes that KIOCL has used the titles/terms prevalent in the Accounting</i></p>  | The necessary ..... incorporated. |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report  |   |
|-------|------------------------|--|---|--|---|
|       |                        |  |   | NFRA Observation having modifications  | KIOCL Response as quoted  |
|       |                        | paragraph 16(b). of Ind AS 7 and how KIOCL has assessed the disclosure, is correct. The same error ..... activities." NFRA observes that KIOCL has followed mixed practice of presentation of titles/ words. descriptions from Ind ASs currently applicable and ASs applied previously which creates confusion among the user of the financial statement to conclude whether KIOCL has followed Ind AS or not? |   | Standards issued under Companies Accounting Standards Rule 2006, some of which have also undergone changes since 2016 amendment. However, KIOCL is required to follow the requirements of Ind ASs currently applicable to KIOCL and as a result there will be confusion among the users of the financial statements of KIOCL whether KIOCL has followed Ind AS or not?   |   |
| 25    | 33                     | <b>Para No 1.6.7 Inconsistency in cross referencing:(page 92 &amp; 105 of Annual Report)</b><br><b>Subject matter of Issue</b><br>Paragraph 113 ..... the notes".<br><b>NFRA Query</b><br>NFRA observes ..... with each other, Please explain the reason for the same.   | Retained earning ..... Ind AS 1.  | <b>Para No 2.2.26 Inconsistency in cross referencing: (page 92 &amp; 105 of Annual Report)</b><br><b>Subject matter of issue</b><br>Paragraph 113 ..... the notes".<br><b>NFRA Observation</b><br>NFRA observes ..... with each other. NFRA observes that KIOCL shall disclose the terms which should be consistent with the presentation and disclosure requirement of Division II of Schedule III read with Paragraph 113 of Ind AS 1. | Retained earnings ..... 113 of Ind AS 1.  |
| 26    | 34                     | <b>Para No 1.6.8 Inconsistency In cross referencing: (page 89 &amp; 102 of Annual Report)</b><br><b>Subject Matter of issue</b><br>Paragraph 113 ..... related information in the notes".<br><b>NFRA Query</b><br>Note 3.1a: NFRA observes that the heading of Note 3.1a is mentioned as "Description of Assets" however this Note is relates to "Depreciation and amortization Expense" as mentioned in       | The "Description of Assets" as ..... the subsequent year. It is brought to your kind attention that ..... subsequent years. | <b>Para No 2.2.27 Other Observations: Inconsistency in cross referencing: (page 89 &amp; 102 of Annual Report)</b><br><b>Subject Matter of issue</b><br>Paragraph 113 ..... related information in the notes".<br><b>Note 3.1a:</b> Heading of Note 3.1a is mentioned as "Description of Assets" however this Note relates to "Depreciation and Amortization Expense" as mentioned in the Face of the Statement of Profit and Loss.      | The "Description of Assets" ..... the subsequent year. KIOCL submits that ..... subsequent years. |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report  |   |
|-------|------------------------|--|---|--|---|
|       |                        |  |   | NFRA Observation having modifications  | KIOCL Response as quoted                      |
|       |                        | <p><i>the Face of the Statement of Profit and Loss.</i></p> <p><b>NFRA Query</b><br/>Please explain the reason for change of name of the note when it is inter-linked with the Note as mentioned in the Face of Statement of Profit and Loss. Further NFRA observes that amount of amortization of intangible asset for FY 2019-20 disclosed in Note 3.1a is ₹8.46 Lakhs, however in Note 3.2 the amortization made during the year is disclosed as ₹9.73 Lakhs. This is inconsistent with each other. Please explain the reason for the such inconsistency.</p> |   | <p>Further, NFRA observes that amount of amortization of intangible asset for FY 2019-20 disclosed in Note 3.1a is ₹8.46 lakh, however in Note 3.2 the amortisation made during the year is disclosed as ₹9.73 lakh. This is inconsistent with each other.</p> <p><b>NFRA Observation</b><br/>NFRA observes that there is error in the title of the Note 3.1a and the heading of the sub-line item in Note 3.2.</p>  |   |
| 27    | 35                     | <p><b>Para No 1.6.10</b><br/>Incorrect use of heading for the schedules relating to statement of profit and loss: (page 106 to 108, 102 of Annual Report)<br/>Subject Matter of Issue<br/>Note No. 15 ..... March 31, 2019.<br/><b>NFRA Query</b><br/>Please explain the reasons for the above-mentioned errors.</p>   | For "the year ..... subsequent year.  | <p><b>Para No 2.2.28</b><br/><b>Other Observations: Incorrect use of heading for the schedules relating to statement of profit and loss: (page 106 to 108, 102 of Annual Report)</b><br/>Subject Matter of issue<br/>Note No. 15 ..... March 31, 2019.<br/><b>NFRA Observation</b><br/>Use of incorrect accounting period to Notes relating to Line Items of Statement of Profit and Loss will be misleading and confusing to the users of the financial statements.</p> | For "the year ..... subsequent year.          |
| 28    | 37                     | <p><b>Para No 1.3.10</b><br/><b>Note 15: Revenue from Operations</b><br/>Subject Matter of Issue<br/>In the above ..... 'other operating income'.<br/><b>NFRA Query</b></p>  | <p>a. The Company ..... ancillary to main business.<br/>b. (i) Dispatch Money earned on early loading of finished goods to the ship are classified as operating Income.</p> | <p><b>Para No 2.3.2</b><br/><b>Note 15: Revenue from Operations</b><br/>Subject Matter of Issue<br/>In the above ..... 'other operating income'.<br/><b>NFRA Observation</b></p>   | The Company ..... ancillary to main business. |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |
|-------|------------------------|---|--|---|--|
|       |                        |   |  | NFRA Observation having modifications   | KIOCL Response as quoted                 |
|       |                        | <p>a. Please explain how Rent Income is determined as other operating income considering the nature of the business of your company,</p> <p>b. Please explain what is the nature of amounts reported under the sub-headings given below and the basis on which these items are classified as other operating income<br/>           (i) Despatch money Rs.37.94 Lakhs (FY 2018-19 Rs.37.29 Lakhs)<br/>           (ü)Exchange Variation Rs.399.23 Lakhs (FY 2018-19 Rs 126.27 Lakhs)<br/>           c. Please provide the details of amounts reported under heading 'Other' of Rs.108.26 Lakhs (FY 2018-19 Rs. 70.24 Lakhs), Also, explain why KIOCL has not specified the nature of this income.</p> | <p>(ii) Exchange Variation: The Exchange variation against sales of Pellets and purchase of input material for production of pellets has been recognized as exchange gain (Net of Loss) and included as operating Income<br/>           c. The others income shown under Other operating income comprises sale of Tender papers, liquidated damages recovered from supplier/contractors, receipts of Guest house rent from employees etc. In order to reduce number of line item in the notes, minors items have been clubbed under the head "Others".</p> | <p>NFRA observes that classification of items of income in the nature of 'Other Income' as 'Other Operating Income' is inappropriate and gives misleading information about the financial performance and source of revenue of the Company to the users of its financial statements.</p>  |  |
| 29    | 39                     | <p><b>Para No 1.4.3</b><br/> <b>Note 1.8: Leases</b><br/> <b>Subject Matter of Issue</b><br/> <b>As a lessee</b><br/>           The accounting policy ..... the lease.<br/> <b>NFRA Query</b><br/>           Please provide the criteria used for determining the low value leases.</p>   | <p>The treatment ..... value assets.</p>   | <p><b>Para No 2.3.4</b><br/> <b>Note 1.8: Leases</b><br/> <b>Subject Matter of Issue</b><br/> <b>As a lessee</b><br/>           The accounting policy ..... the lease.<br/> <b>NFRA Observation</b><br/>           Accounting policy is disclosure is incomplete and inadequate in respect of the criteria, including the monetary threshold, if any, applied for determining low value leases.</p> | <p>The treatment ..... value assets.</p> |
| 30    | 40                     | <p><b>Para No 1.4.7</b><br/> <b>Note 1.14 Impairment of financial assets</b><br/> <b>Subject Matter of Issue</b><br/>           Paragraph 20A ..... financial assets."<br/> <b>NFRA Query</b><br/>           NFRA observes that ..... Ind AS 107.</p>   | <p>There was no ..... current year.</p>  | <p><b>Para No 2.3.5</b><br/> <b>Note 1.14 Impairment of financial assets De-recognition of the financial assets</b><br/> <b>Subject Matter of Issue</b><br/>           Paragraph 20A ..... financial assets."<br/> <b>NFRA Observation</b></p>  | <p>There was no ..... current year.</p>  |

0000021

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021                  | FRQR Report  |  |
|-------|------------------------|--|--|--|--|
|       |                        |  |  | NFRA Observation having modifications  | KIOCL Response as quoted                       |
|       |                        | Kindly provide the details of the transactions of the company during last two years where the company had to apply the accounting prescriptions of Ind AS 109. If there are no such transactions during the last two years, kindly explain the need for the disclosure of this accounting policy.  |  | NFRA observes that ..... Ind AS 107. In the previous year also, there were no such transactions. Therefore, it is unclear as to the relevance and importance of disclosure of this accounting policy.  |  |
| 31    | 41                     | <p><b>Para No 1.4.9</b><br/> <b>Note 1.21: Contributed Equity</b><br/> <b>Subject Matter of Issue</b><br/> KIOCL accounting ..... instrument.”<br/> <b>NFRA Query</b><br/> Kindly explain the meaning of Equity Shares referred to in the above accounting policy. Does KIOCL comply with the provisions of paragraph 15 of Indian Accounting Standard (Ind AS) 32, Financial Instruments: Presentation?</p> | The meaning of ..... Accounting Standard 32.   | <p><b>Para No 2.3.6 Significant Accounting Policies- Note 1.21: Contributed Equity</b><br/> <b>Subject Matter of Issue</b><br/> KIOCL accounting ..... instrument.”<br/> <b>NFRA Observation</b><br/> NFRA’s disclosure gives an impression that all the financial instruments issued in the form and title of Equity Shares are accounted as ‘Equity’. However, according to the principle prescribed in paragraph 15 of Ind AS 32, various types of financial instruments are classified as Equity or Financial Liability (Debt) based on substance of the contractual arrangement and not merely based on the form/title of the financial instrument.</p> | The meaning of ..... Accounting Standard 32.   |
| 32    | 47                     | <p><b>Para No 1.6.4</b><br/> <b>Statement of Profit and Loss (page no. 89 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/> On the Face ..... “Total Income.”<br/> <b>NFRA Query</b><br/> Please explain the reason of departure from Schedule III.</p>   | The total income ..... current financial year. | <p><b>Para No 2.3.12</b><br/> <b>Statement of Profit and Loss (page no. 89 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/> On the Face ..... “Total Income”.<br/> <b>NFRA Observation</b><br/> NFRA observes that KIOCL there is inconsistency between the terms used in the financial statements vis-a-vis the term prescribed in the presentation and disclosure</p>  | The total income ..... current financial year. |

| S. No | Ref S. No. of Analysis | NFRA Query as per questionnaire dtd 20.07.2021 | KIOCL Response dtd 19.08.2021 | FRQR Report  |                          |
|-------|------------------------|--|-------------------------------|--|--------------------------|
|       |                        |  |                               | NFRA Observation having modifications  | KIOCL Response as quoted |
|       |                        |  |                               | <i>requirement of Balance Sheet given in Part II of Division II of Schedule III.</i> |                          |

**NOTE:**

1) Modifications/ redrafting made in 'Subject matter of Issue' / 'NFRA Query' / 'KIOCL response' have been *highlighted*.

In most of these NFRA's modified/redrafting observations, KIOCL's response given to the initial questionnaire, became either less informative or have diluted the KIOCL's stand on the issue.

2) In para 2.2.2, NFRA Observation has been given under the title "KIOCL Observation" followed by KIOCL response.



ANNEXURE B



BFU FAIR MARKET VALUE

| Sr. No.  | Class of asset    | Overall Summary           | Cost as at 31 <sup>st</sup> Mar. 19 In Rs. | Replacement cost In Rs. | Fair value in Rs. | Fair Value less costs to sell in Rs. |
|----------|-------------------|---------------------------|--|-------------------------|-------------------|--------------------------------------|
| 1        | Land              | Land                      | 141564555                                  |                         | 4770125000        | 4531618750                           |
| 2        | Buildings - Plant | Buildings                 | 287800442                                  | 54201175000             | 260715500         | 247679725                            |
| 3        | Plant & Machinery | Various plant & machinery | 2726030741                                 | 5234164800              | 850423686         | 826904680                            |
|          |                   |                           | <b>3155395738</b>                          | <b>59435339800</b>      | <b>5881264186</b> | <b>5606203155</b>                    |
| (RUPEES) |                   |                           |  |                         |                   |                                      |

**INDRANIL AICH**  
**CHARTERED ENGINEER /APPROVED VALUER FIV 318328**  
**THE INSTITUTION OF ENGINEERS (INDIA),**  
**BE PRODUCTION MRICS MEMBER SHIP NUMBER MRICS1267050**  
**MIE- MEMBERSHIP NUMBER M13 2302-9**  
**PANEL ARBITRATOR ICA UNDER FICCI**  
**LD VALUER OF HONOURABLE HIGH COURT OF KOLKATA**



SIGNATURE \_\_\_\_\_  
 DATE 10.03.2020

0000024



Analysis (pointwise) of NFRA observation in FRQR on Financial Reporting of KIOCL for FY 2019-20

0000058

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report  |   |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|---|--|---|--|--|
|       |   |   | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |
| 1     | <p><b>Para No 1.4.1</b><br/><b>Note 1.6 Revenue recognition</b><br/><b>Subject matter of Issue.</b><br/>Company's revenue recognition policy disclosed as part of significant accounting policies includes the following statements.</p> <p>a. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded at aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter-state supplies excluding taxes, if any charged under CGST/SGST/IGST Act and net of returns, Trade Allowances, Volume and other Rebates.</p> <p>b. Revenue from sale of goods is recognized, when all the following conditions are met:</p> <ul style="list-style-type: none"> <li>The entity has transferred to the buyer the significant risks and rewards of ownership of the goods</li> <li>The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold                             <ul style="list-style-type: none"> <li>The amount of revenue can be measured reliably</li> <li>It is probable that the economic benefits associated with the transaction will flow to the entity; and</li> </ul> </li> <li>The costs incurred or to be incurred in respect of the transaction can be measured reliably.</li> </ul> <p>c) Interest is recognized on accrual basis subject to certainty of realization.</p> <p><b>NFRA Query</b><br/>NFRA observes that above mentioned accounting policies appear to have serious errors and are not in line with the following the prescriptions of Ind AS 115</p> <p>a. Paragraph 46 of Ind AS 115 reproduced below requires measurement of revenue at transaction price.<br/>'When (or as) a performance obligation is satisfied, an entity shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with paragraphs 56-58) that is allocated to that performance obligation.'<br/>Appendix A of Ind AS 115 defines transaction price as follows "The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; excluding amounts collected on behalf of</p> | <p>a. It is submitted that the company is recognizing revenue at transaction price. The nomenclature of "fair value" in the Accounting policy will be corrected in the subsequent financial statements.</p> <p>b. The Company recognized revenue on sale of goods when the entity has transferred to the buyer the significant risk and rewards of the ownership of the goods. Dispatch of goods is the point of time for sale of Goods. In respect of Service Contracts, the revenue is recognised when a performance obligation is satisfied over a period of time. In the reporting period, the company doesn't have such performance obligations.</p> <p>c. Interest income recognized using effective interest rate and which is included in Policy 1.14 Income Recognition (Copy attached for reference).<br/>Review shall be made on Accounting Policy of Revenue Reorganization during the current year to incorporate changes as per Ind AS 115.</p> | <p><b>Para No 2.1.1</b><br/><b>Significant Accounting Policies: Note 1.6 Revenue recognition</b><br/><b>Subject Matter of Issue</b><br/>Company's revenue recognition and measurement policy disclosed as part of significant accounting policies includes the following statements:</p> <p>a) Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded at aggregate value of all taxable supplies, exempt supplies, export of goods and/or services and inter-state supplies excluding taxes, if any charged under CGST/SGST/IGST Act and net of Returns, Trade Allowances, Volume and other Rebates.</p> <p>b) Revenue from sale of goods is recognized, when all the following conditions are met:<br/>The entity has transferred to the buyer the significant risks and rewards of ownership of the goods</p> <ul style="list-style-type: none"> <li>The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold</li> <li>The amount of revenue can be measured reliably</li> <li>It is probable that the economic benefits associated with the transaction will flow to the entity; and</li> <li>The costs incurred or to be incurred in respect of the transaction can be measured reliably.</li> </ul> <p>c) Interest is recognized on accrual basis subject to certainty of realization.</p> <p><b>NFRA Observation</b><br/>NFRA observes that above mentioned accounting policies appear to have serious errors and are not in line with the following the prescriptions of new standard on revenue viz. Ind AS 115</p> <p>a) Paragraph 46 of Ind AS 115 reproduced below requires measurement of revenue at transaction price.<br/>'When (or as) a performance obligation is satisfied, an entity shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained in accordance with paragraphs 56-58) that is allocated to that performance obligation.'<br/>Appendix A of Ind AS 115 defines transaction price as follows<br/>'The amount of consideration to which an entity expects to be entitled in exchange for transferring</p> | <p>a) It is submitted that the company is recognizing revenue at transaction price. The nomenclature of "fair value" in the accounting policy will be corrected in the subsequent financial statements.</p> <p>b) The Company recognized revenue on sale of goods when the entity has transferred to the buyer the significant risk and rewards of the ownership of the goods. Dispatch of goods is the point of time for sale of Goods. In respect of Service Contracts, the revenue is recognised when a performance obligation is satisfied over a period of time. In the reporting period, the company doesn't have such performance obligations.</p> <p>c) Interest income recognized using effective interest rate and which is included in Policy 1.14 Income Recognition.<br/>Review shall be made on Accounting Policy of Revenue Reorganization during the current year to incorporate changes as per Ind AS 115.</p> | <p>a) NFRA observes that the accounting policy stated in respect of a material element of financial statement i.e., Revenue (with corresponding impact on related assets) is erroneously stated in its significant accounting policy. Based on the KIOCL's response actual accounting is different from what is stated in the audited financial statements in many important aspects of recognition and measurement of revenue which has impact on the amount of and timing of revenue recognition by the Company. This kind of erroneous disclosure of accounting policy raises questions over the reliability of the financial statements of the Company.</p> <p>Therefore, KIOCL is advised to undertake a comprehensive review of the accounting principles actually followed for the financial year 2019-20 vis-a-vis the requirements of applicable Ind ASs and revise and restate its financial statements for the financial year after complying with the provisions of section 131 of the Companies Act, 2013 and Ind AS 8.</p> <p>b) Paragraph 5.4.1 of Ind AS 109 states that interest revenue shall be calculated by using the effective interest rate method however KIOCL has the policy of recognition of interest on "accrual basis subject to certainty of realization" which is inconsistent with the recognition requirement of Paragraph 5.4.1 of Ind AS 109. Thus, KIOCL has not complied with the Paragraph 5.4.1 of Ind AS 109.</p> | <p><b>KIOCL is recognizing revenue at transaction price and Interest income using effective interest rate.</b></p> <p>KIOCL proposes to modify the Accounting Policy in current FY 2021-22, by availing the services of External Agency having expertise in Financial Reporting, to comply with Ind ASs.</p> <p><b>Financial Impact- Nil</b></p> |

0000025

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report  |  | KIOCL Comment to NFRA Conclusion / Recommendations  |  |
|-------|---|---|--|--|---|--|
|       |   |   | NFRA Observation   | KIOCL Response quoted  |   |  |
|       | <p>third parties.”</p> <p>b. Paragraph 31 read with paragraphs 38 to 39 of Ind AS 115 prescribe the criteria to measure the amount of revenue to be recognised when the revenue is to be recognised at a point in time and over a period of time. However, the company’s accounting policy seems to be totally different from the prescription of these paragraphs of Ind AS 115.</p> <p>c. In respect of interest, revenue recognition should be normally on effective interest method as per Ind AS 109. It is unclear which interest income is being recognised on this unusual accounting basis.</p> <p>Based on the above, there are apparently material errors in the accounting policy of the company relating to a significant area i.e., revenue recognition and its measurement. The accounting policies stated in the notes to accounts appear to be relevant in the era of old Ind AS viz. Ind AS 18. Therefore, kindly explain the reasons for the above errors and quantify the amount of the errors, if any.</p> |   | <p>promised goods or services to a customer, excluding amounts collected on behalf of third parties.”</p> <p>b) Paragraph 31 read with paragraphs 38 to 39 of Ind AS 115 prescribe the criteria to measure the amount of revenue to be recognised when the revenue is to be recognised at a point in time and over a period of time. However, the company’s accounting policy seems to be totally different from the prescription of these paragraphs of Ind AS 115.</p> <p>c) In respect of interest, revenue recognition should be normally on effective interest method as per Ind AS 109. It is unclear which interest income is being recognised on this unusual accounting basis.</p> <p>Based on the above, there are apparently material errors in the accounting policy of the company relating to a significant area i.e., revenue recognition and its measurement. The accounting policies stated in the notes to accounts appear to be relevant in the era of old Ind AS viz. Ind AS 18.</p> |  |   |  |
| 2     | <p><b>Para No 1.4.6</b></p> <p><b>Note 1.14 Impairment of financial assets</b></p> <p><b>Subject Matter of Issue</b></p> <p>Accounting policy in the above referred note states that for trade receivables, the Company applies the simplified approach permitted by Ind AS 109 which required expected lifetime losses to be recognized from initial recognition of the receivables and recognises the Expected Credit Loss (ECL).</p> <p><b>NFRA Query</b></p> <p>a. Kindly provide the details of the amount of impairment allowances based on ECL recognized for Trade Receivables and the mechanics of the practical expedient used, if any.</p> <p>b. Please explain where the allowance for ECL has been presented in the financial Statements</p>   | <p>There was no impairment allowances based on ECL recognized for trade receivables and of the practical expedient as most of the sales were effective on advance payment/ Letter of credit. For few Central and State government undertaking credit extended considered good and expected 100% recovery. Disclosure for credit impaired including in Note 5.4 copy attached.</p> | <p><b>Para No 2.1.2</b></p> <p><b>Significant Accounting Policies: Note 1.14 Impairment of financial assets (Also, refer Observation # 2.1.6 below)</b></p> <p><b>Subject Matter of Issue</b></p> <p>Accounting policy in the above referred note states that for trade receivables, the Company applies the simplified approach permitted by Ind AS 109 which required expected lifetime losses to be recognized from initial recognition of the receivables and recognises the Expected Credit Loss (ECL).</p> <p>In Note 5.4, KIOCL has disclosed Outstanding amount Trade Receivables ₹ 12,266.77 lakh comprising the following</p> <p>(i) Considered Good Secured (Secured by Letter of Credit) - ₹ 8752.74 lakh</p> <p>(ii) Considered Good Unsecured – ₹ 3,514.03 lakh</p> <p><b>NFRA Observation</b></p> <p>a) NFRA observes that there is no impairment loss allowance recognised in respect of the above financial assets as required under Ind AS 109, Financial Instruments.</p>             | <p>There were no impairment allowances based on ECL recognized for trade receivables and of the practical expedient as most of the sales were effective on advance payment/ Letter of credit. For few Central and State government undertaking credit extended considered good and expected 100% recovery. Disclosure for credit impaired including in Note 5.4 copy attached.</p> | <p>a) KIOCL assumption that the trade receivables backed by Bank’s Letters of Credit is inappropriate. Secondly, KIOCL has reported substantial amount (₹ 3,514.03 lakh) of its total trade receivables as unsecured. Therefore, KIOCL should have assessed the credit risk in a holistic manner including consideration of forecast future conditions. It should be noted that the paragraph B5.5.35 of Ind AS 109, which permits use of practical expedient to apply provision matrix based on past due period, requires adjustment of historical loss factors for changes in the current and future forecast conditions. Accordingly, KIOCL is advised to reassess its impairment loss allowance for the financial year 2019-20 keeping in mind the underlying principles of ECL approach of Ind AS 109.</p> <p>b) KIOCL has also not complied with credit risk exposure disclosure of paragraph 35N of Ind AS 107 which requires disclosure of gross carrying</p> | <p>a) Regarding recognition of ECL, please refer comment on NFRA observation at Para 2.1.6.</p> <p>b) Required disclosure will be made in the Financial Statements from the current FY 2021-22 to comply Ind AS 107, by engaging external expert agency.</p> <p><b>Financial Impact- Nil</b></p> <p>Note: Subject matter of issue and Query originally raised by NFRA in questionnaire, which was responded by KIOCL have been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |

0000026

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |   | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|--|---|--|---|--|
|       |   |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |
|       |   |  |   |  | amounts based on provision matrix used by the entity.   |  |
| 3     | <p><b>Para No 1.3.2</b><br/><b>Note 2 : Significant Estimates</b><br/><b>Subject Matter of Issue</b><br/>In Note 2 Significant Estimates, under the sub-heading "Net Realizable Value and Client demand", it has been stated as follows:<br/>"The Company reviews the net realizable value of and demand for its inventory in a quarterly basis to ensure recorded inventory is stated at the lower of cost or net realizable value and that obsolete inventory is written off."<br/><b>NFRA Query</b><br/>In this respect, NFRA observes that KIOCL has also valued certain inventories at Net Replacement Cost of Rs. 266.73 Lakh as of March 31, 2019 (Please refer Note 24.13). It is observed that the language of Note 24.13 is not clear as to whether the valuation of certain inventories at Net Replacement Cost has resulted in charge to Profit and Loss or reversal of previous charge. Please explain whether there is any subsequent reversal of such write down in FY 2019-20, if yes, please explain the circumstances or events that lead to a reversal of any write down and disclosure thereof with supporting documents.</p> | <p>We bring to kind notice of NFRA that, the Company has valued inventories on net replacement cost (Net Realization Value) or actual cost whichever is less as on 31st March of respective years. If Cost is more than NRV, the difference is charged to Profit and Loss accounts of respective years due to written down value of the inventories. Once Inventory valued and written down as stated above there is no subsequent reversal. However, in case of Manganese Ore, due to increase in Net realizable reversal made during the financial year 2018-19 and 2019-20 for Rs. 21.31 Lakhs and Rs. 0.94 Lakhs respectively and disclosure to that effect provided at note no. 24.13</p> | <p><b>Para No 2.1.3</b><br/><b>Note 2: Significant Estimates</b><br/><b>Subject Matter of Issue</b><br/>In Note 2 Significant Estimates, under the sub-heading "Net Realizable Value and Client demand", it has been stated as follows:<br/>"The Company reviews the net realizable value of and demand for its inventory on a quarterly basis to ensure recorded inventory is stated at the lower of cost or net realizable value and that obsolete inventory is written off."<br/><b>NFRA Observation</b><br/>In this respect, NFRA observes that KIOCL has also valued certain inventories at Net Replacement Cost of ₹ 266.73 lakh as of March 31, 2019 (Please refer Note 24.13). It is observed that the language of Note 24.13 is not clear as to whether the valuation of certain inventories at Net Replacement Cost has resulted in charge to Profit and Loss or reversal of previous charge. Hence KIOCL was asked to explain whether there is any subsequent reversal of such write down in FY 2019-20, and if so, to explain the circumstances or events that lead to a reversal of any write down and disclosure thereof with supporting documents.</p> | <p>The company submitted that they had valued inventories on net replacement cost (Net Realization Value) or actual cost whichever is less as on 31st March of respective years. If Cost is more than NRV, the difference is charged to Profit and Loss accounts of respective years due to written down value of the inventories. Once Inventory is valued and written down as stated above there is no subsequent reversal. However, in case of Manganese Ore, due to increase in Net realizable reversal made during the financial year 2018-19 and 2019-20 for Rs. 21.31 lakh and Rs. 0.94 lakh respectively and disclosure to that effect provided at Note no. 24.13.</p> | <p>NFRA observes that the KIOCL has done reversal of Inventories (Manganese ore) during the year as mentioned in negative figure in Note 24.13 ₹ 0.94 lakh FY 2019-20 (₹ 21.31 lakh FY 2018-19). In this respect, disclosure requirement of Paragraph 36 (g) of Indian Accounting Standard (Ind AS) 2, Inventories (Ind AS 2) states that:<br/>"36 The financial statements shall disclose:<br/>(g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph 34".<br/><br/>NFRA observes that KIOCL has not complied with Paragraph 36(g) of Ind AS 2.</p>  | <p>If any reversal of a write-down of inventory is done in future, the circumstances or events that led to the reversal would be disclosed in the financial statements to comply with the disclosure requirement of Paragraph 36 (g) of Indian Accounting Standard (Ind AS) 2.<br/><br/><b>Financial Impact- Nil</b></p>   |
| 4     | <p><b>Para No 1.3.19</b><br/><b>Note 24.20: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note relating to impairment of non-financial assets, KIOCL has disclosed as follows<br/>"The Company had intended to restart BFU Operation during the year 2019-20, however due to un-economic price of Pig Iron, Blast Furnace Unit (BFU) could not be operated during the year. The recoverable amount in each class of assets in BFU and other Units are more than the carrying amount. Hence, there is no impairment loss to be recognized during the year."<br/><b>NFRA Query</b><br/>Please provide the details supporting the following:<br/>a. How the recoverable amount was measured i.e., higher of fair value less costs of disposal and value in use?<br/>b. Details of computation of value in use such as estimated of future cash flows, basis of estimation of such cash flows, period over which the future cash flows have been estimated, discount rates used, how the estimated future cash flows that are</p>   | <p>Due to uneconomic price of its finished goods, the BFU could not be operated during the year. As the unit was not in operation, the impairment test has been made considering the recoverable amount in each class of assets by engaging a professional valuer. As per the valuation report the recoverable amount of each class of assets is more than the carrying amount. Suitable disclosure already provided. The information provided to the Board in the 260th meeting held on 06.08.2019. (Copy of the resolution attached.)</p>  | <p><b>Para No 2.1.4</b><br/><b>Note 24.20: Other Notes forming part of Financial Statements: Impairment of Assets</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note relating to impairment of non-financial assets, KIOCL has disclosed as follows<br/>"The Company had intended to restart BFU Operation during the year 2019-20, however due to un-economic price of Pig Iron, Blast Furnace Unit (BFU) could not be operated during the year. The recoverable amount in each class of assets in BFU and other Units are more than the carrying amount. Hence, there is no impairment loss to be recognized during the year."<br/><b>NFRA Observation</b><br/>a) It is not clear from the above disclosures as to how the recoverable amount was measured i.e., higher of fair value less costs of disposal and value in use. Further, there is lack of disclosure of information required by paragraph 30 to 53 of Indian Accounting Standard (Ind AS) 36 "Impairment of Assets" (Ind AS 36) such as details of computation of value in use such as estimated of future cash flows, basis of estimation of such cash flows, period</p>         | <p>Due to uneconomic price of its finished goods, the BFU could not be operated during the year. As the unit was not in operation, the impairment test has been made considering the recoverable amount in each class of assets by engaging a professional valuer. As per the valuation report the recoverable amount of each class of assets is more than the carrying amount. Suitable disclosure already provided.<br/><br/>The information provided to the Board in the 260th meeting held on 06.08.2019. (Copy of the resolution attached.)</p>   | <p>NFRA has examined the response of KIOCL and observes that it has not provided any suitable and adequate evidence such as valuation done by management expert to support the contention that there the recoverable amount of each class of assets is more than carrying amount and therefore no impairment loss is expected. Paragraph 9 of Indian Accounting Standard (Ind AS) 36, Impairment of Assets (Ind AS 36) states that:<br/><br/>"An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset."<br/><br/>Further no supporting documents provided by KIOCL for</p> | <p>In its reply dtd 19.08.2021, KIOCL had submitted that "the impairment test has been conducted considering the recoverable amount in each class of assets by engaging a professional valuer. As per the valuation report the recoverable amount of each class of assets is more than the carrying amount".<br/><br/>As NFRA had not specifically sought for forwarding Valuation Report, the same was not provided.<br/><br/>Valuation report for the year 2019-20</p> |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |  | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |   |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |   |
|       | <p>expected to arise from (a) a future restructuring to which an entity is not yet committed; or (b) improving or enhancing the asset's performance are eliminated etc. (paragraph 30 to 53 of Indian Accounting Standard (Ind AS) 36 "Impairment of Assets" (Ind AS 36).</p> <p>c. Whether the above computations were considered reviewed presented to Audit Committee and the Board of Directors (BoD) and please provide us the evidence of relevant reports provided to such authorities.</p> <p>d. Whether the company considered the need of disclosure required by paragraph 132 of Ind AS 36 and where it is disclosed.</p>  |  | <p>over which the future cash flows have been estimated, discount rates used, how the estimated future cash flows that are expected to arise from (a) a future restructuring to which an entity is not yet committed; or (b) improving or enhancing the asset's performance are eliminated etc.</p> <p>b) Also, it not clear whether the impairment loss computations were considered and reviewed by Audit Committee and the Board of Directors (BoD) of the Company as there was no mention of relevant reports being provided to such authorities.</p>   |  | <p>observations above. Therefore, NFRA concludes that KIOCL has not complied with the requirement of Paragraph 9 &amp; 132 of Ind AS 36 and have not disclosed the information requirement to be presented which helps to take decision by the users of the financial statement.</p>   | <p>issued by M/s AICH Appraisers Auctioners and Valuers is attached.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p>   |
| 5     | <p><b>Para No 1.3.20</b></p> <p><b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b></p> <p><b>Subject Matter of Issue</b></p> <p>In the above-mentioned note, KIOCL has disclosed that Foreign Currency risk is hedged by way of entering into foreign currency forward contracts for FY 2019- 20 ₹ 8,82.02 Lakhs (FY 2018-19 ₹ 4,834.55 Lakhs).</p> <p>As per Note 1.4 of Significant Accounting Policies, KIOCL disclosed that "The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/(losses).</p> <p><b>NFRA Query</b></p> <p>Please provide which line of the Balance Sheet the unrealised gain/loss of these above-mentioned Foreign Currency Forward Contracts outstanding are presented in the Balance Sheet as of 31 March 2020 and 31 March 2019 and supporting calculation.</p> | <p>Gain and Loss on Foreign currency contract accounted on realization, accordingly no unrealized Gain/Loss considered as on 31st March 2020, and 31st March 2019.</p> | <p><b>Para No 2.1.5</b></p> <p><b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b></p> <p><b>Subject Matter of Issue</b></p> <p>In the above-mentioned note, KIOCL has disclosed that Foreign Currency risk is hedged by way of entering into foreign currency forward contracts (Fx Forward Contracts) and disclosed substantial amount of such contracts for FY 2019-20 ₹ 8,382.02 lakh (FY 2018-19 ₹ 4,834.55 lakh).</p> <p>As per Note 1.4 of Significant Accounting Policies, KIOCL disclosed that "The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/(losses).</p> <p><b>NFRA Observation</b></p> <p>It is not clear from the presentation and disclosures in the financial statements as to which line item of Balance Sheet the financial assets (unrealised gains) or financial liabilities (unrealised losses) relating to these outstanding Fx Forward Contracts, which are Derivative Financial Instruments within the scope of Ind AS 109, are presented.</p> | <p>Gain and Loss on Foreign currency contract accounted on realization, accordingly no unrealized Gain/Loss considered as on 31st March 2020, and 31st March 2019.</p> | <p>KIOCL's accounting policy for Fx Forward Contracts is erroneous and it is in non-compliance with the classification and measurement requirements of Ind AS 109. As of Balance Sheet Date, outstanding amount of Fx Forward Contracts were ₹ 8,382.03 lakh and as ₹ 4,834.55 lakh as of March 31, 2020 &amp; March 31, 2019, respectively and the KIOCL does not apply Hedge Accounting for these contracts. Fx Forward Contracts meet the definition of Derivative (Refer Appendix A to Ind AS 109) and are therefore, within the scope of recognition and measurement requirements of Ind AS 109. These financial instruments have to be classified as Fair Value through Profit or Loss (FVTPL) and outstanding Fx Forward Contracts shall be measured at fair value with unrealised gain or loss to be recognised in the Statement of Profit and Loss with corresponding recognised as financial asset or financial liability at each Balance Sheet Date. Fx Forward Contracts are Derivative instruments and do not meet the contractual cash flow characteristics conditions in paragraphs 4.1.2(b) and 4.1.2A(b) of Ind AS 109 and cannot be subsequently measured at</p> | <p>KIOCL has examined the observation made by NFRA, the effect of this omission on the financial performance for the FY 2019-20 works out to be Rs 48.08 lakhs.</p> <p><b>Considering the size and nature of the omission, the same is not material enough to influence the economic decision that users make on the basis of the financial statements.</b></p> <p>KIOCL would modify the accounting policy and practice of accounting for forward contracts in line the Ind AS 109 in current financial year 2021-22 and required disclosures will be incorporated in the financial statements.</p> <p><b>Financial Impact- Rs 48.08 Lakhs</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which</p> |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report  |  |  | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |  |   | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |   |
|       |  |   |  |  | <p>amortised cost or fair value through other comprehensive income. Therefore, Fx Forward Contracts have to be classified and subsequently measured as Fair Value through Profit or Loss (FVTPL), unless those are part of hedging relationship. According to paragraph 5.7.1 of Ind AS 109, a gain or loss on financial asset or financial liability measured at fair value shall be recognised in profit or loss unless it is part of a hedging relationship. Therefore, KIOCL should initiate actions to rectify the erroneous accounting policy applied to Fx Forward Contracts in the financial year 2019-20 and 2018-19 and also consider the requirements of paragraphs 41 &amp; 42 of Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.</p>   | <p>was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p>  |
| 6     | <p><b>Para No 1.3.22</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In Note 24.26 Financial Risk Management, KIOCL has disclosed as follows:<br/> <b>III. Management of Credit Risk:</b> Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and other receivables. The Company applies prudent credit acceptance policies, performs ongoing credit portfolio monitoring as well as manages the collection of receivables in order to minimize the credit risk exposure. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the notes to the Financial Statements. The Company's major classes of financial assets are cash and cash equivalents, term deposits and trade receivables. For banks and financial institutions, only high rated banks / institutions are accepted.<br/> <b>Trade Receivables:</b><br/> <b>Concentrations of credit risk</b> with respect to trade receivables are limited, due to the Company's sales</p> | <p>Assumption of negligible credit risk is expected based on past experience. As per our past experience, the company has not experienced any credit risk as supplies are against LC's from reputed International/ scheduled banks.</p> | <p><b>Para No 2.1.6</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b><br/> <b>Subject Matter of Issue</b><br/>           In Note 24.26 Financial Risk Management, KIOCL has disclosed as follows:<br/> <b>III. Management of Credit Risk:</b> Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and other receivables. The Company applies prudent credit acceptance policies, performs ongoing credit portfolio monitoring as well as manages the collection of receivables in order to minimize the credit risk exposure. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the notes to the Financial Statements. The Company's major classes of financial assets are cash and cash equivalents, term deposits and trade receivables. For banks and financial institutions, only high rated banks / institutions are accepted.<br/> <b>Trade Receivables:</b><br/> <b>Concentrations of credit risk</b> with respect to trade receivables are limited, due to the Company's sales</p> | <p>Assumption of negligible credit risk is expected based on past experience. As per our past experience, the company has not experienced any credit risk as supplies are against LCs from reputed International/ scheduled banks.</p> | <p>Following assumption and approach of KIOCL's regarding credit risk assessment for recognising and measuring the impairment loss under ECL concept of Ind AS 109 is erroneous and it is not in compliance with the underlying principles and concepts of Ind AS 109.<br/>           (a) Credit risk is assumed to be negligible based on past experience<br/>           (b) Credit risk is assumed to be negligible as the exposure is supported by LCs of reputed International/ Scheduled Banks. According to paragraph 5.5.17 of Ind AS 109, an entity shall measure expected credit losses of a financial instrument in a way that reflects:<br/>           (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;<br/>           (b) the time value of money; and<br/>           (c) reasonable and supportable</p> | <p>As per para 85.5.52 of Ind AS 109 (also refereed by NFRA in its conclusion):<br/>           "Historical information is an important anchor or base from which to measure expected credit losses.....<br/> <b>Further an entity shall regularly review the methodology and assumption used for estimating expected credit loss to reduce any difference between estimates and actual credit loss experience."</b><br/>           Except Govt undertakings, sales of Pellets are made on the condition of advance payment/ sight letter of credit. KIOCL does not provide any credit</p> |

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|       |   |                               | NFRA Observation   | KIOCL Response quoted | NFRA Conclusion / Recommendations   | KIOCL Comment to NFRA Conclusion / Recommendations  |
|       | <p>are secured against Letter of Credit and/or Bank Guarantee. Accordingly, Company has assessed that the impact of expected credit loss on receivable to be negligible. <b>[Emphasis Added]</b></p> <p><b>NFRA Query</b><br/>Kindly explain why the management considers the trade receivables supported by Letters of Credit and Bank Guarantees as having negligible credit risk? There have been many instances of heightened credit risk due to bank failures in India and abroad. It is important to note that Banks and Financial Institutions also have potential to default on their payment/credit obligations, hence pose credit risk to their counterparties. Therefore, is this assumption of KIOCL justified? Also, kindly provide the reference of Ind AS 109 which permits this kind of Expected Credit Loss (ECL) recognition and measurement.</p> |                               | <p>are secured against Letter of Credit and/or Bank Guarantee. Accordingly, Company has assessed that the impact of expected credit loss on receivable to be negligible. <b>[Emphasis Added]</b></p> <p><b>NFRA Observation</b><br/>KIOCL's assumption that the trade receivables supported by Letters of Credit and Bank Guarantees as having negligible credit risk is not justifiable and is not in accordance with letter and spirit of principles and concepts of Expected Credit Loss (ECL) approach for impairment loss recognition and measurement under Ind AS 109, Financial instruments. There have been many instances of heightened credit risk due to bank failures in India and abroad. It is important to note that Banks and Financial Institutions also have potential to default on their payment/credit obligations, hence, also pose credit risk to their counterparties.</p> |                       | <p>information that is available without undue cost or effort at the reporting date about past events, <b>current conditions and forecasts of future economic conditions. (Emphasis Added)</b></p> <p>Further paragraph B5.5.52 of Ind AS 109 states as follows.<br/>Historical information is an important anchor or base from which to measure expected credit losses. <b>However, an entity shall adjust historical data, such as credit loss experience, on the basis of current observable data to reflect the effects of the current conditions and its forecasts of future conditions that did not affect the period on which the historical data is based, and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows. (Emphasis Added)</b></p> <p>Further, paragraph B5.5.16 of Ind AS 109 states that Credit risk analysis is a multifactor and holistic analysis.<br/>In view of the explicit requirements of Ind AS 109 to consider the forecast future conditions in the recognition and measurement of impairment loss allowances, and not just consider historical loss experience, and the fact that the Banks and Financial Institutions are also subject to possibility of defaulting on their obligations, there is a need to assess the credit risk in holistic manner as required by the prescriptions of Ind AS 109.<br/>Therefore, KIOCL is advised to reassess the impairment loss allowance for the financial year 2019-20 in a holistic manner and taking into account various factors including future forecast conditions and shall consider the engagement of credit risk experts</p> | <p>facility to its customers and accept only sight LCs issued by reputed International or Scheduled Banks.</p> <p>KIOCL never experienced any credit loss from customers in the past, <b>accordingly there is no difference between estimated credit loss and actual credit loss.</b></p> <p>Further, in absence of any negative forecast of future economic conditions, that is available without undue cost or effort at the reporting date, management reaffirms its assumption that the impact of expected credit loss on receivable is negligible and there is no need for the engagement of credit risk experts for this purpose.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |  |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
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|       |  |   | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |  |
| 7     | <p><b>Para No 1.3.23</b><br/> <b>Note 24.28: Other Notes forming part of Financial statements - Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/>                     In clause (ii) of the above referred note, KIOCL has reported as follows:<br/>                     "ii) Fair Value Hierarchy<br/>                     Management considers that the carrying amount of those financial assets and financial liabilities that are not subsequently measured at fair value, in the Financial Statements are approximate to their fair values.<br/>                     .....<br/>                     The carrying amounts of trade receivables, trade payables, bank deposits with more than 12 months maturity, capital creditors and Cash and Cash Equivalents are considered to be the same as their fair values.<br/>                     ....."<br/> <b>NFRA Query</b><br/>                     Please explain which paragraph of Indian Accounting Standard (Ind AS) 113, Fair Value Measurement (Ind AS 113) or Indian Accounting Standard (Ind AS) 109, Financial Instruments (Ind AS 109) makes this statement as a basis for determining fair value.</p> | <p>This statement is based on Para 29 of Ind AS-107. (Copy Attached)</p>  | <p><b>Para No 2.1.7</b><br/> <b>Note 24.28: Other Notes forming part of Financial statements - Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/>                     In clause (ii) of the above referred note, KIOCL has reported as follows:<br/>                     "ii) Fair Value Hierarchy<br/>                     Management considers that the carrying amount of those financial assets and financial liabilities that are not subsequently measured at fair value, in the Financial Statements are approximate to their fair values.<br/>                     .....<br/>                     The carrying amounts of trade receivables, trade payables, bank deposits with more than 12 months maturity, capital creditors and Cash and Cash Equivalents are considered to be the same as their fair values.<br/>                     ....."<br/> <b>NFRA Observation</b><br/>                     It is not clear which paragraph of Indian Accounting Standard (Ind AS) 113, Fair Value Measurement (Ind AS 113) or Indian Accounting Standard (Ind AS) 109, Financial Instruments (Ind AS 109) or Indian Accounting Standard (Ind AS) 107, Financial Instruments: Fair Value Disclosures (Ind AS 107) prescribes the above as basis for determining fair value.</p> | <p>This statement is based on Para 29 of Ind AS-107.</p>   | <p>for this purpose.<br/>                     Following disclosures of KIOCL regarding fair value measurement disclosures are erroneous and misleading to the users of the financial statements.<br/>                     (a) Management considers that the carrying amount of those financial assets and financial liabilities that are not subsequently measured at fair value, in the Financial Statements are approximate to their fair values.<br/>                     (b) The carrying amounts of capital creditors are considered to be the same as their fair values.<br/>                     Paragraph 29 of Ind AS 107 quoted by KIOCL in support of its disclosure does not support the above assertions and bases for determining the fair value.<br/> <b>"29 Disclosures of fair value are not required:</b><br/>                     (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables;<br/>                     (b) [Refer Appendix 1]<br/>                     (c) for a contract containing a discretionary participation feature (as described in Ind AS 104) if the fair value of that feature cannot be measured reliably; or<br/>                     (d) for lease liabilities."<br/>                     KIOCL is advised to review and correct the incorrect disclosures in its financial statements regarding description and bases of fair value measurement.</p> | <p>KIOCL proposes to review the observation of NFRA and modify the disclosure in its financial statements from the current FY 2021-22, with the help of external expert agency.<br/> <b>Financial Impact- Nil</b><br/> <b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR</p> |
| 8     | <p><b>Para No 1.3.5</b><br/> <b>Note 5.4 Trade Receivables</b><br/> <b>Subject Matter of Issue</b><br/>                     Paragraph 119(b) of Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers (Ind AS 115) requires the entity to disclose "the significant payment terms (for example, when</p>  | <p>Most of the sales were made against advance payment/ Letter of credit (LC), except for few Central and State government undertaking and credit extended were considered good and expected 100% recovery.</p> | <p><b>Para No 2.2.1</b><br/> <b>Note 5.4 Trade Receivables</b><br/> <b>Subject Matter of Issue</b><br/>                     Paragraph 119(b) of Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers (Ind AS 115) requires the entity to disclose "the significant payment terms (for example, when</p>   | <p>Most of the sales were made against advance payment/ Letter of credit (LC), except for few Central and State government undertaking and credit extended were considered good and expected 100% recovery. Disclosure towards credit risk</p> | <p>NFRA has examined the response of KIOCL with reference to paragraph 119(b) of Ind AS 115, which requires the entity to disclose "the significant payment terms (for example, when payment is typically due, whether</p>   | <p>Additional disclosure regarding payment terms shall be made from the current FY 2021-22, with the help of external expert agency.</p>   |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |   | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |  |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |   |
|       | <p>payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56–58)'.<br/><b>NFRA Query</b><br/>NFRA observes that in Note 5.4 Trade Receivables, KIOCL has not disclosed whether trade receivables of the company have significant financing component or not and what are the general terms of payment (for example 30 to 90 days etc.). Please explain<br/>a. why the above aspect has not been disclosed?<br/>b. how do you distinguish between trade receivables with significant financing component and those without significant financing component?</p>   | <p>Disclosure towards credit risk included at Note No. 24.26(iii).<br/><br/>Again, review shall be made during the current year for additional disclosure if any.</p>  | <p>payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56–58)'.<br/><b>NFRA Observation</b><br/>NFRA observes that in Note 5.4 Trade Receivables, KIOCL has not disclosed whether trade receivables of the company have significant financing component or not and what are the general terms of payment (for example 30 to 90 days etc.). Also, it is not clear how the KIOCL distinguishes between trade receivables with significant financing component and those without significant financing component.</p>   | <p>included at Note No. 24.26(iii). Again, review shall be made during the current year for additional disclosure, if any.</p>   | <p>the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56–58)'.<br/>NFRA observes that KIOCL has not complied with the disclosure requirement of Paragraph 119(b) of Ind AS 115.</p>   | <p><b>Financial Impact-Nil</b><br/><br/><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR</p>   |
| 9     | <p><b>Para No 1.3.17</b><br/><b>Note 24.1: Other Notes forming part of Financial Statements- Capital Commitment and Contingent/Dispute Liability</b><br/><b>Subject Matter of Issue</b><br/>In the above referred note, KIOCL has disclosed certain information about the company's Capital Commitment and Contingent/Disputed Liability.<br/><br/>In this respect, Paragraph 86 of Indian Accounting Standard (Ind AS) 37, Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37) requires that 'Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:<br/>a. an estimate of its financial effect, measured under paragraphs 36–52;<br/>b. an indication of the uncertainties relating to the amount or timing of any outflow; and<br/>c. the possibility of any reimbursement."<br/><br/><b>NFRA Query</b><br/>NFRA observes that in Note 24.1, KIOCL has not disclosed the brief description of the nature of contingent liabilities amounts presented. Please explain the reason for non-compliance with Ind AS 37 disclosure requirements</p> | <p>The Company has made disclosure of contingent Liabilities against Income Tax, Excise duty, Service Tax, Outstanding letter of credit and bank guarantee and claims against the company not acknowledge as debts on revenue account and capital account. Item wise debts not acknowledge on revenue account and capital account has not been disclosed due to practical expedient.</p> | <p><b>Para No 2.2.2</b><br/><b>Note 24.1: Other Notes forming part of Financial Statements- Capital Commitment and Contingent/Disputed Liability</b><br/><b>Subject Matter of Issue</b><br/>In the above referred note, KIOCL has disclosed certain information about the company's Capital Commitment and Contingent/Disputed Liability. In particular, it has disclosed the total amount of ₹ 65,549.29 Lakh as contingent liabilities under the heading Claims against the Company not acknowledged as debt. The break up this amount is as follows.<br/>On Revenue Account ₹ 50,563.<br/>On Capital Account ₹ 14,986.15 lakh<br/><br/>It has given brief description of the contingent liabilities for amounts totalling approx. ₹ 42,485.11 lakh (11,057.62+5,848.31+60.77+440.32+192.96+ 59.82+ 14,463.93+10,361.38) only.<br/>In this respect, Paragraph 86 of Indian Accounting Standard (Ind AS) 37, Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37) requires that "Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:<br/>(a) an estimate of its financial effect, measured under paragraphs 36–52;<br/>(b) an indication of the uncertainties relating to the amount or timing of any outflow; and<br/>(c) the possibility of any reimbursement."<br/><b>KIOCL Observation ?? (NFRA Observation)</b><br/>NFRA observes that in Note 24.1, KIOCL has not disclosed the brief description of the nature of</p> | <p>The Company has made disclosure of contingent Liabilities against Income Tax, Excise duty, Service Tax, Outstanding letter of credit and bank guarantee and claims against the company not acknowledge as debts on revenue account and capital account. Item wise debts not acknowledge on revenue account and capital account has not been disclosed due to practical expedient.</p> | <p>NFRA has examined the response of KIOCL and observes that KIOCL has not adequately complied with the disclosure requirements of Ind AS 37 i.e., it has not disclosed the brief description of the nature of contingent liabilities amounts presented. Only mentioning the major head of liabilities does not suffice, therefore is in non-compliance of Paragraph 86 of Ind AS 37.</p> | <p>The brief description of the nature of contingent liabilities amounts would be incorporated in financial statements from the current FY 2021-22 to comply with the para 86 of Ind AS 37.<br/><br/><b>Financial Impact-Nil</b><br/><br/><b>Note:</b> Subject matter of issue to the query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |



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|       |   |   | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |   |
|       |   |   | contingent liabilities amounts presented as required by paragraph 86 of Ind AS 37 in respect of substantial amount of contingent liabilities.  |  |  |   |
| 10    | <p><b>Para No 1.3.18 &amp; 1.4.10</b><br/> <b>Note 24.6: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/>           In the above referred note, KIOCL has made certain disclosure regarding Plant Property &amp; Equipment (PPE) as follows.<br/>           "Plant Property &amp; Equipment (PPE) includes land measuring 114.31 Hectares located on Kudremukh wherein the Mining operation was w.e.f. 01/01/2006 on the order of Hon'ble Supreme Court. The land neither qualify for Investment Property (Ind AS 40) as it is not being held for capital appreciation and nor qualify for Asset held for sale (Ind AS 105). The decision on land is pending with Central Empowered Committee.<br/>           The Company has adopted Indian Accounting Standard (Ind AS) as notified by the Ministry of Corporate Affairs with Effect from April 1, 2016 with transition date of April 1, 2015. As per provision of Ind AS 101, the Company continues with carrying value for all of its "Property, Plant and Equipment" as recognized in the Financial Statements as on the date of transition to Ind As, measured as per the IGAAP and use that as deemed cost as on the date of transition after making necessary adjustments for the commissioning liabilities."<br/> <b>NFRA Query (1.3.18)</b><br/>           Please explain the purpose of this note and its implications, if any, on non-compliance with Ind AS requirements.<br/> <b>NFRA Query (1.4.10)</b><br/>           Considering the land as disputed matter, how KIOCL has determined value of land and related plant and machinery at far as depreciation and impairment of PPE are concerned? Is this not a significant estimate required to be disclosed in Note? Also explain whether KIOCL has considered the impairment of PPE as per Ind AS 36? Please explain.</p> | <p><b>Reply to NFRA Query (1.3.8)</b><br/>           Disclosure has been made for more clarity to classify the carrying value under PPE as mining activities stopped in Kudremukh from 01.01.2006 and is relevant only for the understanding of users of the financial statements and there is no non-compliance with the Ind AS requirements.<br/> <b>Reply to NFRA Query (1.4.10)</b><br/>           There is no dispute as to title of the company on the lands. In pursuance of the order of Honourable Supreme Court, mining activities were stopped w.e.f. 01.01.2006 at Kudremukh. Company owned land 114.31 Hectares required to be surrendered as per the decision of the Central Empowered Committee (CEC). PPE installed on the above land has been depreciated fully, keeping carrying value at the rate of Rs. 1 each and value of land at the book value as management expects to get the book value at the time of surrendering the land to the Govt. There is no significant change in estimate and no impairment loss expected as per Ind AS 36.</p> | <p><b>Para No 2.2.3</b><br/> <b>Note 24.6: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issue</b><br/>           In the above referred note, KIOCL has made certain disclosure regarding Plant Property &amp; Equipment (PPE) as follows.<br/>           "Plant Property &amp; Equipment (PPE) includes land measuring 114.31 Hectares located on Kudremukh wherein the Mining operation was w.e.f. 01/01/2006 on the order of Hon'ble Supreme Court. The land neither qualify for Investment Property (Ind AS 40) as it is not being held for capital appreciation and nor qualify for Asset held for sale (Ind AS 105). The decision on land is pending with Central Empowered Committee.<br/>           The Company has adopted Indian Accounting Standard (Ind AS) as notified by the Ministry of Corporate Affairs with Effect from April 1, 2016 with transition date of April 1, 2015. As per provision of Ind AS 101, the Company continues with carrying value for all of its "Property, Plant and Equipment" as recognized in the Financial Statements as on the date of transition to Ind As, measured as per the IGAAP and use that as deemed cost as at the date of transition after making necessary adjustments for the commissioning liabilities."<br/> <b>NFRA Observation</b><br/>           It is unclear as to the objective behind this disclosure. Also, there is absence of any quantitative disclosure regarding the impact of this on the financial statements of the Company.<br/>           NFRS further observes that the disclosure is not clear in respect of it considering the land as disputed matter, how KIOCL has determined value of land and related plant and machinery as far as depreciation and impairment of PPE are concerned? Is this not a significant estimate required to be disclosed in Note? Also, whether KIOCL has considered the impairment of PPE as per Ind AS 36?</p> | <p>Disclosure has been made for more clarity to classify the carrying value under PPE as mining activities stopped in Kudremukh from 01.01.2006 and is relevant only for the understanding of users of the financial statements and there is no non-compliance with the Ind AS requirements.<br/>           There is no dispute as to title of the company on the lands. In pursuance of the order of Honourable Supreme Court, mining activities were stopped w.e.f. 01.01.2006 at Kudremukh. Company owned land 114.31 Hectares required to be surrendered as per the decision of the Central Empowered Committee (CEC). PPE installed on the above land has been depreciated fully, keeping carrying value at the rate of Rs. 1 each and value of land at the book value as management expects to get the book value at the time of surrendering the land to the Govt. There is no significant change in estimate and no impairment loss expected as per Ind AS 36.</p> | <p>NFRA has examined the response of KIOCL and observes in the absence of the any quantitative information about the carrying amount, fair value of the land, recoverable value or impairment loss, if any, in respect this PPE in the form of land which is presently idle, financial impact of the above on the financial statements of the KIOCL is not ascertainable. The disclosure is ambiguous and appears to obscure relevant and material information, therefore, the information mentioned in the Note 24.6 does not help the users with such attributes that could reasonably be expected to be influenced in making economic decisions.<br/>           Further KIOCL has not provided any valuation done by management to support the contention that there is no significant change in estimate and no impairment loss is expected. Paragraph 9 of Indian Accounting Standard (Ind AS) 36, Impairment of Assets (Ind AS 36) states that: "An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset."<br/>           NFRA concludes that KIOCL has not adhered with the requirement of Paragraph 9 of Ind AS 36 and have not disclosed the information requirement to be presented which helps to take decision by the users of the financial statement.</p> | <p>The book value of land is Rs 12.21 lakhs. Note no 24.6 would be modified in the FY 2021-22 by disclosing the value of land.<br/>           It is expected that KIOCL would realize the Book Value from the State Government at the time of surrender of the Land, accordingly there is no impairment loss.<br/>           However, additional disclosure in this regard would be made in the financial statements from the current FY 2021-22.<br/> <b>Financial Impact- Nil</b><br/> <b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |
| 11    | <p><b>Para No 1.3.21</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements-Financial Risk Management</b></p>   | <p>The amount reported in Note 24.26 under the sub- heading "Lease Liability" is present value of future</p>  | <p><b>Para No 2.2.4</b><br/> <b>Note 24.26: Other Notes forming part of Financial Statements- Financial Risk Management</b></p>  | <p>The amount reported in Note 24.26 under the sub- heading "Lease Liability" is present value of future</p>   | <p>KIOCL has accepted the observations of NFRA. Disclosure should be of maturity analysis of</p>   | <p>Suitable disclose regarding contractually agreed</p>   |

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|       |   |                               | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |   |
|       | <p><b>Subject Matter of Issue</b><br/>In the above referred note, as part of the disclosure related to management of liquidity risk, KIOCL has presented a table disclosing maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date. This table includes an item in the name of lease liability of amount ₹ 12,381.42 lakhs. Paragraph 39 of Indian Accounting Standard (Ind AS) 107, Financial Instruments: Disclosures (Ind AS 107) requires that an entity shall disclose:</p> <p>a. a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.</p> <p>b. a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B 11B).</p> <p>c. a description of how it manages be liquidity risk inherent in (a) and (b).</p> <p>Para B11D of Ind AS 107 explains that "The contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual discounted cash flows, for example:</p> <p>a. gross finance lease obligations (before deducting finance charges);</p> <p>b. prices specified in forward agreements to purchase financial assets for cash;</p> <p>c. net amounts for pay-floating/receive-fixed interest rate swaps for which net cash flows are exchanged;</p> <p>d. contractual amounts to be exchanged in a derivative financial instrument (eg a currency swap) for which gross cash flows are exchanged; and</p> <p>e. gross loan commitments.</p> <p>Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the end of the period.</p> <p><b>NFRA Query</b><br/>Kindly confirm whether the above amount reported in Note 24.26 under the sub- heading Lease Liability</p> | <p>lease payments.</p>        | <p><b>Subject Matter of Issue</b><br/>In the above referred note, as part of the disclosure related to management of liquidity risk, KIOCL has presented a table disclosing maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date. This table includes an item in the name of lease liability of amount ₹ 12,381.42 lakh. Paragraph 39 of Indian Accounting Standard (Ind AS) 107, Financial Instruments: Disclosures (Ind AS 107) requires that an entity shall disclose:</p> <p>(a) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.</p> <p>(b) a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B).</p> <p>(c) a description of how it manages the liquidity risk inherent in (a) and (b).</p> <p>Para B11D of Ind AS 107 explains that "The contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows, for example:</p> <p>(a) gross finance lease obligations (before deducting finance charges);</p> <p>(b) prices specified in forward agreements to purchase financial assets for cash;</p> <p>(c) net amounts for pay-floating/receive-fixed interest rate swaps for which net cash flows are exchanged;</p> <p>(d) contractual amounts to be exchanged in a derivative financial instrument (e.g., a currency swap) for which gross cash flows are exchanged; and</p> <p>(e) gross loan commitments.</p> <p>Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. For example, when the amount payable varies with changes in an index, the amount disclosed may be based on the level of the index at the end of the period.</p> <p><b>NFRA Observation</b><br/>It is unclear whether the above amount reported in</p> | <p>lease payments.</p> | <p>the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date. NFRA observes that KIOCL's disclosure is erroneous and is not in accordance with the disclosure requirement Paragraph B11D of Ind AS 107.</p> | <p>undiscounted cash flows as at the Balance Sheet date, instead of disclosing present value of future lease payments, would be made in the financial statements from the current FY 2021-22.</p> <p><b>Financial Impact- Nil</b></p> |

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|       |   |   | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |
|       | is present value of future lease payments or gross value of future lease payments.  |   | Note 24.26 under the sub-heading Lease Liability is present value of future lease payments or gross value of future lease payments.  |   |  |  |
| 12    | <p><b>Para No 1.3.24</b><br/> <b>Note 24.28: Other Notes forming part of Financial Statements-Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/> As disclosed in the above referred note, KIOCL has valued Liquid Mutual Funds Of ₹ 4,230.89 Lakhs as Amortised Cost Method as on March 31, 2019. Para 4.1.2 of Ind AS 109 "Financial Instruments" requires that "A financial asset shall be measured at amortised cost if both of the following conditions are met:<br/> a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and<br/> b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."</p> <p><b>NFRA Query</b><br/> a. NFRA observes that in Note 24.28. KIOCL has valued Liquid Mutual Funds of ₹ 4,230.89 Lakhs as Amortised Cost Method as on March 31, 2019. Please explain how this measurement treatment meets the cash flow characteristic criteria prescribed in paragraph 4.1.2 (b) of Ind AS 109 for subsequent measurement at amortised cost of financial asset.<br/> b. Please explain how KIOCL determined that it is a Level I/II/III Category Asset as per fair value hierarchy mentioned in Paragraph 72 to 75 of Ind AS 113 "Fair Value Measurement" and why it is not disclosed for liquid mutual fund.<br/> c. Please explain whether the KIOCL has used the Net Asset Value of liquid mutual fund for calculating the fair value of financial asset? If not, why not?<br/> d. Please also explain whether Liquid mutual funds are traded in the active market for which quoted price/ Net Asset Value is available or not?<br/> e. Note 24.14 mentions about correction of error observed during supplementary audit by the C&amp;AG. Please provide a copy of the C&amp;AG observation in this regard. Also, clarify whether the correction of error resulted in restatement of comparative amount as required under paragraph 42 of Ind AS 8. If yes, what is the amount of correction and how the measurement related error has been corrected?</p> | <p>a. The Company has made Investments in SEBI regulated Liquid Mutual Fund and such Investments were classified under "Cash and Cash Equivalent" up to 2018-19. During the year 2019-20 he same has been reclassified as "Current Investments" based on the expert opinion in line with C&amp;AG observations.</p> <p>As on 31st March 2020, there was no investment. The previous year balance alone has been regrouped from cash and cash equivalent to Current Investments.</p> <p>b. Being Liquid Mutual Funds are traded at Active Market for which NAV's available. Hence, it has been categorized as Level-1 in the Fair Value measurement hierarchy. As already explained, it was only a reclassification during the year and since the balance outstanding at the reporting date was nil, the fair value measurement disclosure was not made.</p> <p>c. For calculating fair value, Net Assets Value (NAV) of Liquid mutual fund as on the closing date has been considered. Disclosure to that effect has not been made as there was no balance during the year 2019-20.</p> <p>d. Liquid mutual fund are traded at active market for which NAV's are available.</p> <p>The reclassification of Liquid Investment from cash and cash equivalent to current investment made based on the observation by C&amp;AG during the year 2018-19 As stated above only the comparative figures for Rs 4230.89 lakhs has been reclassified, with a reduction of same amount from cash and cash equivalent (C&amp;AG observation and management replies thereof are attached) and suitable disclosure to</p> | <p><b>Para No 2.2.5</b><br/> <b>Note 5.3: Investment &amp; Note 24.28: Other Notes forming part of Financial Statements - Fair Value Measurements</b><br/> <b>Subject Matter of Issue</b><br/> In Note 5.3, KIOCL has disclosed an amount ₹4,230.89 lakh as investments in liquid mutual funds as of March 31, 2019, which qualifies as financial asset within the scope of recognition and measurement requirements of Ind AS 109 Financial Instruments and disclosure requirements Ind AS 107 and Ind AS 113. Further, in Note 24.28 the KIOCL has disclosed measurement category-wise carrying amounts of various financial assets and financial liabilities. In this Note 24.28 all the items of financial assets and financial liabilities are reported under Amortised Cost Measurement category including the above-mentioned investments in Liquid Mutual Funds of ₹ 4,230.89 lakh as on March 31, 2019.</p> <p>Para 4.1.2 of Ind AS 109 Financial Instruments requires that "A financial asset shall be measured at amortised cost if both of the following conditions are met:<br/> a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and<br/> b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."</p> <p><b>NFRA Observation</b><br/> NFRA observes that based on the KIOCL's disclosures, it has erroneously classified and measured investments in liquid mutual funds at Amortised Cost. However, these investments do not meet the cash flows characteristics conditions in paragraphs 4.1.2(b) and 4.1.2A(b) of Ind AS 109 and cannot be subsequently measured at amortised cost or fair value through other comprehensive income. Therefore, investments in liquid mutual funds have to be classified and subsequently measured as Fair Value through Profit or Loss (FVTPL). Accordingly, the classification and measurement for investments in liquid mutual funds at amortised cost is not compliance with the requirements of Ind AS 109 for the financial year March 31, 2019. Although, there were no such investments as of March 31, 2020 and</p> | <p>As on 31st March 2020, there was no investment. The previous year balance alone has been regrouped from cash and cash equivalent to Current Investments. Being Liquid Mutual Funds are traded at Active Market for which NAVs available. Hence, it has been categorized as Level1 in the Fair Value measurement hierarchy. As already explained, it was only a reclassification during the year and since the balance outstanding at the reporting date was nil, the fair value measurement disclosure was not made.</p> | <p>NFRA examines the response of KIOCL and is it advised to re-examine the classification and measurement of financial instruments in the form of investment in liquid mutual funds and ensure compliance with the requirements of Ind AS 109. Errors/omissions, if any, found should be corrected in accordance with paragraph 41 &amp; 42 of Ind AS 8 and the same shall be informed to NFRA.</p> <p>In response to classification of investment in Level I/II/ III category, KIOCL has submitted that it has been categorized as Level 1 in the Fair Value. In this respect, NFRA observes that the disclosure made in Note No. 24.28 that "During the year there are no financial instruments which are measured at Level 1 and Level 2 category." Does not support the KIOCL view. Note is silent for Previous Year disclosure. Therefore, KIOCL is advised to correct the error in its disclosures relating to fair value hierarchy of financial instrument.</p> | <p>Re-classification of investment in liquid mutual funds was made based on the comment of CAG u/s 143(6)(b) of the Companies Act 2013 and expert opinion obtained, the same was also disclosed in Note no 24.14 in Financial Statements for the FY 2019-20.</p> <p>Required disclosure under Fair Value Hierarchy regarding previous year would be incorporated in the financial statements from the current FY 2021-22, whenever applicable.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Subject matter of issue and Query originally raised by NFRA in questionnaire, which was responded by KIOCL, have been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR. Response submitted by KIOCL has also been modified in FRQRR. KIOCL's response has also been modified while incorporating in FRQRR.</p> |

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|       |  |  | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations   |   |
|       |  | that effect has been made at Note No. 24.14. The question of restatement did not arise as there was no reduction in the value and the consequent effect on Retained Earnings.  | these were sold during the financial year 2019-20, the erroneous measurement of investments as of previous financial year end will have impact on the gain/loss recognised during the financial year 2019-20 on account of sale of these investments.  |   |   |   |
| 13    | <p><b>Para No 1.3.27</b><br/> <b>Note 24.36: Other Notes forming part of Financial Statements</b><br/> <b>Subject Matter of Issues</b><br/> In the above referred Note regarding the going concern assessment, KIOCL has mentioned that "The Company has made detailed assessment of impact of COVID-19 on its liquidity position for a period of at least one year from the Balance Sheet date.....".</p> <p><b>NFRA Query</b><br/> In this respect, please provide us the below documents and clarifications:<br/> a. Please provide the work paper where the detailed assessment for COVID-19 impact was carried out covering the assets and liabilities as on Balance sheet date.<br/> b. Whether COVID-19 assessment as mentioned above was presented to Audit Committee or Board of Directors?<br/> c. Please provide the reference of date of audit committee meeting/Board of Directors meeting where such issue/assessment was presented and discussed with approval thereof.<br/> d. Please provide the assessment of the Company on going concern with respect to adverse indicator of reduction of Net Worth in FY 2019-20 as compared to FY 2018-19, Negative net cash flows from operating activities in last 3 years of ₹2,175.92 Lakhs negative (FY 2018-19 ₹ 12,626.89 Lakhs negative, and FY 2017-18 ₹9957.74 Lakhs negative), Valuation of Inventories at Net Realisable Value (NRV) as of March 31 March,2020 &amp; 31 March,2019 instead of cost.</p> | <p><b>(a, b &amp; c)</b> Detail assessment has been made for COVID -19 impact on assets and liabilities as on the balance sheet date. As there was no material impact or adjustment in the financial statement, the matter has not been presented to the Audit Committee or Board.<br/> A disclosure to that effect has been made at Note No. 24.36 as part of annual accounts for the year presented before the Audit committee for the recommendation to the Board.</p> <p><b>(d)</b> During the year the Company has paid Dividend for the year 2018-19 including DDT there on for Rs. 9971.92 Lakhs which has resulted in reduction in Net Worth and has no Impact on the going concern.<br/> The Company had an increase in cash from operating activities during the year 2019-20 by Rs. 10450.97 as compared to previous year.<br/> The company's product is highly volatile and the price is fixed on the international market. The valuation of inventories made based on the net realizable value or cost. Due to the volatility in the price of our finished goods as at the closing date of the financial year valued at NRV instead of Cost which is temporary in nature. In the past four years (2017-18 to 2020-21) during the year 2019-20 valued at NRV and balance three years at the cost.<br/> In view of the above Negative cash flow from the operative activities and Valuation of Inventories at NRV has no adverse on-going concern as per our assessment.<br/> The company has a comfortable liquidity position and has been</p> | <p><b>Para No 2.2.6</b><br/> <b>Note 24.36: Other Notes forming part of Financial Statements Subject Matter of Issue</b><br/> In the above referred Note regarding the going concern assessment, KIOCL has mentioned that "The Company has made detailed assessment of impact of COVID-19 on its liquidity position for a period of at least one year from the Balance Sheet date.....".</p> <p><b>NFRA Observation</b><br/> Paragraph 25 of Ind AS 1 requires that the Company's management shall make an assessment of an entity's ability to continue as a going concern. Paragraph 26 of Ind AS 1 provides guidance on assessment of going concern and requires the Companies', in some cases, to consider range of factors apart consideration of history of profitable operations, to satisfy itself that the preparation of financial statements on going concern assumption is appropriate. NFRA observes certain adverse factors which indicated a need for detailed assessment by KIOCL's assessment about its ability to continue as going concern. The adverse factors observed were Negative net cash flows from operating activities in last 3 years of ₹2,175.92 lakh negative (FY 2018-19 ₹12,626.89 lakh negative, and FY 2017-18 ₹9957.74 lakh negative), reduction of Net worth in FY 2019-20 as compared to FY 2018-19 and Write-down of inventories to Net Realisable Value (NRV) as of March 31 March, 2020 &amp; 31 March, 2019. While the above referred note states that a detailed assessment was made in the context of COVID-19 with regard to liquidity position, the disclosure did not provide adequate details of the Company's going concern assessment and also whether the assessment was subjected to a review by the Audit Committee or Board of Directors.</p> | <p>Detail assessment has been made for COVID -19 impact on assets and liabilities as on the balance sheet date. As there was no material impact or adjustment in the financial statement, the matter has not been presented to the Audit Committee or Board. A disclosure to that effect has been made at Note No. 24.36 as part of annual accounts for the year presented before the Audit committee for the recommendation to the Board. During the year the Company has paid Dividend for the year 2018-19 including DDT there on for Rs. 9,971.92 lakh which has resulted in reduction in Net Worth and has no Impact on the going concern.</p> <p>The Company had an increase in cash from operating activities during the year 2019-20 by Rs. 10,450.97 as compared to previous year. The company's product is highly volatile and the price is fixed on the international market. The valuation of inventories made based on the net realizable value or cost. Due to the volatility in the price of our finished goods as at the closing date of the financial year valued at NRV instead of Cost which is temporary in nature. In the past four years (2017-18 to 2020-21) during the year 2019-20 valued at NRV and balance three years at the cost.<br/> In view of the above Negative cash flow from the operative activities and Valuation of Inventories at NRV has no adverse on-going concern as per our assessment. The company has a comfortable liquidity position and has been consistently making profits due to the income earned</p> | <p>NFRA has examined the response of the KIOCL with reference to the requirements of Paragraph 25 &amp; 26 of Ind AS 1 and observes that KIOCL has not provided any document to enable NFRA to examine whether sufficient assessment was carried out by the Company of its ability to continue as going concern and appropriateness of the preparation of the financial statements on going concern in the context of adverse indicator including the likely effect of unexpected global pandemic viz. COVID 19. Further, the Company has not presented any evidence such as presentation or other specific and adequate information provided to Audit Committee or Board of Directors to make an informed and well considered decision by such governing bodies. Therefore, there is no evidence that the company has assessed suitability of preparation of financial statements on going concern basis as required under Paragraph 25 &amp; 26 of Ind AS 1 and has not been complied with.</p> | <p>The observation of NFRA was due to non-submission of document with respect to impact assessment of Covid -19 on Company's performance. However, disclosure has been made under Note 24.36: Other Notes forming part of Financial Statements, duly recommended by the Audit Committee and approved by Board.</p> <p>Further, use of going concern basis of accounting in the preparation of the company's financial statements for the FY 2019-20, was also concurred by Statutory Auditor and mentioned as Key Audit Matters in Independent Auditor's Report. (Page no 78-79 of Annual Report 2019-20).</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |

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| S. No                                | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |   | KIOCL Comment to NFRA Conclusion / Recommendations  |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
|--------------------------------------|--|---|---|---|---|---|------------------------|---------|------------|----------|---|----------------------|-----------|-----------|-------------|--|--|-------------|------------------------|---------|--------------------------------------|----------|---|-------------------------------------|--------|---|---------------|----------|-----------|--|---|-------------|--|--|-------------|------------------------|---------|------------|----------|---|----------------------|-----------|-----------|-------------|--|--|-------------|------------------------|---------|--------------------------------------|----------|---|--------------------------------------|--------|---|---------------|----------|-----------|--|---|
|                                      |  |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
|                                      |  | consistently making profits due to the income earned from the investments. The company had brought back it shares during the year 2018-19 for a sum of Rs.21,400 lakhs and has been consistently paying dividend. The company's further plans are described in the Board of Directors report.   |   | from the investments. The company had brought back it shares during the year 2018-19 for a sum of Rs.21,400 lakh and has been consistently paying dividend. The company's further plans are described in the Board of Directors report. |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| 14                                   | <p><b>Para No 1.3.28</b><br/><b>Note 24.39: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>Above referred note states that Previous Year's figures have been regrouped/reclassified/re-casted wherever necessary to confirm to current year's presentation</p> <p><b>NFRA Query</b><br/>a. Please provide us the details of the above regroupings/reclassification/ re-casting made.<br/>b. Has KIOCL evaluated whether these regroupings were due to prior period errors as defined in Indian Accounting Standard (Ind AS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors" (Ind AS 8)? If yes, did you evaluate the requirements of restatement of amounts as required by Paragraph 42 of Ind AS 8?</p> | <p>The details are as below<br/>Balance Sheet:</p> <table border="1"> <thead> <tr> <th colspan="3">(₹ in lakh)</th> </tr> <tr> <th>Particulars</th> <th>2018-19 (Reclassified)</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td>4,230.90</td> <td>-</td> </tr> <tr> <td>Cash and Cash Equiv.</td> <td>51,519.44</td> <td>55,750.33</td> </tr> </tbody> </table> <p>Profit and Loss:</p> <table border="1"> <thead> <tr> <th colspan="3">(₹ in lakh)</th> </tr> <tr> <th>Particulars</th> <th>2018-19 (Reclassified)</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Consumable Stores Spares &amp; Additives</td> <td>8,807.40</td> <td>-</td> </tr> <tr> <td>Direct Cost toward Service Contract</td> <td>192.94</td> <td>-</td> </tr> <tr> <td>Other Expens.</td> <td>6,578.85</td> <td>15,579.19</td> </tr> </tbody> </table> <p>This regrouping/reclassification made as stated above were not account of prior period errors but regrouping made for better presentation.</p> | (₹ in lakh)   |   |   | Particulars   | 2018-19 (Reclassified) | 2018-19 | Investment | 4,230.90 | - | Cash and Cash Equiv. | 51,519.44 | 55,750.33 | (₹ in lakh) |  |  | Particulars | 2018-19 (Reclassified) | 2018-19 | Consumable Stores Spares & Additives | 8,807.40 | - | Direct Cost toward Service Contract | 192.94 | - | Other Expens. | 6,578.85 | 15,579.19 | <p><b>Para No 2.2.7</b><br/><b>Note 24.39: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>Above referred note states that Previous Year's figures have been regrouped/reclassified/re-casted wherever necessary to confirm to current year's presentation.</p> <p><b>NFRA Observation</b><br/>NFRA observes that there are no details of the regroupings/ reclassification/ re-casting made to enable the users of the financial statements to understand the impact of the above reclassifications and regroupings. Also, it is not clear whether these reclassifications and regroupings were due to correction of prior period errors as defined in Indian Accounting Standard (Ind AS) 8, Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS 8) and whether these errors needed any restatement of amounts as required by Paragraph 42 of Ind AS 8 or the reclassifications due to changes in the presentation/classification of items under paragraph 41 of Ind AS 1.</p> | <p>The details are as below<br/>Balance Sheet:</p> <table border="1"> <thead> <tr> <th colspan="3">(₹ in lakh)</th> </tr> <tr> <th>Particulars</th> <th>2018-19 (Reclassified)</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td>4,230.90</td> <td>-</td> </tr> <tr> <td>Cash and Cash Equiv.</td> <td>51,519.44</td> <td>55,750.33</td> </tr> </tbody> </table> <p>Profit and Loss:</p> <table border="1"> <thead> <tr> <th colspan="3">(₹ in lakh)</th> </tr> <tr> <th>Particulars</th> <th>2018-19 (Reclassified)</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Consumable Stores Spares &amp; Additives</td> <td>8,807.40</td> <td>-</td> </tr> <tr> <td>Direct Cost toward Service Contracts</td> <td>192.94</td> <td>-</td> </tr> <tr> <td>Other Expens.</td> <td>6,578.85</td> <td>15,579.19</td> </tr> </tbody> </table> <p>This regrouping/ reclassification made as stated above were not account of prior period errors but regrouping made for better presentation.</p> | (₹ in lakh) |  |  | Particulars | 2018-19 (Reclassified) | 2018-19 | Investment | 4,230.90 | - | Cash and Cash Equiv. | 51,519.44 | 55,750.33 | (₹ in lakh) |  |  | Particulars | 2018-19 (Reclassified) | 2018-19 | Consumable Stores Spares & Additives | 8,807.40 | - | Direct Cost toward Service Contracts | 192.94 | - | Other Expens. | 6,578.85 | 15,579.19 | <p>NFRA has examined the response of the KIOCL in context of paragraph 41 of Ind AS 1 which is mentioned below:<br/><b>Paragraph 41</b> requires that: "If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):<br/>(a) the nature of the reclassification;<br/>(b) the amount of each item or class of items that is reclassified; and<br/>(c) the reason for the reclassification."<br/>Therefore, KIOCL has not made disclosure as per the requirement of Paragraph 41 of Ind AS 1.</p> | <p>In case, any regrouping/reclassification is done in future, the required disclosure as per para 41 of Ind AS 1 would be made in the financial statements of relevant year.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |
| (₹ in lakh)                          |  |   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Particulars                          | 2018-19 (Reclassified)   | 2018-19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Investment                           | 4,230.90   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Cash and Cash Equiv.                 | 51,519.44  | 55,750.33   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| (₹ in lakh)                          |  |   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Particulars                          | 2018-19 (Reclassified)   | 2018-19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Consumable Stores Spares & Additives | 8,807.40   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Direct Cost toward Service Contract  | 192.94   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Other Expens.                        | 6,578.85   | 15,579.19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| (₹ in lakh)                          |  |   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Particulars                          | 2018-19 (Reclassified)   | 2018-19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Investment                           | 4,230.90   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Cash and Cash Equiv.                 | 51,519.44  | 55,750.33   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| (₹ in lakh)                          |  |   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Particulars                          | 2018-19 (Reclassified)   | 2018-19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Consumable Stores Spares & Additives | 8,807.40   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Direct Cost toward Service Contracts | 192.94   | -   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| Other Expens.                        | 6,578.85   | 15,579.19   |   |   |   |   |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |
| 15                                   | <p><b>Para No 1.4.2</b><br/><b>Note 1.7 Income Tax</b><br/><b>Subject Matter of Issue</b><br/>Above referred accounting policy (Note 1.7) contains the following policy regarding deferred income tax: 'Deferred Income Tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and</p>   | <p>The Company follows deferred Income tax using balance sheet method. Inadvertently mentioned as "Liability Method" in the policy.</p> <p>The same shall be rectified during current FY 2021-22.</p>   | <p><b>Para No 2.2.8 Significant Accounting Policies</b><br/><b>Note 1.7: Income Tax</b><br/><b>Subject Matter of Issue</b><br/>Above referred accounting policy (Note 1.7) contains the following policy regarding deferred income tax: "Deferred Income Tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and</p> | <p>The Company follows deferred Income tax using balance sheet method. Inadvertently mentioned as "Liability Method" in the policy. The same shall be rectified during current FY 2021-22.</p>  | <p>KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the corrected financial statements for the FY 2021-22.</p> | <p>Modification in the Accounting Policy would be made by engaging the service of External Expert Agency in current FY 2021-22.</p> |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                     |        |   |               |          |           |  |   |             |  |  |             |                        |         |            |          |   |                      |           |           |             |  |  |             |                        |         |                                      |          |   |                                      |        |   |               |          |           |  |   |

| S. No          | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report  |  |   | KIOCL Comment to NFRA Conclusion / Recommendations   |             |        |  |  |  |  |   |  |  |
|----------------|---|--|--|--|---|--|-------------|--------|--|--|--|--|---|--|--|
|                |   |  | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |             |        |  |  |  |  |   |  |  |
|                | <p>their carrying amount in the financial Statements.” <b>[Emphasis Added]</b><br/> <b>NFRA Query</b><br/>                     Kindly explain which paragraph of Ind AS 12 prescribes use of the ‘liability method’ for recognising the deferred tax assets and liabilities</p>   |  | <p>their carrying amounts in the Financial Statements.....” <b>[Emphasis Added]</b><br/> <b>NFRA Observation</b><br/>                     KIOCL’s use of ‘Liability Method’ for accounting deferred tax assets and deferred tax liabilities is unclear, ambiguous and appears inconsistent with the accounting required under Indian Accounting Standard (Ind AS) 12, Income Taxes (Ind AS 12).</p>  |  |   | <p><b>Financial Impact-Nil</b><br/><br/> <b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p>  |             |        |  |  |  |  |   |  |  |
| 16             | <p><b>Para No 1.4.4</b><br/> <b>Note 1.11. Trade Receivables</b><br/> <b>Subject Matter of Issue.</b><br/>                     The above referred note states the company’s accounting policy for initial measurement of trade receivables as follows.</p> <p>“Trade Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for Impairment.”<br/> <b>NFRA Query</b><br/>                     Please explain how the above stated accounting policy of initial measurement of trade receivables is in accordance with the requirements of paragraph 5.1.3 read with paragraph 5.1.1 of Indian Accounting Standard (Ind AS) 109, Financial Instruments?</p> | <p>It is submitted that the company is recognizing trade receivables at transaction price. The nomenclature of “fair value” in the Accounting policy will be corrected in the subsequent financial statements.</p> <p>Review shall be made during the current year for suitable changes in line with Accounting Standards.</p>                         | <p><b>Para No 2.2.9</b><br/> <b>Significant Accounting Policies- Note 1.11. Trade Receivables</b><br/> <b>Subject Matter of Issue</b><br/>                     The above referred note states the company’s accounting policy for initial measurement of trade receivables as follows.</p> <p>“Trade Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.”<br/> <b>NFRA Observation</b><br/>                     NFRA observes that the accounting policy for initial measurement of financial asset in the form of Trade Receivables is incorrect and contrary initial measurement requirements of paragraph 5.1.3 read with paragraph 5.1.1 of Indian Accounting Standard (Ind AS) 109, Financial Instruments for Trade Receivables.</p> <p><b>Paragraph 5.1.1</b> “Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.”<br/> <b>Paragraph 5.1.3</b> “Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at their transaction price (as defined in Ind AS 115) if the trade receivables do not contain a significant financing component in accordance with Ind AS 115 (or when the entity applies the practical expedient in accordance with paragraph 63 of Ind AS 115).”</p> | <p>It is submitted that the company is recognizing trade receivables at transaction price. The nomenclature of “fair value” in the accounting policy will be corrected in the subsequent financial statements Review shall be made during the current year for suitable changes in line with Accounting Standards.</p> | <p>KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the corrected financial statements for the FY 2021-22.<br/>                     KIOCL is also advised to refer observation in Part A of FRQR regarding comprehensive re-examination of its accounting policy for revenue recognition and revision/restatement of the financial statements.</p> | <p>Modification in the Accounting Policy in current FY 2021-22, would be made by engaging the service of External Expert Agency.</p> <p><b>Financial Impact-Nil</b><br/><br/> <b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |             |        |  |  |  |  |   |  |  |
| 17             | <p><b>Para No 1.3.11</b><br/> <b>Note 16: Other Income</b><br/> <b>Subject Matter of Issue</b><br/>                     In the above referred Note, KIOCL has disclosed Interest income on ‘others valued at amortised cost’</p>  | <p>The breakup of Rs. 403.06 Lakhs are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">(Rs. in Lakhs)</th> </tr> <tr> <th>S. no</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> | (Rs. in Lakhs)   |  |   | S. no  | Particulars | Amount |  |  |  | <p><b>Para No 2.2.10</b><br/> <b>Note 16: Other Income</b><br/> <b>Subject Matter of Issue</b><br/>                     In the above referred Note, KIOCL has disclosed Interest income on ‘others valued at amortised cost’</p> | <p>KIOCL has provided breakup of Interest income in which Interest against income tax refund was ₹ 298.07 lakh.</p> | <p>KIOCL is advised to rectify the incorrect presentation or grouping of interest income on tax refunds.</p> | <p>Agreed for considering the same from current FY 2021-22.</p> <p><b>Financial Impact-Nil</b></p> |
| (Rs. in Lakhs) |   |  |  |  |   |  |             |        |  |  |  |  |   |  |  |
| S. no          | Particulars   | Amount   |  |  |   |  |             |        |  |  |  |  |   |  |  |
|                |   |  |  |  |   |  |             |        |  |  |  |  |   |  |  |

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report  |   |  | KIOCL Comment to NFRA Conclusion / Recommendations   |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
|-------|---|---|--|---|--|--|------------------------------------|--------|-----|--|-------|----|-----------------------------|-------|--|-------|--------|---|--|--|---|
|       |   |   | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
|       | <p>of Rs.403.06 Lakhs (FY 2018-19 Rs.331.77 Lakhs).</p> <p><b>NFRA Query</b><br/>Please give the category wise split up of details of amount included in this line item, Also, explain why KIOCL has not specified the source of income instead of writing as 'other'.</p>  | <table border="1"> <tr> <td>i</td> <td>Interest on advance to the Employees</td> <td>5.60</td> </tr> <tr> <td>ii</td> <td>Interest against Income tax refund</td> <td>289.07</td> </tr> <tr> <td>iii</td> <td>Int. on Securities deposits with DISCOMS</td> <td>60.48</td> </tr> <tr> <td>iv</td> <td>Interest from Vendor (NMPT)</td> <td>47.01</td> </tr> <tr> <td></td> <td>Total</td> <td>403.06</td> </tr> </table> <p>The above interest are regular in nature except interest from the Vendor (NMPT) for which suitable disclosure was made in Note No 24.33 (Copy attached)</p> | i  | Interest on advance to the Employees  | 5.60   | ii   | Interest against Income tax refund | 289.07 | iii | Int. on Securities deposits with DISCOMS | 60.48 | iv | Interest from Vendor (NMPT) | 47.01 |  | Total | 403.06 | <p>of ₹403.06 lakh (FY 2018-19 ₹331.77 lakh). In this amount, interest on income tax refund has been included, which does not relate to an asset that is not within the scope amortised cost measurement under Ind AS 109.</p> <p><b>NFRA Observation</b><br/>NFRA observes that there is incorrect presentation and grouping of interest income on assets not subject to amortised cost measurement.</p> |  |  | <p><b>Note:</b> Subject matter of issue and Query originally raised by NFRA in questionnaire, which was responded by KIOCL have been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR. KIOCL's response has also been modified while incorporating in FRQR.</p> |
| i     | Interest on advance to the Employees  | 5.60  |  |   |  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
| ii    | Interest against Income tax refund  | 289.07  |  |   |  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
| iii   | Int. on Securities deposits with DISCOMS  | 60.48   |  |   |  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
| iv    | Interest from Vendor (NMPT)   | 47.01   |  |   |  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
|       | Total   | 403.06  |  |   |  |  |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
| 18    | <p><b>Para No 1.3.26</b><br/><b>Note 24.34: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, it is stated as follows:<br/>"During the year certain items of income and expenditure pertaining to earlier years which do not have any materiality, has been considered as current year Income and expenditure and classified under respective head of accounts."<br/><b>NFRA Query</b><br/>a. Please explain why the above disclosure has been made if the amounts are not material?<br/><br/>b. While concluding the materiality of the amounts did you consider both the size and nature of the item or combination of both (refer paragraph 7 of Ind AS 1) or only the size (quantitative factor) as the determining factor.</p> | <p>a. Income and expenditure pertaining to earlier years has not been considered for prior period due to materiality and considered as the current year Income and Expenditure respectively, accordingly suitable disclosure made.<br/>b. While calculating the materiality, the combination of both size and nature has been considered.</p>   | <p><b>Para No 2.2.11</b><br/><b>Note 24.34: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, it is stated as follows:<br/>"During the year certain items of income and expenditure pertaining to earlier years which do not have any materiality, has been considered as current year Income and expenditure and classified under respective head of accounts."<br/><b>NFRA Observation</b><br/>Explanatory notes and disclosures regarding items/aspects that are not material should be avoided otherwise, it may obscure the importance of other material information which will be against the underlying principles of Ind AS.<br/>It is not clear which line or sub-line items in the financial statements are impacted by the above disclosure. As a result, it is incomplete and ambiguous disclosure to the users of the financial statements.</p> | <p>Income and expenditure pertaining to earlier years has not been considered for prior period due to materiality and considered as the current year Income and Expenditure respectively, accordingly suitable disclosure made. While calculating the materiality, the combination of both size and nature has been considered.</p>   | <p>NFRA observes that presentation and disclosures in the financial statements shall neither give potential for obscuring the material information nor should they contain disclosures that are incomplete or ambiguous. Therefore, KIOCL is advised to avoid the inclusion of explanatory notes about items/aspects that are immaterial and my give rise to ambiguity.</p>                                  | <p>Agreed for considering the same from current FY 2021-22.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p> |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |
| 19    | <p><b>Para No 1.4.5</b><br/><b>Note 1.14 (iii) Fair Value through Profit or Loss: Subject Matter of Issue</b><br/>Accounting policy in the above referred note mentions only about debt instruments. It is silent in respect of other type of financial instruments.<br/><b>NFRA Query</b><br/>Please explain the classification and measurement policy for derivatives. Since the company has substantial amounts of derivatives ₹ 8,382.09 lakh (FY 2018-19 ₹ 4,834.55 lakh) in the form of FC Forward Contracts, please explain why the accounting policy disclosed in the financial</p>   | <p>Accounting policy towards the derivatives disclosed at Note No 1.4(b) transaction and balances as follows .....</p> <p>"Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign</p>   | <p><b>Para No 2.2.12</b><br/><b>Significant Accounting Policies: Note 1.14 (iii) Fair Value through Profit or Loss: Subject Matter of Issue</b><br/>Accounting policy in the above referred note mentions only about debt instruments. It is silent in respect of other type of financial instruments.<br/><b>NFRA Observation</b><br/>Please explain the classification and measurement policy for derivatives. Since the company has substantial amounts of derivatives ₹ 8,382.09 lakh (FY 2018-19 ₹ 4,834.55 lakh) in the form of FC Forward Contracts, it is not clear and apparent as to</p>   | <p>Accounting policy towards the derivatives disclosed at Note No 1.4(b) transaction and balances as follows .....</p> <p>"Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign</p> | <p>NFRA observes that the KIOCL has incorrectly included the accounting policy for Fx Forward Contracts in Note 1.4.(b) relating to Foreign Currency Translation which is the subject matter of Ind AS 21, The Effects of Changes in Foreign Exchange Rates (Ind AS 21).<br/>Fx Forward Contracts are derivative financial instruments within the scope of Ind AS 109, Financial Instruments, therefore,</p> | <p>Agreed. The same would be disclosed in the financial statements from current FY 2021-22.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been</p>   |                                    |        |     |  |       |    |                             |       |  |       |        |   |  |  |   |

| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021  | FRQR Report  |  |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|--|--|--|--|--|--|
|       |  |  | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |  |
|       | statements is silent in this respect?  | currencies at year end exchange rates are recognized in Profit or Loss. The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/(losses)."   | the accounting policy applied for Fx Forward Contracts.  | currencies at year end exchange rates are recognized in Profit or Loss.<br><br>The Company enters into certain forward contracts to hedge foreign exchange risks which are not designated as hedges. Such contracts are accounted for at fair value through Profit or Loss and are included in other gains/(losses)."  | accounting policy relevant to these financial instruments should have been included in Note 1.14 where the accounting policies relating to various items within the scope of Ind AS 109 have been included.<br><br>Current practice of KIOCL on disclosure of accounting policy for Fx Forward Contracts is misleading to users of the financial statements as the scope and prescriptions of Ind AS 21 are different from that of Ind AS 109 applicable to financial instruments of various types.<br><br>KIOCL is advised to correct the inappropriate location of disclosure of accounting policy for Fx Forward Contracts. | modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.  |
| 20    | <b>Para No 1.1.2</b><br><b>Cash flow from Operating Activities</b><br><b>Subject Matter of Issue</b><br>Paragraph 35 of Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows (Ind AS 7) requires that "Cash flows arising from <b>taxes on income</b> shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities, [Emphasis Added]<br><b>NFRA Query</b><br>NFRA observes that KIOCL has not disclosed "Taxes Paid (net of refunds)" as a separate line item within cash flows from operating activities. Please explain the reason for non-compliance of the provisions of the Para 35 of Ind AS 7. Further please advise the line item where this item is clubbed or presented. | During the year 2019-20 Direct Tax paid (Net of Refund) was Rs. 1090.08 Lakhs, the same has been clubbed under the head Increase/(Decrease) in trade and other payable (Rs. 1419.02 Lakhs) while calculating cash flow from operating activities. However, Taxes paid (net of refund) has been disclosed as separate line item within Cash flows from operating activities in the subsequent financial year i.e 2020-21. | <b>Para No 2.2.13</b><br><b>Cash Flow Statement: Cash flow from Operating Activities</b><br><b>Subject Matter of Issue</b><br>Paragraph 35 of Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows (Ind AS 7) requires that "Cash flows arising from <b>taxes on income</b> shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities. [Emphasis Added]<br><b>NFRA Observation</b><br>NFRA observes that KIOCL has not disclosed "Taxes Paid (net of refunds)" as a separate line item within cash flows from operating activities. | During the year 2019-20 Direct Tax paid (Net of Refund) was ₹ 1,090.08 lakh, the same has been clubbed under the head Increase/(Decrease) in trade and other payable (₹ 1,419.02 lakh) while calculating cash flow from operating activities. However, Taxes paid (net of refund) has been disclosed as separate line item within Cash flows from operating activities in the subsequent financial year i.e., 2020-21. | NFRA concludes that that KIOCL has not complied with the requirements Paragraph 35 of Ind AS 7 in the financial statements of the reporting period 2019-20. However, it has corrected the error in its financial statements of subsequent year. KIOCL is advised to avoid recurrence of such errors in future  | Required disclosure already made in the financial statements for the FY 2020-21. The same will be continued in the subsequent years.<br><br><b>Financial Impact- Nil</b><br><br><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR. |
| 21    | <b>Para No 1.2.1</b><br><b>Statement of Changed in Equity (SOCIE)</b><br><b>Subject Matter of Issue</b><br>KIOCL has presented Statement of Changed in Equity (SOCIE) in Single Note and it has certain errors/omissions mentioned below.<br>a) Paragraph 10 of Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements (Ind AS 1) mentions the components that comprise of a complete set of financial statements and sub-paragraph (a) of paragraph 10 of Ind AS 1 requires the companies to present SOCIE as part of the  | a) The bifurcation into Equity share capital and other equity will be considered during the current year.<br>b) The Company has only one Share Capital i.e Equity Share Capital the same has been disclosed in the Balance Sheet and in Notes under Note No. 10. During the current year the same shall be disclosed as Equity Share Capital.<br>c) The Company has only two Reserves. One is Capital Redemption         | <b>Para No 2.2.14</b><br><b>Statement of Changed in Equity (SOCIE)</b><br><b>Subject Matter of Issue</b><br>KIOCL has presented Statement of Changed in Equity (SOCIE) in Single Note and it has certain errors/omissions mentioned below.<br>a) Paragraph 10 of Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements (Ind AS 1) mentions the components that comprise of a complete set of financial statements and sub-paragraph (a) of paragraph 10 of Ind AS 1 requires the companies to present SOCIE as part of the   | a) The bifurcation into Equity share capital and other equity will be considered during the current year.<br>b) The Company has only one Share Capital i.e Equity Share Capital the same has been disclosed in the Balance Sheet and in Notes under Note No. 10. During the current year the same shall be disclosed as Equity Share Capital.<br>c) The Company has only two Reserves. One is Capital Redemption       | NFRA observes that KIOCL has not complied with the presentation and disclosure requirements of Paragraph 10, and 79(b) of Ind AS 1. The Company has agreed to correct the errors in the financial statements of subsequent financial year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22.  | Required presentation and disclosure in the financial statements from the FY 2021-22 would be made. Financial Statements for the FY 2021-22 would be forwarded to NFRA.<br><br><b>Financial Impact- Nil</b>  |

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|-------|--|--|--|--|---|--|
|       |  |  | NFRA Observation   | KIOCL Response quoted  |   |  |
|       | <p>Balance Sheet of the Company. Further, general instructions for preparation of Financial Statements of a Company contained in Division II of Schedule III to the Companies Act, 2013, requires the below mentioned disclosure in respect of SOCIE:<br/>"Name of the Company.....<br/>Statement of Changes in Equity for the period ended .....</p> <p><b>A. Equity Share Capital</b><br/>Balance at the beginning of the reporting period<br/>Changes in equity share capital during the year<br/>Balance at the end of the reporting period</p> <p><b>B. Other Equity</b><br/>Please refer to website of Ministry of Corporate Affairs (<a href="http://ebook.mca.gov.in">http://ebook.mca.gov.in</a>) for detailed table required to be presented in this head.</p> <p>b) As per Paragraph 79(b) of Ind AS 1, a description of the nature and purpose of each reserve within equity shall be disclosed in the Notes.</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL has not complied with the below mentioned requirements of Ind AS 1 and Division II of Schedule III to the CA, 2013:<br/>a) KIOCL has not bifurcated the Statement of Changes in Equity into A. Equity Share Capital; and B. Other Equity.<br/>b) Name of "Equity Share Capital" is incorrectly disclosed as "Share Capital".<br/>c) A description of the nature and purpose of each reserve within equity not disclosed in the Notes as required by para 79 (b) of Ind AS 1.</p> | <p>Reserve in terms of section 69 of Companies Act 2013 and the other is General Reserve. The same have been disclosed under Note No. 11. Review shall be made for further description of nature of reserve in subsequent year.</p>  | <p>Balance Sheet of the Company. Further, general instructions for preparation of Financial Statements of a Company contained in Division II of Schedule III to the Companies Act, 2013, requires the below mentioned disclosure in respect of SOCIE:<br/>"Name of the Company.....<br/>Statement of Changes in Equity for the period ended .....</p> <p><b>A. Equity Share Capital</b><br/>Balance at the beginning of the reporting period<br/>Changes in equity share capital during the year<br/>Balance at the end of the reporting period</p> <p><b>B. Other Equity</b><br/>Please refer to website of Ministry of Corporate Affairs (<a href="http://ebook.mca.gov.in">http://ebook.mca.gov.in</a>) for detailed table required to be presented in this head.</p> <p>b) As per Paragraph 79(b) of Ind AS 1, a description of the nature and purpose of each reserve within equity shall be disclosed in the Notes.</p> <p><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not complied with the below mentioned requirements of Ind AS 1 and Division II of Schedule III to the CA, 2013:<br/>a) KIOCL has not bifurcated the Statement of Changes in Equity into A. Equity Share Capital; and B. Other Equity.<br/>b) Name of "Equity Share Capital" is incorrectly disclosed as "Share Capital".<br/>c) A description of the nature and purpose of each reserve within equity not disclosed in the Notes as required by para 79 (b) of Ind AS 1.</p> | <p>Reserve in terms of section 69 of Companies Act 2013 and the other is General Reserve. The same have been disclosed under Note No. 11. Review shall be made for further description of nature of reserve in subsequent year.</p>  |   |  |
| 22    | <p><b>Para No 1.3.1</b><br/><b>Notes the Financial Statements: Background Subject Matter of Issue</b><br/>Paragraph 17 of Indian Accounting Standard (Ind AS) 10, Events after the reporting period (Ind AS 10) states that "An entity shall disclose the date when the financial statements were approved for issue and who gave that approval. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact."<br/>Further Paragraph 18 of Ind AS 10 states that "It is important for users to know when the financial statements were approved for issue, because the financial statements do not reflect events after this date."<br/><b>NFRA Query</b><br/>NFRA observes that, there is no such disclosure made in notes to accounts. Please explain the reason</p>  | <p>Financial Statement has been approved by the Board on 25.06.2020 and disclosure to that effect was made in each of the financial statement (Balance Sheet, Statement of Profit and Loss, Statement of Cash flow and Statement of Change in Equity) and Significant accounting policy and Note to Accounts.<br/>We are under the mistaken impression that, the date of approval of the Board of Directors and authentication by the Directors constitute appropriate disclosures. We shall make suitable disclosures in the subsequent financial statements.</p> | <p><b>Para No 2.2.15</b><br/><b>Notes the Financial Statements: Background Subject Matter of Issue</b><br/>Paragraph 17 of Indian Accounting Standard (Ind AS) 10, Events after the reporting period (Ind AS 10) states that "An entity shall disclose the date when the financial statements were approved for issue and who gave that approval. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact."<br/>Further Paragraph 18 of Ind AS 10 states that "It is important for users to know when the financial statements were approved for issue, because the financial statements do not reflect events after this date."<br/><b>NFRA Observation</b><br/>NFRA observes that the Company has not complied with the disclosure requirements of Paragraph 17 &amp;</p>   | <p>Financial Statement has been approved by the Board on 25.06.2020 and disclosure to that effect was made in each of the financial statement (Balance Sheet, Statement of Profit and Loss, Statement of Cash flow and Statement of Change in Equity) and Significant accounting policy and Note to Accounts.<br/>We are under the mistaken impression that, the date of approval of the Board of Directors and authentication by the Directors constitute appropriate disclosures. We shall make suitable disclosures in the subsequent financial statements.</p> | <p>NFRA observes that KIOCL has not complied with the disclosure requirements of Paragraph 17 &amp; 18 of Ind AS 10.<br/>The Company has agreed to correct the error in financial statements of subsequent financial year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22.</p> | <p>Required disclosure would be made in the financial statements from the current FY 2021-22.<br/><br/><b>Financial Impact-Nil</b></p> |

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|-------|--|--|---|--|---|---|
|       |  |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |   |
|       | for non-compliance of Paragraph 17 & 18 of Ind AS 10.  |  | 18 of Ind AS 10.  |  |   |   |
| 23    | <p><b>Para No 1.3.4</b><br/><b>Note 5.3 : Investment</b><br/><b>Subject Matter of Issue</b><br/>NFRA observes that in Note 5.3 "Investment" KIOCL disclosed Liquid Mutual Fund of ₹4,230.89 lakh as of March 31, 2019.<br/>Para 6 (B)(II)(ii) Division II of Schedule III of General Instructions for Preparation of Balance Sheet which requires the following shall also be disclosed:<br/>(a) Aggregate amount of quoted investments and market value thereof;<br/>(b) Aggregate amount of unquoted investments;<br/>(c) Aggregate amount of impairment in value of investments,<br/><b>NFRA Query</b><br/>Please explain why KIOCL has not complied with the above requirement for disclosure in the notes to the Balance Sheet.</p>   | <p>The Company has only made Investments in SEBI regulated Liquid Mutual Fund and such Investments were classified under Cash and Cash Equivalent up to 2018-19. During the year 2019-20, the same has been reclassified as "Current Investments" based on the expert opinion consequent to C&amp;AG observations. (Kindly refer Note No.24.14- Copy Enclosed).<br/>The disclosure as per Para 6 (B)(II)(ii) Division II of Schedule III of General Instructions of Balance Sheet shall be incorporated from current year. (FY 2021-22).</p>   | <p><b>Para No 2.2.16</b><br/><b>Note 5.3 : Investment</b><br/><b>Subject Matter of Issue</b><br/>NFRA observes that in Note 5.3 "Investment" KIOCL disclosed Liquid Mutual Fund of ₹4,230.89 lakh as of March 31, 2019.<br/>Para 6 (B)(II)(ii) Division II of Schedule III of General Instructions for Preparation of Balance Sheet which requires the following shall also be disclosed:<br/>(a) Aggregate amount of quoted investments and market value thereof;<br/>(b) Aggregate amount of unquoted investments;<br/>(c) Aggregate amount of impairment in value of investments,<br/><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not complied with the disclosure requirement of Paragraph 6 (B)(II)(ii) Division II of Schedule III of General Instructions for Preparation of Balance Sheet.</p>   | <p>The Company has only made Investments in SEBI regulated Liquid Mutual Fund and such Investments were classified under Cash and Cash Equivalent up to 2018-19. During the year 2019-20, the same has been reclassified as "Current Investments" based on the expert opinion consequent to C&amp;AG observations. (Kindly refer Note No.24.14- Copy Enclosed).<br/>The disclosure as per Para 6 (B)(II)(ii) Division II of Schedule III of General Instructions of Balance Sheet shall be incorporated from current year. (FY 2021-22).</p>   | <p>NFRA observes that KIOCL has not complied with disclosure requirement of Paragraph 6 (B)(II)(ii) Division II of Schedule III of General Instructions for Preparation of Balance Sheet. (Refer separate observation on incorrect classification and measurement of this financial instrument).<br/>KIOCL has agreed to correct the error in financial statements of subsequent financial year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22.</p>   | <p>Required disclosure would be made in the financial statements for the current FY 2021-22 and subsequent years.<br/><br/><b>Financial Impact- Nil</b></p>   |
| 24    | <p><b>Para No 1.3.6</b><br/><b>Note 7.a : Inventories &amp; Note 24.13 : Other Notes forming part of Financial Statements - Inventories</b><br/><b>Subject Matter of Issue</b><br/>a) Mode of Valuation of Inventories<br/>KIOCL has disclosed the following inventories in Note 7.a:<br/>(a) Raw Material (b) Work in progress (c) Finished Goods (d) Stores and Spares (e) Consumables and Additives<br/><b>NFRA Query</b><br/>NFRA observes that KIOCL has not mentioned which nature of inventories are valued at which method. For Example: whether Raw Material/Work in progress/Finished Goods /Stores and Spares/ Consumables and Additives are Valued at Cost or Net Realizable Value is not disclosed and this lack of disclosure is non-compliance with the requirement of Para 6 (B)(I)(iii) Division II of Schedule III of General instructions for Preparation of Balance Sheet which requires that "Mode of Valuation shall be stated". The Disclosure is required for each class of inventories. Please clarify,<br/>Also provide the complete details of inventories with carrying amount and NRV as of March 31, 2020 and March 31, 2019 with the supporting that how KIOCL has concluded the valuation of inventories.<br/><br/><b>b) Valuation of Inventories</b><br/><b>Subject Matter of Issue</b></p> | <p>a. It is clearly stated on the method of valuation of inventories at Note 1.12 of Significant Accounting Policies. As per which, "Stock of Finished good namely Pellets and Pig Iron and semi-finished goods are valued at lower of cost and net realizable value..... Raw materials including Materials in transit, Stores &amp; Spares, Consumables and Additives are valued at lower of cost and net realizable value.....". However, observation on requirement of disclosure of each class of inventories separately is noted for future compliance.<br/>The valuation of different Inventories is summarized below and the detailed statement is enclosed as Annexure:<br/>i. Iron Ore Fines (NMDC, Bailadila) :<br/>The Cost (weighted average) of stock as on 31.03.2020 was Rs.5985.19/MT and the Landed cost against the price revision by NMDC on 04.04.2020 was Rs.5530.42/MT(NMDC revision letter and Landed cost calculations enclosed). Thus, the lower of value</p> | <p><b>Para No 2.2.17</b><br/><b>Note 7.a : Inventories &amp; Note 24.13 : Other Notes forming part of Financial Statements - Inventories</b><br/><b>Subject Matter of Issue</b><br/>a) <b>Mode of Valuation of Inventories</b><br/>KIOCL has disclosed the following inventories in Note 7.a:<br/>(a) Raw Material (b) Work in progress (c) Finished Goods (d) Stores and Spares (e) Consumables and Additives<br/><b>b) Valuation of Inventories</b><br/>In Note 24.13 KIOCL has stated that it has valued certain inventories on "net replacement cost" as a measure of Net Realisable Value (NRV) as per the requirement of Paragraphs 9 and 32 of Indian Accounting Standards (Ind AS) 2, Inventories (Ind AS 2).<br/><b>NFRA Observation</b><br/>a) NFRA observes that KIOCL has not mentioned as to which class of inventories are valued at which method of inventory measurement in the above referred note.<br/>For Example: whether Raw Material/ Work in progress/ Finished Goods/ Stores and Spares/ Consumables and Additives are Valued at Cost or Net Realisable Value is not disclosed and this lack of disclosure is non-compliance with the requirement of Para 6 (B)(I)(iii) Division II of Schedule III of General Instructions for Preparation of Balance Sheet which requires that "Mode of Valuation shall</p> | <p>a) It is clearly stated on the method of valuation of inventories at Note 1.12 of Significant Accounting Policies. As per which, "Stock of Finished good namely Pellets and Pig Iron and semi-finished goods are valued at lower of cost and net realizable value..... Raw materials including Materials in transit, Stores &amp; Spares, Consumables and Additives are valued at lower of cost and net realizable value.....". However, observation on requirement of disclosure of each class of inventories separately is noted for future compliance.<br/><b>b) Valuation of Inventories.</b><br/>In accordance with Note 1.12 of Significant Accounting Policies on valuation of Inventories, at Note 24.13, the details of difference in value of NRV and Cost price of Raw materials and Additives viz., Iron Ore Fines, Furnace Oil and Manganese ore charged off to Profit and Loss during the year was disclosed.<br/>c) i. It is submitted that the classification of Inventories is given in Note No.7 to the Financial</p> | <p>KIOCL has agreed to correct the inadequacy of disclosure of valuation method for each class of inventory in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22. However, KIOCL should disclose the cross referencing between the notes and related information to help the user of the financial statement to understand it better. If some inventories are valued at Cost and some at Net Realisable Value, then KIOCL should disclose explicitly and unambiguously the fact in the notes to account for better understanding.<br/>Further the disclosure that "As valued and certified by the Management" is not in accordance with Ind AS and therefore should be avoided. KIOCL has agreed to correct this ambiguous disclosure in the financial statements of subsequent year. Therefore, the</p> | <p>Appropriate disclosure would be made in the financial statements for the FY 2021-22 and subsequent years.<br/><br/><b>Financial Impact- Nil</b><br/><br/><b>Note:</b> Subject matter of issue and Query, originally raised by NFRA in questionnaire, which was responded by KIOCL have been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR. KIOCL's response has also been modified while incorporating in FRQR.</p> |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |   | KIOCL Comment to NFRA Conclusion / Recommendations |
|-------|---|--|---|--|---|--|
|       |   |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |
|       | <p>In Note 24.13 KIOCL has stated that it has valued certain inventories on "net replacement cost" as a measure of Net Realisable Value (NRV) as per the requirement of Paragraphs 9 and 32 of Indian Accounting Standards (Ind AS) 2, Inventories (Ind AS 2)</p> <p><b>NFRA Query</b><br/>However, NFRA observes that valuation method in respect of inventory of Raw Materials is not properly and clearly disclosed in Note 1.12 of Significant Accounting Policies.</p> <p>i) Please explain with supposing documents which raw materials are valued at net replacement cost and how the price is determined. ii) Also provide supporting documents related to how KIOCL has estimated the amount of Net Realisable Value (NRV) of Finished Goods:</p> <p>iii) Please provide details of various category of inventories (e.g. Raw Materials, Work in progress, Finished Goods, Stores and Spare parts etc), which are valued NRV and those which are valued at Cost.</p> <p><b>c. Inadequate and lack of systematic cross referencing: (page 103 &amp; 115 of Annual Report of KIOCL for 2019-20)</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 113 of Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements (Ind AS 1) requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes".</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL in Note 24.13 has disclosed certain information about the use of Net replacement Cost as NRV for valuation of certain items of inventories. Further, it has disclosed in Note 7.a carrying amount of various category of inventories with. However, there is no proper cross referencing between these two notes and in Note 7.a there is no description/explanation of valuation of certain items of inventories at Net Replacement Cost except an ambiguous disclosure of 'As valued and Certified by the Management'.</p> <p>i. This kind of piecemeal disclosure in multiple places does not meet the underlying principles of paragraph 113 of Ind AS 1. Please explain the reason for non-compliance of Para 113 of Ind AS 1.</p> <p>ii. Further please explain which Ind AS requires the disclosure of "As valued and certified by the</p> | <p>at NRV Rs.5530.42/MT has been considered in valuation of Baila Iron ore fines including semi-finished goods.</p> <p>ii. Anthracite Coal : The Cost (weighted avg) of material as on 31.03.2020 was Rs.8964.10/MT and the Unit price as per latest PO was Rs.9050//MT (PO copy enclosed). Thus, the lower value at Cost Rs.8964.10/MT has been valued.</p> <p>iii. Burntlime: The Cost (weighted avg) of material as on 31.03.2020 was Rs.4894.59/MT and the Unit price as per latest PO was Rs.6170/MT (PO copy enclosed). Thus, the lower value at Cost Rs.4894.59/MT has been valued.</p> <p>iv. Limestone: The Cost (weighted avg) of material as on 31.03.2020 was Rs.1378.04/MT and the Unit price as per latest PO was Rs.1326.45/MT (\$17.10 x Rs.77.57) (PO copy enclosed). Thus, the lower value at NRV Rs.1326.45/MT has been valued.</p> <p>v. Bentonite Lumps: The Cost (weighted avg) of material as on 31.03.2020 was Rs.3413.92/MT and the Unit price as per latest PO was Rs.3475/MT (PO copy enclosed). Thus, the lower value at Cost Rs.3413.92/MT has been valued.</p> <p>The Complete details of Inventories with carrying amount and NRV as of March 31, 2020 and March 31, 2019 are enclosed as Annexure.</p> <p><b>b. Valuation of Inventories.</b><br/>In accordance with Note 1.12 of Significant Accounting Policies on valuation of Inventories, at Note 24.13, the details of difference in value of NRV and Cost price of Raw materials and Additives viz., Iron Ore Fines, Furnace Oil and Manganese ore charged off to Profit and Loss during the year was disclosed.</p> <p>i) All raw materials as on 31.03.2020 are valued at lower of Cost and NRV and details of valuation with</p> | <p>be stated". The Disclosure is required for each class of inventories.</p> <p>b) NFRA observes that valuation method in respect of inventory of Raw Materials is not adequately and clearly disclosed in Note 1.12 of Significant Accounting Policies.</p> <p>c) Inadequate and lack of systematic cross referencing: (page 103 &amp; 115 of Annual Report of KIOCL for 2019-20)</p> <p><b>i. Subject matter of Issue</b><br/>Paragraph 113 of Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements (Ind AS 1) requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes".</p> <p><b>NFRA Observation</b><br/>NFRA observes that KIOCL in Note 24.13 has disclosed certain information about the use of Net Replacement Cost as NRV for valuation of certain items of inventories. Further, it has disclosed in Note 7.a carrying amount of various category of inventories with. However, there is no proper cross referencing between these two notes and in Note 7.a there is no description/explanation of valuation of certain items of inventories at Net Replacement Cost except an ambiguous disclosure of 'As valued and certified by the Management'. This kind of piecemeal disclosure in multiple places does not meet the underlying principles of paragraph 113 of Ind AS 1.</p> <p><b>ii. Subject Matter of Issue</b><br/>Note 7.a: Inventories has following disclosure "As valued and certified by the Management"</p> <p><b>NFRA Observation</b><br/>It is unclear as to the purpose of disclosure and this kind of disclosures confuse the users of financial statements and create doubts and dilute the reliability of the independent audit assurance on the financial statements.</p> | <p>Statement. The Accounting policies clearly brings out the Mode of the valuation of inventories in line with Ind AS-2. Note No.24.13 pertains to a disclosure regarding amount charged to Statement of Profit and Loss of the effect of measuring in the NRV. Cross reference between the Notes on the same subject matter has been noted for better disclosures in subsequent year.</p> <p>ii. "As valued and certified by the Management" has been consistently practiced by the management, which will be removed in the subsequent financial statements from FY 2021-22.</p> | <p>Company is advised to confirm the removal of this ambiguous disclosure along with the corrected statements for the FY 2021-22.</p> |  |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |  | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |  |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |   |
|       | Management" as disclosed in the Note 7.a: Inventories.   | <p>supporting documents are enclosed as Annexure:</p> <p>ii) The details of valuation of Finished Goods as on 31.03.2020: The quantity of Finished goods at the year-end: 155775 MT The Cost of production of Pellet per ton: Rs.7,864.27/- The Net realizable value per ton: Rs.6,812.12/- (based on Sale price in Apr 20 less selling expenses of Rs.48 towards NMPT port charges. Sale Price \$91 @Rs.75.39 = Rs.6860.12 (-) Rs.48 = Rs.6,812.12/- Thus, in value of Closing stock of Pellets, considered the lowest of Cost and NRV, i.e., Rs.6,812.12/- The details of cost of production and Sale agreement with M/s. Glencore Intl, Switzerland are enclosed as Annexure:</p> <p>iii) The details of valuation of each of inventory as on 31.03.2020 is enclosed as Annexure:</p> <p>c. i. It is submitted that the classification of Inventories is given in Note No.7 to the Financial Statement. The Accounting policies clearly brings out the Mode of the valuation of inventories in line with Ind AS-2. Note No.24.13 pertains to a disclosure regarding amount charged to Statement of Profit and Loss of the effect of measuring in the NRV. Cross reference between the Notes on the same subject matter has been noted for better disclosures in subsequent year.</p> <p>ii. "As valued and certified by the Management" has been consistently practiced by the management, which will be removed in the subsequent financial statements from FY 2021-22.</p> |   |   |  |   |
| 25    | <p><b>Para No 1.3.7</b></p> <p><b>Note 7.a : Inventories</b></p> <p><b>Subject Matter of Issue</b></p> <p>Paragraph 36(e) of Ind AS 2 requires disclosure about "the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34"</p> | <p>During the year, the finished goods were valued at net realizable value as stated above. Disclosure towards the valuation of finished goods for NRV and its impact shall be given in subsequent year financial statement.</p>  | <p><b>Para No 2.2.18</b></p> <p><b>Note 7.a : Inventories Subject Matter of Issue</b></p> <p>Paragraph 36(e) of Ind AS 2 requires disclosure about "the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34"</p> | <p>During the year, the finished goods were valued at net realizable value as stated above. Disclosure towards the valuation of finished goods for NRV and its impact shall be given in subsequent year financial statement</p> | <p>NFRA observes that KIOCL has not complied with the disclosure requirement of Paragraph 36(e) of Ind AS 2 w.r.t disclosure of write down of Finished Goods due to valuation of Finished Goods at Net Realisable Value.</p> | <p>Adequate disclosure would be made in the financial statements from current FY 2021-22.</p> <p><b>Financial Impact- Nil</b></p> |

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| 5. 10 | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |   | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |   |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations   |   |
|       | <p>Paragraph 34 of Ind AS 2 requires “when inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. <b>The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occur.</b> The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.” [Emphasis added]</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL has not disclosed in Note 7.a the amount of write down of Finished Goods inventories due to valuation of Finished Goods at Net Realisable Value, if any.</p> |   | <p>Paragraph 34 of Ind AS 2 requires “when inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. <b>The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occur.</b> The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.” [Emphasis added]</p> <p><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not disclosed in Note 7.a the amount of write down of Finished Goods inventories due to valuation of Finished Goods at Net Realisable Value, if any. This is non-compliance with disclosure requirements of paragraph 36(e) of Ind AS 2.</p> |   | <p>KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22.</p>   |   |
| 16    | <p><b>Para No 1.3.8</b><br/><b>Note 14: Other Current Liabilities</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed an item under sub-head ‘other’ of ₹200.34 Lakh (FY 2018-19 ₹125.85 lakh).<br/>Paragraph F (III) (c) of ‘General instructions for preparation of Balance Sheet’ of Division II of Schedule III required an entity to specify the nature of other liabilities as ‘Other (specify nature)’.</p> <p><b>NFRA Query</b><br/>Please explain the reason why KIOCL has not disclosed the nature of the other liability.</p>   | <p>Under Note 14 Liabilities against specific heads has been disclosed and other minor head liabilities has been clubbed to reduce line item in Notes.</p> <p>However, during the current year, the same shall be reviewed and will be incorporated accordingly.</p>  | <p><b>Para No 2.2.19</b><br/><b>Note 14: Other Current Liabilities</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed an item under sub-head ‘other’ of ₹200.34 Lakh (FY 2018-19 ₹125.85 lakh).<br/>Paragraph F (III) (c) of ‘General instructions for preparation of Balance Sheet’ of Division II of Schedule III required an entity to specify the nature of other liabilities as ‘Other (specify nature)’.</p> <p><b>NFRA Observation</b><br/>NFRA observes that there is non-compliance with the disclosure requirements of Paragraph F (III) (c) of ‘General instructions for preparation of Balance Sheet’ of Division II of Schedule III to the Companies Act 2013.</p>   | <p>Under Note 14 Liabilities against specific heads has been disclosed and other minor head liabilities has been clubbed to reduce line item in Notes. However, during the current year, the same shall be reviewed and will be incorporated accordingly.</p>   | <p>KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the corrected statements for the FY 2021-22.</p>   | <p>Adequate disclosure would be made in the financial statements for the FY 2021-22 and subsequent years.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |
| 17    | <p><b>Para No 1.3.12</b><br/><b>Note 18: Employee Benefit Expenses</b><br/><b>Subject Matter of Issue</b><br/>As part of the above note, KIOCL has disclosed an item as contribution towards other superannuation benefits of ₹927.46 lakh for FY 2019-20.<br/>Paragraph 135 of Indian Accounting Standard (Ind AS) 19, Employee Benefits (Ind AS 19) requires that “An entity shall disclose information that:<br/>(a) explains the characteristics of its defined benefit plans and risks associated with them (see paragraph 139);</p>   | <p>The other superannuation benefits are defined contributory pension scheme and defined contributory post-retirement medical scheme. Both the schemes are defined contribution plan, accordingly separate disclosure as per paragraph of Ind AS 19, not provided. Review with respect to disclosure shall be made in the current year.</p> | <p><b>Para No 2.2.20</b><br/><b>Note 18: Employee Benefit Expenses</b><br/><b>Subject Matter of Issue</b><br/>As part of the above note, KIOCL has disclosed an item as contribution towards other superannuation benefits of ₹927.46 lakh for FY 2019-20.<br/>Paragraph 135 of Indian Accounting Standard (Ind AS) 19, Employee Benefits (Ind AS 19) requires that “An entity shall disclose information that:<br/>(a) explains the characteristics of its defined benefit plans and risks associated with them (see paragraph 139);</p>   | <p>The other superannuation benefits are defined contributory pension scheme and defined contributory post-retirement medical scheme. Both the schemes are defined contribution plan, accordingly separate disclosure as per paragraph of Ind AS 19, not provided. Review with respect to disclosure shall be made in the current year.</p> | <p>NFRA observes that KIOCL has not complied with the disclosure requirement of Paragraph 135 of Ind AS 19.<br/>KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of disclosure inadequacy along with the financial statements for the FY</p> | <p>Additional disclosure would be made in the financial statements for the FY 2021-22 and subsequent years.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by</p>  |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|---|---|---|--|--|
|       |   |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |
|       | <p>(b) identifies and explains the amounts in its financial statements arising from its defined benefit plans (see paragraphs 140–144); and<br/>(c) describes how its defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows (see paragraphs 145–147)."</p> <p>In Note 18, KIOCL has mentioned "Contribution towards other Superannuation Benefits" of ₹927.46 lakh for FY 2019-20; the previous year figure show "Nil".</p> <p><b>NFRA Query</b><br/>NFRA observes that there is no disclosure made in the notes to accounts to explain the nature of 'other superannuation benefits' (additional information), absence of which does not provide adequate information to users of the financial statement to make the decisions on the basis of financial statements and in non-compliance of Para 135 of Ind AS 19. Further, please explain whether there is any contribution relating to primary superannuation benefits in addition to 'contribution to other superannuation benefits'.</p> |   | <p>(b) identifies and explains the amounts in its financial statements arising from its defined benefit plans (see paragraphs 140–144); and<br/>(c) describes how its defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows (see paragraphs 145–147)."</p> <p>In Note 18, KIOCL has mentioned "Contribution towards other Superannuation Benefits" of ₹927.46 lakh for FY 2019-20; the previous year figure show "Nil".</p> <p><b>NFRA Observation</b><br/>NFRA observes that there is no disclosure made in the notes to accounts to explain the nature of 'other superannuation benefits' (additional information), absence of which does not provide adequate information to users of the financial statement to make the decisions on the basis of financial statements and in non-compliance of Para 135 of Ind AS 19.</p> |   | 2021-22.   | KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.   |
| 28    | <p><b>Para No 1.3.15</b><br/><b>Note 21: Tax Expense</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 81(C) of Indian Accounting Standard (Ind AS) 12, Income Taxes (Ind AS 12) requires an entity to disclose separately an explanation of the relationship between tax expense (income):<br/>(i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or<br/>(ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed;</p> <p><b>NFRA Query</b><br/>Please explain where and which part of the financial statements the above-mentioned information has been disclosed and why KIOCL has not complied with the above referred disclosure requirement, if no such disclosure is made?</p>   | <p>The Company has exercised the option to pay tax under section 115BAA of Income Tax Act, 1961 (Tax rate 22% plus surcharge and cess thereon). Disclosure to that effect has been made in Note No. 24.35.<br/>Review shall be made during current year considering the Para 81(c) of Ind AS 12 for further disclosure.</p> | <p><b>Para No 2.2.21</b><br/><b>Note 21: Tax Expense</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 81(C) of Indian Accounting Standard (Ind AS) 12, Income Taxes (Ind AS 12) requires an entity to disclose separately an explanation of the relationship between tax expense (income):<br/>(i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or<br/>(ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed;</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL has not complied with the disclosure requirement Para 81(c) of Ind AS 12.</p>                           | <p>The Company has exercised the option to pay tax under section 115BAA of Income Tax Act, 1961 (Tax rate 22% plus surcharge and cess thereon). Disclosure to that effect has been made in Note No. 24.35.<br/>Review shall be made during current year considering the Para 81(c) of Ind AS 12 for further disclosure.</p> | KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of error along with the financial statements for the FY 2021-22. | <p>Additional disclosure would be made in the financial statements for the FY 2021-22 and subsequent years.</p> <p><b>Financial Impact- Nil</b></p> <p>Note: Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |
| 29    | <p><b>Para No 1.3.29</b><br/><b>Note 24: Other Notes forming part of Financial Statements</b><br/><b>Subject matter of Issue</b><br/>KIOCL has not disclosed the comparative amounts in the below notes to accounts for which disclosure</p>  | <p>The Note is consistently followed for past several years, without change in any of the figure. The figures towards comparative year shall be included in the current year.</p>   | <p><b>Para No 2.2.22</b><br/><b>Note 24: Other Notes forming part of Financial Statements</b><br/><b>Subject matter of Issue</b><br/>KIOCL has not disclosed the comparative amounts in the below notes to accounts for which disclosure</p>  | <p>The Note is consistently followed for past several years, without change in any of the figure. The figures towards comparative year shall be included in the current year.</p>   | KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of disclosure and  | <p>Comparative figures for the previous Financial Year would be disclosed in the financial statements from the FY 2021-22.</p>   |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report      |  |                                   |
|-------|---|--|------------------|--|-----------------------------------|
|       |   |  | NFRA Observation | KIOCL Response quoted  | NFRA Conclusion / Recommendations |
|       | <p>was required as per Para 6 of "General instructions for preparation of Financial Statements of a Company required to Comply with Ind AS" Division II of Schedule III. Please explain</p> <p>Paragraph 38 of Ind AS 1 requires that "Except when Ind ASs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements".</p> <p>The Extract of the notes in which comparative figures are not disclosed is mentioned below:</p> <p>a) Note 24(1)(B)(2): "includes ₹11,057.62 lakh towards Forest Development Tax (FDT) at the rate of 12% of basic price of iron ore."</p> <p>b) Note 24(1)(B)(2): "The amount of ₹2,617.43 lakh (equivalent to 25% of FDT) collected earlier by NMDC as per the interim order of Hon'ble Court is shown under "Other Current Assets" in Books of Accounts and the Bank Guarantee equivalent to ₹2,734.87 lakh furnished to NMDC in this regard has not been included under the contingent liability."</p> <p>c) Note 24(1)(B)(3): "Disputed Liabilities in Appeal on Revenue Account"</p> <ul style="list-style-type: none"> <li>Excise Duty FY 2018-19 ₹5,848.31 lakh</li> <li>Service Tax FY 2018-19 ₹60.77 lakh</li> </ul> <p>Further, in this note it is not clear whether this amount is with respect to previous year or current year since no information is disclosed in Current Year Column.</p> <p>d) Note 24(1)(D): "The Company sought rectification of mistake u/s 154 of Income Tax Act, 1961 in the computation of taxable income for the Assessment Year 2013-14 involving tax demand of ₹383.76 lakh and for the Assessment Year 2017-18 tax amount of ₹ 134.36 Lakh, including interest which are pending before the Assessing Authority."</p> <p>e) Note 24(2): "Both South Western Railway (SWR) and East Coast Railway (ECR) have raised demand of ₹14,463.93 lakh and ₹ 10,361.38 lakh respectively towards distance-based charge (DBC) over and above normal freight on Iron ore transported."</p> <p>"Against the demand of ₹ 14,463.93 lakh of SWR, KIOCL had filed writ petition before the Hon'ble High Court of Karnataka."</p> <p>"Accordingly, ₹8,325.15 Lakh was paid and for the balance amount of ₹6,138.77 Lakh provision has been made in the books."</p> | <p>was required as per Para 6 of "General instructions for preparation of Financial Statements of a Company required to Comply with Ind AS" Division II of Schedule III.</p> <p>Paragraph 38 of Ind AS 1 requires that "Except when Ind ASs permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements".</p> <p>The Extract of the notes in which comparative figures are not disclosed is mentioned below:</p> <p>a) Note 24(1)(B)(2): "includes ₹11,057.62 lakh towards Forest Development Tax (FDT) at the rate of 12% of basic price of iron ore."</p> <p>b) Note 24(1)(B)(2): "The amount of ₹2,617.43 lakh (equivalent to 25% of FDT) collected earlier by NMDC as per the interim order of Hon'ble Court is shown under "Other Current Assets" in Books of Accounts and the Bank Guarantee equivalent to ₹2,734.87 lakh furnished to NMDC in this regard has not been included under the contingent liability."</p> <p>c) Note 24(1)(B)(3): "Disputed Liabilities in Appeal on Revenue Account"</p> <ul style="list-style-type: none"> <li>Excise Duty FY 2018-19 ₹5,848.31 lakh</li> <li>Service Tax FY 2018-19 ₹60.77 lakh</li> </ul> <p>Further, in this note it is not clear whether this amount is with respect to previous year or current year since no information is disclosed in Current Year Column.</p> <p>d) Note 24(1)(D): "The Company sought rectification of mistake u/s 154 of Income Tax Act, 1961 in the computation of taxable income for the Assessment Year 2013-14 involving tax demand of ₹383.76 lakh and for the Assessment Year 2017-18 tax amount of ₹ 134.36 Lakh, including interest which are pending before the Assessing Authority."</p> <p>e) Note 24(2): "Both South Western Railway (SWR) and East Coast Railway (ECR) have raised demand of ₹14,463.93 lakh and ₹ 10,361.38 lakh respectively towards distance-based charge (DBC) over and above normal freight on Iron ore transported."</p> <p>"Against the demand of ₹ 14,463.93 lakh of SWR, KIOCL had filed writ petition before the Hon'ble High Court of Karnataka."</p> <p>"Accordingly, ₹8,325.15 Lakh was paid and for the balance amount of ₹6,138.77 Lakh provision has been made in the books."</p> |                  | <p>presentation errors along with the financial statements for the FY 2021-22.</p> | <p>Financial Impact- Nil</p>      |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report  |   |   | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|--|--|---|---|--|
|       |   |  | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations   |  |
|       | <p>"Similarly, against the demand of ₹ 10,361.38 lakh of ECR which after considering the freight already paid, worked out to be ₹ 6,740.94 Lakh, KIOCL has filed WRIT petition before High Court of Orissa and High Court granted stay subject to deposit of 50% amount excluding the penalty. Against the worked-out liability, the Company paid ₹ 5,188.86 Lakh and the balance amount of ₹ 1,552.08 lakh provision has been made in the books."</p> <p>NFRA observes the similar issue of non-disclosure of comparative amounts of Previous Years found in Note 24.3, 24.4, 24.6, 24.16, 24.20, 24.22, 24.24, 24.31, 24.32, 24.33, 24.35, and 24.38.</p> <p><b>NFRA Query</b><br/>Please explain why the amounts relating to comparative years have not been disclosed in the above cases.</p> |  | <p>"Similarly, against the demand of ₹ 10,361.38 lakh of ECR which after considering the freight already paid, worked out to be ₹ 6,740.94 Lakh, KIOCL has filed WRIT petition before High Court of Orissa and High Court granted stay subject to deposit of 50% amount excluding the penalty. Against the worked-out liability, the Company paid ₹ 5,188.86 Lakh and the balance amount of ₹ 1,552.08 lakh provision has been made in the books."</p> <p>NFRA observes the similar issue of non-disclosure of comparative amounts of Previous Years found in Note 24.3, 24.4, 24.6, 24.16, 24.20, 24.22, 24.24, 24.31, 24.32, 24.33, 24.35, and 24.38.</p> <p><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not adhered with the presentation requirement of Paragraph 38 of Ind AS 1.</p> |   |   |  |
| 30    | <p><b>Para No 1.6.1</b><br/><b>Other Observations (Different Terminologies / Heading used, Inconsistency in cross referencing etc.)</b><br/><b>Balance Sheet (page no. 88 of Annual Report)</b><br/><b>Subject matter of issue</b><br/>On the face of the Balance Sheet, in "Equity &amp; Liabilities", subhead - "Equity", KIOCL has disclosed "Share Capital" however as per the format of Balance Sheet given in Part I of Division II of Schedule III the word mentioned is "Equity Share Capital".<br/><b>NFRA Query</b><br/>Please explain the reason for non-compliance of above requirement.</p>  | Change for description as "Equity Share Capital" has been noted for future presentation.   | <p><b>Para No 2.2.23</b><br/><b>Other Observations (Different Terminologies / Heading used, Inconsistency in cross referencing etc.)</b><br/><b>Balance Sheet (page no. 88 of Annual Report)</b><br/><b>Subject matter of issue</b><br/>On the face of the Balance Sheet, in "Equity &amp; Liabilities", subhead - "Equity", KIOCL has disclosed "Share Capital" however as per the format of Balance Sheet given in Part I of Division II of Schedule III the word mentioned is "Equity Share Capital".<br/><b>NFRA Observation</b><br/>NFRA observes that KIOCL shall disclose the terms which should be consistent with the presentation and disclosure requirement of Balance Sheet given in Part I of Division II of Schedule III</p>   | Change for description as "Equity Share Capital" has been noted for future presentation.  | KIOCL has agreed to correct the error in disclosure of description of the items in in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure error along with the financial statements for the FY 2021-22. | <p>Nomenclature as per Part I of Division II of Schedule III would be used in the financial statements from current FY 2021-22.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p> |
| 31    | <p><b>Para No 1.6.5</b><br/><b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/><b>Subject Matter of issue</b><br/>General instructions for preparation of Financial Statements of a Company required to Comply with Ind AS" Division II of Schedule III, requires the cash flow statement shall be prepared in accordance with the requirement of the relevant Indian Accounting Standard.<br/>Paragraph 1 of Indian Accounting Standards (Ind AS) 7, Statement of Cash Flows (Ind AS 7) requires that "An entity shall prepare a <b>statement of cash flows</b> in accordance with the requirements of this Standard and shall present it as an integral part of its financial</p>  | Heading "Cash Flow Statement" continued as it was done in earlier periods and the same has been corrected during subsequent financial year as "Statement of Cash Flow" | <p><b>Para No 2.2.24</b><br/><b>Cash Flow Statement (page no. 90 of Annual Report)</b><br/><b>Subject Matter of issue</b><br/>General instructions for preparation of Financial Statements of a Company required to Comply with Ind AS" Division II of Schedule III, requires the cash flow statement shall be prepared in accordance with the requirement of the relevant Indian Accounting Standard.<br/>Paragraph 1 of Indian Accounting Standards (Ind AS) 7, Statement of Cash Flows (Ind AS 7) requires that "An entity shall prepare a <b>statement of cash flows</b> in accordance with the requirements of this Standard and shall present it as an integral part of its financial</p>  | Heading "Cash Flow Statement" continued as it was done in earlier periods and the same has been corrected during subsequent financial year as "Statement of Cash Flow". | KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22                                | <p>The required rectification already made in the financial statements for the FY 2020-21.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous</p>  |



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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report  |  |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
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|       |   |  | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |  |
|       | statements for each period for which financial statements are presented." [Emphasis added]<br><b>NFRA Query</b><br>NFRA observes that Ind AS 7 requires to prepare the "Statement of Cash Flows", However KIOCL has mentioned the word "Cash Flow Statement". Please explain the reason for non-compliance of the requirement of Paragraphs 1 of Ind AS 7.  |  | statements for each period for which financial statements are presented." [Emphasis added]<br><b>NFRA Observation</b><br>NFRA observes that Ind AS 7 requires to prepare the "Statement of Cash Flows", However KIOCL has mentioned the word "Cash Flow Statement". This is non-compliance with of the requirement of Paragraph 1 of Ind AS 7. Cash Flow Statement is a title used in AS 3, Cash Flow Statements in Accounting Standards Rules 2006 and this AS is not applicable to KIOCL.  |  |  | conclusion to the reader of FRQRR.   |
| 32    | <b>Para No 1.6.6</b><br><b>Cash Flow Statement (page no. 90 of Annual Report)</b><br><b>Subject Matter of issue</b><br>In the head "Cash Flow from Investing Activities", KIOCL has disclosed Purchase of Fixed Assets" and "Proceeds from sales of Fixed Assets". NFRA observed that the KIOCL has disclosed "Property, Plant and Equipment" in the Balance Sheet, therefore the disclosure Shall be "Purchase of Property, Plant and Equipment" and "Proceeds from sale of Property, Plant and Equipment". This is also the requirement of Paragraph 16(b) of Ind AS7.<br><b>NFRA Query</b><br>Please explain the reason for non-compliance of the provisions of the paragraph 16(b). of Ind AS 7 and how KIOCL has assessed the disclosure, is correct. The same error has been made in the disclosure of Cash flow from operating activities where KIOCL has mentioned "(Profit)/Loss on sale of Fixed assets" and "Sale/deletion/transfer of Fixed Assets".<br>Further in footnote 2 to "Cash Flow Statement" (page nu 91) KIOCL mentioned "Additions to Fixed Assets and Capital Work-in-progress between the beginning and end of the period are treated as investing activities."<br>NFRA observes that KIOCL has followed mixed practice of presentation of titles/ words. descriptions from Ind ASs currently applicable and ASs applied previously which creates confusion among the user of the financial statement to conclude whether KIOCL has followed Ind AS or not? | The necessary correction from the current year as Property, Plant and Equipment in place of Fixed Assets shall be incorporated.  | <b>Para No 2.2.25</b><br><b>Cash Flow Statement (page no. 90 of Annual Report)</b><br><b>Subject Matter of issue</b><br>In the head "Cash Flow from Investing Activities", KIOCL has disclosed "Purchase of Fixed Assets" and "Proceeds from sales of Fixed Assets". NFRA observed that the KIOCL has disclosed "Property, Plant and Equipment" in the Balance Sheet, therefore the disclosure shall be "Purchase of Property, Plant and Equipment" and "Proceeds from sales of Property, Plant and Equipment". This is also the requirement of Paragraph 16(b) of Ind AS 7.<br>The same error has been made in the disclosure of Cash flow from operating activities where KIOCL has mentioned "(Profit)/Loss on sale of Fixed assets" and "Sale/deletion/transfer of Fixed Assets".<br>Further in footnote 2 to "Cash Flow Statement" (page no 91) KIOCL mentioned "Additions to Fixed Assets and Capital Work-in-progress between the beginning and end of the period are treated as investing activities."<br><b>NFRA Observation</b><br>NFRA observes that KIOCL has used the titles/terms prevalent in the Accounting Standards issued under Companies Accounting Standards Rule 2006, some of which have also undergone changes since 2016 amendment. However, KIOCL is required to follow the requirements of Ind ASs currently applicable to KIOCL and as a result there will be confusion among the users of the financial statements of KIOCL whether KIOCL has followed Ind AS or not? | The necessary correction from the current year as Property, Plant and Equipment in place of Fixed Assets shall be incorporated.  | NFRA observes that KIOCL shall disclose the terms which should be consistent with the presentation and disclosure requirement of Division II of Schedule III read with Ind AS 7. KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22. | Nomenclature as per Ind AS would be used in the financial statements for the FY 2021-22 and subsequent years.<br><br><b>Financial Impact-Nil</b><br><br><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR. |
| 33    | <b>Para No 1.6.7</b><br><b>Inconsistency in cross referencing:(page 92 &amp; 105 of Annual Report)</b><br><b>Subject matter of Issue</b><br>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross reference each item in the balance sheet   | Retained earning includes only surplus in Profit and Loss Account, accordingly retained earning/Surplus in Profit and Loss account included for the same purpose. During the current year, the same shall be presented correctly in systematic | <b>Para No 2.2.26</b><br><b>Other Observations: Inconsistency in cross referencing: (page 92 &amp; 105 of Annual Report)</b><br><b>Subject matter of issue</b><br>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the balance sheet  | Retained earnings includes only surplus in Profit and Loss Account, accordingly retained earnings/Surplus in Profit and Loss account included for the same purpose. During the current year, the same shall be presented | KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial   | Typographic error would be corrected in financial statements from current FY 2021-22.  |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report  |   |  | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |  |   | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |   |
|       | <p>and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes".</p> <p><b>NFRA Query</b><br/>NFRA observes in "Statement of Changes in Equity" KIOCL has disclosed the word "Surplus in Profit and Loss Account" of ₹5,604.29 Lakhs (FY 2018-19 ₹ 11,228.56 Lakhs) however the same figure is disclosed as "Retained Earnings" in Note No. 11 "Other Equity" which is inconsistent with each other, Please explain the reason for the same.</p>   | manner as per Para 113 of Ind AS 1.   | <p>and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes".</p> <p><b>NFRA Observation</b><br/>NFRA observes in "Statement of Changes in Equity" KIOCL has disclosed the word "Surplus in Profit and Loss Account" of ₹ 5,604.29 lakh (FY 2018-19 ₹ 11,228.56 lakh) however the same figure is disclosed as "Retained Earnings" in Note No. 11 "Other Equity" which is inconsistent with each other. NFRA observes that KIOCL shall disclose the terms which should be consistent with the presentation and disclosure requirement of Division II of Schedule III read with Paragraph 113 of Ind AS 1.</p>  | correctly in systematic manner as per Para 113 of Ind AS 1.   | statements for the FY 2021-22.   | <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p>   |
| 34    | <p><b>Para No 1.6.8 Inconsistency In cross referencing: (page 89 &amp; 102 of Annual Report)</b><br/><b>Subject Matter of issue</b><br/>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross reference each item in the Balance Sheet and in the Statement of Profit and Loss, and in the Statement of Changes in Equity and of cash flows to any related information in the notes".</p> <p><b>NFRA Query</b><br/>Note 3.1a: NFRA observes that the heading of Note 3.1a is mentioned as "Description of Assets" however this Note relates to "Depreciation and amortization Expense" as mentioned in the Face of the Statement of Profit and Loss.</p> <p><b>NFRA Query</b><br/>Please explain the reason for change of name of the note when it is inter-linked with the Note as mentioned in the Face of Statement of Profit and Loss. Further NFRA observes that amount of amortization of intangible asset for FY 2019-20 disclosed in Note 3.1a is ₹8.46 Lakhs, however in Note 3.2 the amortization made during the year is disclosed as ₹9.73 Lakhs. This is inconsistent with each other. Please explain the reason for the such inconsistency.</p> | <p>The "Description of Assets" as stated in Note No.3.1.a of the Notes to the Financial Statements is an inadvertent error and should read as "Depreciation and Amortization Expenses". We regret for the mistake and shall be corrected in the subsequent year.</p> <p>It is brought to your kind attention that in Note No.3.2, the figure of Rs.9.73 lakhs is Accumulated Amortization Reserve and not "Amortization made during the year". The same shall be corrected in subsequent years.</p> | <p><b>Para No 2.2.27 Other Observations: Inconsistency in cross referencing: (page 89 &amp; 102 of Annual Report)</b><br/><b>Subject Matter of issue</b><br/>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the Balance Sheet and in the Statement of Profit and Loss, and in the Statement of Changes in Equity and of cash flows to any related information in the notes".</p> <p><b>Note 3.1a:</b> Heading of Note 3.1a is mentioned as "Description of Assets" however this Note relates to "Depreciation and Amortization Expense" as mentioned in the Face of the Statement of Profit and Loss.</p> <p>Further, NFRA observes that amount of amortization of intangible asset for FY 2019-20 disclosed in Note 3.1a is ₹8.46 lakh, however in Note 3.2 the amortisation made during the year is disclosed as ₹9.73 lakh. This is inconsistent with each other.</p> <p><b>NFRA Observation</b><br/>NFRA observes that there is error in the title of the Note 3.1a and the heading of the sub-line item in Note 3.2.</p> | <p>The "Description of Assets" as stated in Note No.3.1.a of the Notes to the Financial Statements is an inadvertent error and should read as "Depreciation and Amortization Expenses". We regret for the mistake and shall be corrected in the subsequent year.</p> <p>KIOCL submits that it is brought to your kind attention that in Note No.3.2, the figure of Rs.9.73 lakh is Accumulated Amortization Reserve and not "Amortization made during the year". The same shall be corrected in subsequent years.</p> | <p>KIOCL has agreed to correct the error identified and reported by NFRA in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22.</p> | <p>The same was already corrected in the Financial Statements for the FY 2020-21.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Subject Matter of Issue and query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR.</p> |
| 35    | <p><b>Para No 1.6.10 Incorrect use of heading for the schedules relating to statement of profit and loss: (page 106 to 108, 102 of Annual Report)</b><br/><b>Subject Matter of Issue</b><br/>Note No. 15 to Note 22 and Note 3.1a is related to Statement of Profit and Loss which should be presented as "Year ended March 31, 2020" and "Year ended March 31, 2019" however KIOCL as mentioned it as "As at March 31, 2020" and "As at</p>   | <p>For "the year ended" in place of "as at "31st March of respective years "for the Notes to statement to profit and loss noted for changes in subsequent year.</p>   | <p><b>Para No 2.2.28 Other Observations: Incorrect use of heading for the schedules relating to statement of profit and loss: (page 106 to 108, 102 of Annual Report)</b><br/><b>Subject Matter of issue</b><br/>Note No. 15 to Note 22 and Note 3.1a is related to Statement of Profit and Loss which should be presented as "Year ended March 31, 2020" and "Year ended March 31, 2019" however KIOCL as mentioned it as "As at March 31, 2020" and "As at</p>   | <p>For "the year ended" in place of "as at "31st March of respective years "for the Notes to statement to profit and loss noted for changes in subsequent year.</p>   | <p>KIOCL has agreed to correct the error identified and reported by NFRA in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22.</p> | <p>Typographic error would be corrected in the financial statements from FY 2021-22.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in</p>   |

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021   | FRQR Report  |  |   | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|---|--|--|---|--|
|       |   |   | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |
|       | <p>March 31, 2019.</p> <p><b>NFRA Query</b><br/>Please explain the reasons for the above-mentioned errors.</p>  |   | <p>March 31, 2019.</p> <p><b>NFRA Observation</b><br/>Use of incorrect accounting period to Notes relating to Line Items of Statement of Profit and Loss will be misleading and confusing to the users of the financial statements.</p>  |  |   | <p>questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p>  |
| 36    | <p><b>Para No 1.3.9</b><br/><b>Note 15: Revenue from Operations</b><br/><b>Subject Matter of Issue</b><br/>Paragraphs 116 to Para 118 of Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers (Ind AS 115) require the following disclosures in respect of Contract balances:<br/><b>Paragraph 116</b> An entity shall disclose all of the following:<br/>a. the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;<br/>b. revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period; and<br/>c. revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).<br/><b>Paragraph 117</b> An entity shall explain how the timing of satisfaction of its performance obligations (see paragraph 119(a)) relates to the typical timing of payment (see paragraph 119(b)) and the effect that those factors have on the contract asset and the contract liability balances. The explanation provided may use qualitative information.<br/><b>Paragraph 118</b> An entity shall provide an explanation of the significant changes in the contract asset and the contract liability balances during the reporting period. The explanation shall include qualitative and quantitative information. Examples of changes in the entity's balances of contract assets and contract liabilities include any of the following:<br/><br/>a. changes due to business combinations;<br/>b. cumulative catch-up adjustments, to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the</p> | <p>The matter shall be reviewed during the current year with the help of consultant to make suitable disclosure as per Ind AS 115. Would like to bring kind attention of NFRA that Para-116 of Ind AS-115 requires the disclosure, if not otherwise separately presented or disclosed. The opening and closing balances of receivables consists of only export receivables and the duly disclosed in Note no.5.4, which represents the contract assets also. Amount received in advance from customers were disclosed in Note No.14. Further, the Export of goods constitute major portion of revenue, the revenue recognition is only at a point of time not over a period of time.<br/>In our opinion, matters stated in Para 118 of Ind AS 115, are not applicable to the company.</p> | <p><b>Para No 2.3.1</b><br/><b>Note 15: Revenue from Operations</b><br/><b>Subject Matter of Issue</b><br/>Paragraphs 116 &amp; 117 of Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers (Ind AS 115) require the following disclosures in respect of Contract balances:<br/><b>Paragraph 116</b> An entity shall disclose all of the following:<br/>(a) the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;<br/>(b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and<br/>(c) revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).<br/><b>Paragraph 117</b> An entity shall explain how the timing of satisfaction of its performance obligations (see paragraph 119(a)) relates to the typical timing of payment (see paragraph 119(b)) and the effect that those factors have on the contract asset and the contract liability balances. The explanation provided may use qualitative information.<br/><b>NFRA Observation</b><br/>NFRA observes that KIOCL has not adequately complied with the disclosure requirements of Paragraphs 116 - 117 of Ind AS 115.</p> | <p>The matter shall be reviewed during the current year with the help of consultant to make suitable disclosure as per Ind AS 115. Would like to bring kind attention of NFRA that Para-116 of Ind AS-115 requires the disclosure, if not otherwise separately presented or disclosed. The opening and closing balances of receivables consists of only export receivables and the duly disclosed in Note no.5.4, which represents the contract assets also. Amount received in advance from customers were disclosed in Note No.14. Further, the Export of goods constitute major portion of revenue, the revenue recognition is only at a point of time not over a period of time.</p> | <p>NFRA has examined the response of KIOCL and observes that the Company has not disclosed the Paragraph 116 in complete which require the disclosure of revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price). Disclosure requirement of Paragraph 117 of Ind AS 115 is not complied with in the Financial Statements.<br/>KIOCL's response that disclosure in Note 5.4 relating to outstanding balances of Trade Receivables complies with the disclosure requirement of paragraph 116 of Ind AS 115 is not justifiable as disclosure of only the opening and closing balances is not the only requirement of this paragraph. KIOCL has agreed to review the disclosure requirement in the next financial year. Therefore, the Company is advised to confirm the compliance with the disclosure requirements of Ind AS 15 along with the financial statements for the FY 2021-22.</p> | <p>Required disclosure would be made in the financial statements from current FY 2021-22 by engaging the services of external expert agency.</p> <p><b>Financial Impact- Nil</b></p> |

| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|--|---|--|--|--|
|       |   |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations  |  |
|       | <p>assessment of whether an estimate of variable consideration is constrained) or a contract modification;</p> <p>c. impairment of a contract asset;</p> <p>d. a change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable); and</p> <p>e. a change in the time frame for a performance obligation to be satisfied (i.e. for the recognition of revenue arising from a contract liability),</p> <p><b>NFRA Query</b><br/>NFRA observes that KIOCL has not disclosed Contract Assets and Contract Liabilities and movement thereof as required by Paragraphs 116 – 118 of Ind AS 115.</p> <p>a. Please explain why the above-mentioned disclosures have not been made?</p> <p>b. Please provide the significant contracts made during the year/ ongoing. Please explain the reason for none-disclosures, if any.</p>   |  |   |  |  |  |
| 37    | <p><b>Para No 1.3.10</b><br/><b>Note 15: Revenue from Operations</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed Rent Income of Rs.165.77 Lakhs (FY 2018-19 Rs.148.42 Lakhs) under head 'other operating income'.</p> <p><b>NFRA Query</b><br/>a. Please explain how Rent Income is determined as other operating income considering the nature of the business of your company,<br/>b. Please explain what is the nature of amounts reported under the sub- headings given below and the basis on which these items are classified as other operating income<br/>(i) Despatch money Rs.37.94 Lakhs (FY 2018-19 Rs.37.29 Lakhs)<br/>(ii) Exchange Variation Rs.399.23 Lakhs (FY 2018-19 Rs 126.27 Lakhs)<br/>c. Please provide the details of amounts reported under heading 'Other' of Rs.108.26 Lakhs (FY 2018-19 Rs. 70.24 Lakhs), Also, explain why KIOCL has not specified the nature of this income.</p> | <p>a. The Company has provided land for laying underground pipeline on annual lease basis. Rent recovered from employees towards providing Company owned quarters along with lease rent from pipe line are shown as Rental Income under the head Other operating income, as both activities are ancillary to main business.<br/>b. (i) Dispatch Money earned on early loading of finished goods to the ship are classified as operating Income.<br/>(ii) Exchange Variation: The Exchange variation against sales of Pellets and purchase of input material for production of pellets has been recognized as exchange gain (Net of Loss) and included as operating Income<br/>c. The others income shown under Other operating income comprises sale of Tender papers, liquidated damages recovered from supplier/contractors, receipts of Guest house rent from employees etc. In order to reduce number of line item in the notes, minors items have been clubbed under the head "Others".</p> | <p><b>Para No 2.3.2</b><br/><b>Note 15: Revenue from Operations</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed Rent Income of ₹165.77 lakh (FY 2018-19 ₹ 148.42 lakh) under head 'other operating income'.</p> <p><b>NFRA Observation</b><br/>NFRA observes that classification of items of income in the nature of 'Other Income' as 'Other Operating Income' is inappropriate and gives misleading information about the financial performance and source of revenue of the Company to the users of its financial statements.</p> | <p>The Company has provided land for laying underground pipeline on annual lease basis. Rent recovered from employees towards providing Company owned quarters along with lease rent from pipe line are shown as Rental Income under the head Other operating income, as both activities are ancillary to main business.</p> | <p>NFRA has examined the response of KIOCL in reference to Paragraph 9.1.8 of Guidance Note on Division II – Ind AS Schedule III to the Companies Act, 2013 which states that:<br/>"The term "other operating revenue" is not defined. This would include Revenue arising from a company's operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities."<br/>Paragraph 9.1.9 and 9.1.10 further provides examples which help to understand whether a particular income is other operating income or not.<br/>NFRA is in opinion that lease rent from underground pipeline and rent recovered from employee towards providing company</p> | <p>After review with the help of expert agency, re-classification would be done, if required, in the financial statements from current FY 2021-22.</p> <p><b>Financial Impact- Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR. KIOCL's response has also been modified while incorporating in FRQRR.</p> |

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| 5. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report   |  |   | KIOCL Comment to NFRA Conclusion / Recommendations   |
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|       |   |  | NFRA Observation  | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |
|       |   |  |   |  | owned quarters are not to be treated as "Other operating income" instead, it should be "Other Income"   |  |
| 38    | <p><b>Para No 1.3.25</b><br/><b>Note 24.30: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed that "The Company requested its debtors and creditors to confirm the balances at the year-end in respect of trade payables, trade receivables, advances and loans directly to the Statutory Auditors."<br/><b>NFRA Query</b><br/>Please provide us details of specific requirement of Ind AS, if any, that require this kind of disclosure? Also, explain what is the purpose of this disclosure? Does his disclosure have any impact on recognition and measurement of these financial assets and financial liabilities in the financial statements?</p> | <p>The Statement is provided in accordance with Para 112 (c) of Ind AS-1.<br/>Letters for confirmation of balances were addressed to parties of trade payable, trade receivable, advances and loans for direct confirmation to the statutory auditors. There is no impact on recognition and measurement of financial assets and liabilities wherever no discrepancies in the balance confirmation. During the year, no discrepancy noticed as a result, no impact recognized in the financial statement. Disclosure to that effect has been made as action of the management.<br/>Review shall be made during the current year for continuance of the disclosure.</p> | <p><b>Para No 2.3.3</b><br/><b>Note 24.30: Other Notes forming part of Financial Statements</b><br/><b>Subject Matter of Issue</b><br/>In the above referred Note, KIOCL has disclosed that "The Company requested its debtors and creditors to confirm the balances at the year-end in respect of trade payables, trade receivables, advances and loans directly to the Statutory Auditors."<br/><b>NFRA Observation</b><br/>The purpose of this disclosure is not clear. Further, the impact of this disclosure on recognition and measurement of these financial assets and financial liabilities in the financial statements is also not clear.</p> | <p>The Statement is provided in accordance with Para 112 (c) of Ind AS-1. Letters for confirmation of balances were addressed to parties of trade payable, trade receivable, advances and loans for direct confirmation to the statutory auditors. There is no impact on recognition and measurement of financial assets and liabilities wherever no discrepancies in the balance confirmation. During the year, no discrepancy noticed as a result, no impact recognized in the financial statement. Disclosure to that effect has been made as action of the management. Review shall be made during the current year for continuance of the disclosure.</p> | <p>NFRA reviewed the response of KIOCL and observes that paragraph 112(c) of Ind AS 1 states as follows:<br/>Paragraph 112: The notes shall: (c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.<br/>Since balance confirmation is only a procedure required to be performed on routine basis and not a relevant information for presentation in the financial statement, therefore it need not be presented in Financial Statement.</p> | <p>The disclosure given in Note 24.30 would be reviewed and discontinued from the FY 2021-22.<br/><br/><b>Financial Impact-Nil</b></p>   |
| 39    | <p><b>Para No 1.4.3</b><br/><b>Note 1.8: Leases</b><br/><b>Subject Matter of Issue</b><br/><b>As a lessee</b><br/>The accounting policy in relation to the KIOCL's accounting as a lessee, states that in case of low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.<br/><b>NFRA Query</b><br/>Please provide the criteria used for determining the low value leases.</p>   | <p>The treatment is guided by the Para B5 of Ind AS 116, wherein no monetary limit has been prescribed. Underlying assets value is considered to determine low value assets.</p>   | <p><b>Para No 2.3.4</b><br/><b>Note 1.8: Leases</b><br/><b>Subject Matter of Issue</b><br/><b>As a lessee</b><br/>The accounting policy in relation to the KIOCL's accounting as a lessee, states that in case of low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.<br/><b>NFRA Observation</b><br/>Accounting policy is disclosure is incomplete and inadequate in respect of the criteria, including the monetary threshold, if any, applied for determining low value leases.</p>   | <p>The treatment is guided by the Para B5 of Ind AS 116, wherein no monetary limit has been prescribed. Underlying assets value is considered to determine low value assets.</p>   | <p>NFRA observes that KIOCL has not provided any criteria used for determining the low value lease. Therefore, KIOCL's accounting policy is not adequate and helpful to the users of financial statements.</p>  | <p>The criteria used for determining the low value lease would be disclosed in the financial statements from current FY 2021-22.<br/><br/><b>Financial Impact-Nil</b><br/><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p> |
| 40    | <p><b>Para No 1.4.7</b><br/><b>Note 1.14 Impairment of financial assets</b><br/><b>De-recognition of the financial assets</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 20A of Indian Accounting Standard (Ind AS) 107, Financial Instruments: Disclosure (Ind AS 107) states that "An entity shall disclose an analysis of the gain or loss recognised in the statement of</p>  | <p>There was no de recognition of financial assets made during the last two financial years. The policy for recognition and de-recognition of financial assets has been framed. Suitable disclosure towards derecognition to be incorporated in the current year.</p>  | <p><b>Para No 2.3.5</b><br/><b>Note 1.14 Impairment of financial assets</b><br/><b>De-recognition of the financial assets</b><br/><b>Subject Matter of Issue</b><br/>Paragraph 20A of Indian Accounting Standard (Ind AS) 107, Financial Instruments: Disclosure (Ind AS 107) states that "An entity shall disclose an analysis of the gain or loss recognised in the statement of</p>  | <p>There was no de recognition of financial assets made during the last two financial years. The policy for recognition and de-recognition of financial assets has been framed. Suitable disclosure towards derecognition to be incorporated in the current year.</p>  | <p>NFRA has examined the response of KIOCL and observes that the KIOCL had no such transactions during last three years including the current reporting period. KIOCL is advised to evaluate the relevance and usefulness of accounting policy in respect of</p>  | <p>Suitable disclosure would be made in the financial statements from current FY 2021-22.<br/><br/><b>Financial Impact-Nil</b></p>   |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|--|---|---|---|--|--|
|       |  |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |
|       | <p>profit and loss arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. This disclosure shall include the reasons for derecognising those financial assets.”</p> <p><b>NFRA Query</b><br/>NFRA observes that while the accounting policy describes the company’s de- recognition policy, there are no further disclosures in this area as required by Paragraphs 42A-42H of Ind AS 107.</p> <p>Kindly provide the details of the transactions of the company during last two years where the company had to apply the accounting prescriptions of Ind AS 109. If there are no such transactions during the last two years, kindly explain the need for the disclosure of this accounting policy.</p>   |   | <p>profit and loss arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. This disclosure shall include the reasons for derecognising those financial assets.”</p> <p><b>NFRA Observation</b><br/>NFRA observes that while the accounting policy describes the company’s de-recognition policy, there are no further disclosures in this area as required by paragraphs 42A-42H of Ind AS 107. In the previous year also, there were no such transactions. Therefore, it is unclear as to the relevance and importance of disclosure of this accounting policy.</p>   |   | <p>transactions or events that have not occurred in the entity or relevant to its operations.</p>  | <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p>  |
| 41    | <p><b>Para No 1.4.9</b><br/><b>Note 1.21: Contributed Equity</b><br/><b>Subject Matter of Issue</b><br/>KIOCL accounting policy states that Equity shares are classified as Equity. Incremental costs directly attributable to the issue of new shares or options are shown in Equity as a deduction, net of tax, from the proceeds.<br/>Paragraph 15 of Ind AS 32 states that “The issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.”</p> <p><b>NFRA Query</b><br/>Kindly explain the meaning of Equity Shares referred to in the above accounting policy. Does KIOCL comply with the provisions of paragraph 15 of Indian Accounting Standard (Ind AS) 32, Financial Instruments: Presentation?</p> | <p>The meaning of Equity share refers in accounting policy has been disclosed in the Note No. 10. The company has complied with paragraph 15 of Indian Accounting Standard 32.</p>  | <p><b>Para No 2.3.6 Significant Accounting Policies- Note 1.21: Contributed Equity</b><br/><b>Subject Matter of Issue</b><br/>KIOCL accounting policy states that Equity shares are classified as Equity. Incremental costs directly attributable to the issue of new shares or options are shown in Equity as a deduction, net of tax, from the proceeds.<br/>Paragraph 15 of Ind AS 32 states that “The issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.”</p> <p><b>NFRA Observation</b><br/>NFRA’s disclosure gives an impression that all the financial instruments issued in the form and title of Equity Shares are accounted as ‘Equity’. However, according to the principle prescribed in paragraph 15 of Ind AS 32, various types of financial instruments are classified as Equity or Financial Liability (Debt) based on substance of the contractual arrangement and not merely based on the form/title of the financial instrument.</p> | <p>The meaning of Equity share refers in accounting policy has been disclosed in the Note No. 10. The company has complied with paragraph 15 of Indian Accounting Standard 32.</p>  | <p>KIOCL is advised to amend the text of its accounting policy to convey the application principles of Ind AS 32 in a clear and unambiguous manner.</p>  | <p>The same would be rectified in the financial statements from current FY 2021-22.</p> <p><b>Financial Impact-Nil</b></p> <p><b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQR, may lead to erroneous conclusion to the reader of FRQR.</p> |
| 42    | <p><b>Para No 1.1.1</b><br/><b>Statement of Cash Flows: Cash flow from Operating Activities</b><br/><b>Subject Matter of Issue</b><br/>a. In the head Cash flow from operating activities, KIOCL has disclosed “Depreciation Current Year” of FY 2019- 20 of Rs.2,749.08 Lakhs (FY 2018-19 Rs.</p>   | <p>a. It is Submitted that in the Statement of Profit and Loss Account, it is correctly stated as “Depreciation and Amortization Expenses” and reference to Note 3.1a is also made. However, in the Statement of Cash Flows, the word</p> | <p><b>Para No 2.3.7</b><br/><b>Statement of Cash Flows: Cash flow from Operating Activities</b><br/><b>Subject Matter of Issue</b><br/>In the head Cash flow from operating activities, KIOCL has disclosed “Depreciation Current Year” of FY 2019-20 of ₹2,749.08 lakh (FY 2018-19 ₹1,926.82</p>   | <p>It is Submitted that in the Statement of Profit and Loss Account, it is correctly stated as “Depreciation and Amortization Expenses” and reference to Note 3.1a is also made. However, in the Statement of Cash Flows, the word “Amortization” was</p> | <p>NFRA observes that KIOCL has not complied with the Paragraph 114(c) of Ind AS 1. KIOCL has agreed to correct the error in the financial statements of subsequent financial year. Therefore, the KIOCL is advised to</p> | <p>Nomenclature as per Ind AS would be used and required changes in the sequence of Notes to financial statements would be made in the financial</p>   |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021  | FRQR Report  |   |   | KIOCL Comment to NFRA Conclusion / Recommendations  |
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|       |  |  | NFRA Observation   | KIOCL Response quoted   | NFRA Conclusion / Recommendations   |   |
|       | 1,926.82 Lakhs). NFRA observes that the amount shown in this line items in Current and Previous reporting period is as per 'Note 3.1a' which is "Depreciation and Amortization Expense". Please explain why line item in the Statement of Cash Flows refers to depreciation expense only whereas the related notes consist of amortization expenses also?<br>b. Para 114 (c) of Indian Accounting Standard (Ind AS) 1, Presentation of financial Statements (Ind AS 1) states that "An entity normally presents notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities: (c) supporting information for items presented in the balance sheet, and in the statement of profit and loss, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented;"<br><b>NFRA Query</b><br>NFRA observes that KIOCL has clubbed 'Note 3. 1a' which is related to Statement of Profit & Loss with sequence of Notes related to Balance Sheet. This is not in line with the letter and spirit of para 114(c) of Ind AS 1. Please explain the reason for this departure of Ind AS 1 prescription. | "Amortization" was omitted inadvertently. We shall correct the error in subsequent financial statements<br><br>b & c. The Notes to account sequences have been consistently followed as per practice and same shall be reviewed during the current year to present in line with Ind AS 1.  | lakh). NFRA observes that the amount shown in this line items in Current and Previous reporting period is as per "Note 3.1a" which is "Depreciation and Amortization Expense". In this respect, Para 114 (c) of Indian Accounting Standard (Ind AS) 1, Presentation of Financial Statements (Ind AS 1) states that "An entity normally presents notes in the following order, to assist users to understand the financial statements and to compare them with financial statements of other entities:<br>(c) supporting information for items presented in the balance sheet, and in the statement of profit and loss, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented;"<br><b>NFRA Observation</b><br>NFRA observes that KIOCL has clubbed "Note 3.1a" which is related to Statement of Profit & Loss with sequence of Notes related to Balance Sheet. This is not in line with the letter and spirit of para 114(c) of Ind AS 1. Please explain the reason for this departure of Ind AS 1 prescription. Please explain why line item in the Statement of Cash Flows refers to depreciation expense only whereas the related notes consist of amortisation expense also? | omitted inadvertently. We shall correct the error in subsequent financial statements. The Notes to account sequences have been consistently followed as per practice and same shall be reviewed during the current year to present in line with Ind AS 1.   | confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22.  | statements for FY 2021-22 and subsequent years.<br><br><b>Financial Impact-Nil</b>  |
| 43    | <b>Para No 1.3.16</b><br><b>Note 24: Other Notes forming part of Financial Statements</b><br><b>Subject Matter of Issue</b><br>Note 24.1 (B)(3), KIOCL has disclosed the below mentioned information: "During the year, the company has settled the disputed Liabilities on account of Services Tax under "Sabka Vikas Scheme, 2019" and paid an amount of ₹8.86 lakh (including amount paid at the time of filling appeals) against disputed service tax liability for ₹ 29.54 lakh."<br><br><b>NFRA Query</b><br>NFRA observes that in the above note, it is not clear as to which financial year the disputed liabilities settled pertains to? Please explain.  | Contingent liabilities towards service tax have been disclosed as total figure without year wise breakup consistently. Copy of the notes for the previous year is attached. During the year 2019-20, settlement made through "Sabka Vishwas Scheme" has been disclosed as disputed liability settled without providing relevant year of the liability. | <b>Para No 2.3.8</b><br><b>Note 24: Other Notes forming part of Financial Statements</b><br><b>Subject Matter of Issue</b><br>Note 24.1 (B)(3), KIOCL has disclosed the below mentioned information:<br>"During the year, the company has settled the disputed Liabilities on account of Services Tax under "Sabka Vikas Scheme, 2019" and paid an amount of ₹8.86 lakh (including amount paid at the time of filling appeals) against disputed service tax liability for ₹ 29.54 lakh."<br><b>NFRA Query</b><br>NFRA observes that in the above note, it is not clear as to which financial year the disputed liabilities settled pertains to?  | Contingent liabilities towards service tax have been disclosed as total figure without year wise breakup consistently. Copy of the notes for the previous year is attached. During the year 2019- 20, settlement made through "Sabka Vishwas Scheme" has been disclosed as disputed liability settled without providing relevant year of the liability. | NFRA observes that KIOCL should disclose the information in the notes in such a manner which enables provision of clear and unambiguous information to users of the financial statements.   | Required Disclosure would be made in the financial statements from current FY 2021-22.<br><br><b>Financial Impact-Nil</b>               |
| 44    | <b>Para No 1.5.2</b><br><br><b>Subject Matter of Issue</b><br>In Page 11 of Board's Report – 2020, KIOCL has mentioned "During the year, your Company achieved an operating income of ₹ 1,937.65 crores as compared to ₹ 1,887.71 crores in the previous year, a growth of 2.65 %...."<br><b>NFRA Query</b><br>NFRA observes that above disclosed figure is of   | Point has been noted for disclosure in subsequent years.   | <b>Para No 2.3.9</b><br><b>Board Report: Other observations</b><br><b>Subject Matter of Issue</b><br>In Page 11 of Board's Report – 2020, KIOCL has mentioned "During the year, your Company achieved an operating income of ₹ 1,937.65 crores as compared to ₹ 1,887.71 crores in the previous year, a growth of 2.65 %...."<br><b>NFRA Observation</b><br>NFRA observes that above disclosed figure is of  | Point has been noted for disclosure in subsequent years.  | KIOCL has agreed to correct the inadequacy of disclosure of in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22. | Same nomenclature would be used in the financial statements for the FY 2021-22 and subsequent years.<br><br><b>Financial Impact-Nil</b> |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021   | KIOCL Response dtd 19.08.2021   | FRQR Report   |   |  | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|--|---|---|---|--|--|
|       |  |   | NFRA Observation  | KIOCL Response quoted   | NFRA Conclusion / Recommendations  |  |
|       | "Revenue from Operations" as mentioned in Statement of Profit and Loss, therefore, required to be disclosed appropriately. Please explain.   |   | "Revenue from Operations" as mentioned in Statement of Profit and Loss, therefore, required to be disclosed appropriately. NFRA observed that KIOCL should disclose the figures in the annual report which is consistent with the terms mentioned in the annual report and in such a manner which enables provision of clear and unambiguous information to users of the financial statements.  |   |  |  |
| 45    | <p><b>Para No 1.6.2</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/>           On the face of the Balance Sheet, in "Equity &amp; Liabilities", subhead "Non- Current Liabilities" - Financial Liabilities, KIOCL has disclosed "Lease Liability" however as per the format of Balance Sheet given in Part I of Division II of Schedule III the word mentioned is "Lease Liabilities".</p> <p><b>NFRA Query</b><br/>           Please explain the reason for non-compliance of above requirement</p>  | Change for description as "Lease Liabilities" has been noted for future presentation.   | <p><b>Para No 2.3.10</b><br/> <b>Other Observations (Different Terminologies / Heading used, Inconsistency in cross referencing etc.)</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/>           On the face of the Balance Sheet, in "Equity &amp; Liabilities", subhead "Non-Current Liabilities" – Financial Liabilities, KIOCL has disclosed "Lease Liability" however as per the format of Balance Sheet given in Part I of Division II of Schedule III the word mentioned is "Lease Liabilities".</p> <p><b>NFRA Observation</b><br/>           NFRA observes that KIOCL shall ensure consistency in the title/description of Line items and Sub-line items sub-line items in different parts of the financial statements.</p>   | Change for description as "Lease Liabilities" has been noted for future presentation.   | KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure error along with the financial statements for the FY 2021-22. | Nomenclature as per in Part I of Division II of Schedule III of The Companies Act 2013 would be used in the financial statements from the FY 2021-22.<br><br><b>Financial Impact-Nil</b> |
| 46    | <p><b>Para No 1.6.3</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/>           As per the format of Balance Sheet given in Part I of Division II of Schedule III, Trade Payables shall be disclosed as:<br/>           "Trade Payables:<br/>           (A) total outstanding dues of micro enterprises and small enterprises; and<br/>           (B) total outstanding dues of creditors other than micro enterprises and small enterprises.</p> <p><b>NFRA Query</b><br/>           NFRA observes that KIOCL has not disclosed the bifurcation on the face of the Balance Sheet as required. Please explain the reason for non-compliance of the Schedule III.</p> | The Disclosure towards total outstanding dues of Micro and Small Enterprises shown in the notes to the accounts, however the necessary changes have been made in subsequent financial year 2020-21. | <p><b>Para No 2.3.11</b><br/> <b>Other Observations (Different Terminologies / Heading used, Inconsistency in cross referencing etc.)</b><br/> <b>Balance Sheet (page no. 88 of Annual Report)</b><br/> <b>Subject matter of issue</b><br/>           As per the format of Balance Sheet given in Part I of Division II of Schedule III, Trade Payables shall be disclosed as:<br/>           "Trade Payables:<br/>           (A) total outstanding dues of micro enterprises and small enterprises; and<br/>           (B) total outstanding dues of creditors other than micro enterprises and small enterprises."</p> <p><b>NFRA Observation</b><br/>           NFRA observes that KIOCL has not disclosed the bifurcation on the face of the Balance Sheet as required by the requirements of Schedule III to the Companies Act 2013.</p> | The Disclosure towards total outstanding dues of Micro and Small Enterprises shown in the notes to the accounts, however the necessary changes have been made in subsequent financial year 2020-21. | KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure error along with the financial statements for the FY 2021-22. | The required disclosure already made in the financial statements for the FY 2020-21.<br><br><b>Financial Impact-Nil</b>  |
| 47    | <p><b>Para No 1.6.4</b><br/> <b>Statement of Profit and Loss (page no. 89 of Annual Report)</b><br/> <b>Subject Matter of issue</b><br/>           On the Face of the Statement of Profit and Loss, KIOCL has mentioned "Total Revenue" of ₹205,653.01 (FY 2018-19 ₹201,267.82 Lakhs)</p>  | The total income shown as total revenue as a practice and the same shall be corrected in the current financial year.  | <p><b>Para No 2.3.12</b><br/> <b>Other Observations (Different Terminologies / Heading used, Inconsistency in cross referencing etc.)</b><br/> <b>Statement of Profit and Loss (page no. 89 of Annual Report)</b><br/> <b>Subject matter of issue</b></p>   | The total income shown as total revenue as a practice and the same shall be corrected in the current financial year.  | KIOCL has agreed to correct the error in disclosure in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial                               | The required rectification already made in the financial statements for the FY 2020-21.<br><br><b>Financial Impact-Nil</b>   |

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| S. No | NFRA Query as per questionnaire dtd 20.07.2021  | KIOCL Response dtd 19.08.2021  | FRQR Report  |  |   | KIOCL Comment to NFRA Conclusion / Recommendations   |
|-------|---|--|--|--|---|--|
|       |   |  | NFRA Observation   | KIOCL Response quoted  | NFRA Conclusion / Recommendations   |  |
|       | however Part II of Division II of Schedule III mentioned the word "Total Income."<br><b>NFRA Query</b><br>Please explain the reason of departure from Schedule III.   |  | On the Face of the Statement of Profit and Loss, KIOCL has mentioned "Total Revenue" of ₹205,653.01 lakh (FY 2018-19 ₹201,267.82 lakh) however Part II of Division II of Schedule III mentioned the word "Total Income".<br><b>NFRA Observation</b><br>NFRA observes that KIOCL there is inconsistency between the terms used in the financial statements vis-a-vis the term prescribed in the presentation and disclosure requirement of Balance Sheet given in Part II of Division II of Schedule III.   |  | statements for the FY 2021-22.  | <b>Note:</b> Query originally raised by NFRA in questionnaire, which was responded by KIOCL has been modified in FRQRR, may lead to erroneous conclusion to the reader of FRQRR. |
| 48    | <b>Para No 1.6.9</b><br><b>Inconsistency in cross referencing: (page 88 &amp; 102 of Annual Report)</b><br><b>Subject Matter of issue</b><br>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes".<br><br><b>NFRA Query</b><br>NFRA observes that on the Face of the Balance Sheet Note 3.2 is disclosed as 'Intangible Asset' however in the notes, the heading of Note 3.2 is "Other' Intangible Asset", Please explain why it is not consistent with the disclosure made in face of the Balance Sheet. | Change for description as 'Intangible Asset' in Note 3.2 is noted for correction in subsequent year. | <b>Para No 2.3.13</b><br><b>Other Observations: Inconsistency in cross referencing: (page 88 &amp; 102 of Annual Report)</b><br><b>Subject Matter of issue</b><br>Paragraph 113 of Ind AS 1 requires that "An entity shall present notes in a systematic manner. An entity shall cross-reference each item in the balance sheet and in the statement of profit and loss, and in the statements of changes in equity and of cash flows to any related information in the notes". On the Face of the Balance Sheet there is a line item with the heading "Intangible Asset", however, heading of the related Note is mentioned as "Other Intangible Asset"<br><b>NFRA Observation</b><br>NFRA observes that there is error in mentioning the correct heading to Note 3.2 | Change for description as 'Intangible Asset' in Note 3.2 is noted for correction in subsequent year. | KIOCL has agreed to correct the error identified and reported by NFRA in the financial statements of subsequent year. Therefore, the Company is advised to confirm the correction of presentation and disclosure errors along with the financial statements for the FY 2021-22. | The required rectification already made in the financial statements for the FY 2020-21.<br><br><b>Financial Impact-Nil</b>   |

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