



Standing **38th** Annual Report
The test of time... 2013-14



KIOCL LIMITED

OUR VISION, MISSION, OBJECTIVES AND CORE VALUES

OUR VISION

Be a leader in the Pelletisation industry in India and establish a global credence.

OUR MISSION

- ⇒ Lasting relations with Customers and Vendors to ensure smooth supply chain based on trust and mutual benefits.
- ⇒ Business with Ethics & Integrity.
- ⇒ Be a contributory enterprise to societal building and environment sustenance.
- ⇒ Continuous learning.
- ⇒ Adaptability to Technology and changing Global Scenario.

OUR OBJECTIVES

- ⇒ Growth through expansion and diversification.
- ⇒ Explore new markets and segments.
- ⇒ Be competitive through cost reduction by change in processes.
- ⇒ Open new vistas of business by creating Business units viz.,

OUR CORE VALUES

- ⇒ Zeal to excel and Zest for change
- ⇒ Integrity and fairness in all matters
- ⇒ Respect for dignity and potential of individuals
- ⇒ Strict adherence to commitments
- ⇒ Ensure speed of response
- ⇒ Foster learning, creativity and team- work
- ⇒ Loyalty and pride in the Company

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BOARD OF DIRECTORS

Shri Malay Chatterjee

Chairman-cum-Managing Director

Shri Vinod Kumar Thakral

(From 31-05-2013)

Shri Lokesh Chandra

Shri Laxminarayana

Director (Finance)

Shri MV Subba Rao

Director (Commercial)

Shri N Vidyananda

Director (Production & Projects)

(From 01-11-2013)

Shri VK Agarwal

Shri S Manoharan

(From 05-07-2013)

Shri PK Bajaj

(From 05-07-2013)

Dr. S Raghunath

(From 05-07-2013)

Dr. BK Sahoo

(From 30-01-2014)

Shri EK Bharat Bhushan

(upto 29-04-2013)

Shri K Subba Rao

Director (Production & Projects)

(upto 31-10-2013)

Shri K Narasimha Murthy

(upto 31-05-2013)

Shri. SK Padhi

Company Secretary

Main Bankers

State Bank of India

Bangalore Commercial Branch

Hudson Circle

Bangalore-560001

Auditors

Sundaram & Srinivasan

Chartered Accountants

C-204, Skyline Solstice Apartments,

Bhuvanagiri Main Road,

Banasavadi,

Bangalore-560043



KIOCL LIMITED

(A Government of India Enterprise)

Regd. Office: II Block, Koramangala, Bangalore - 560034

Tele Fax-080-25531525, Website: www.kioclltd.com, e-mail: bsecretary@kudreore.com

CIN:L13100KA1976GOI002974

NOTICE TO MEMBERS

Notice is hereby given that the 38th Annual General Meeting of the members of **KIOCL LIMITED** will be held on Saturday, 6th September 2014 at 12.00 Noon, at the Company's Community Hall (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bangalore – 560 034, to transact the following businesses: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors and the Auditors thereon and Comments of the Comptroller and Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To declare the dividend on equity shares.
3. To appoint a Director in place of Shri Laxminarayana (DIN: 03588092) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Malay Chatterjee (DIN: 00380683) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** for fixing the remuneration of Statutory Auditors:-

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby authorized for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2014-15.”

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri N. Vidyananda

(DIN:06729244), who was appointed as Additional Director designated as Director (Production & Projects) pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 01.11.2013 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Bijoy Kumar Sahoo (DIN: 00160494), who was appointed as Additional Director pursuant to Article 114(xxxii) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 30.01.2014 to hold office upto this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri Giridhar Ramakrishnan of M/s Giridhar Ramakrishnan & Co., the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Pellet Plant Unit of Company for the financial year 2014-15, be paid a remuneration of ₹ 1,00,000/- (Rupees one lakh only) plus applicable taxes, if any. Other out of pocket expenses like stay accommodation and travel to be arranged by the Company or to be reimbursed on actual on production of bill.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board of Directors
KIOCL Limited,**



**(S. K. Padhi)
Company Secretary**

Place: Bangalore
Dated: 31-07-2014



NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
4. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the Special Businesses, set out above is annexed hereto.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. In pursuance to provisions of Section 152(6)(a) of the Companies Act, 2013, Shri Laxminarayana, Director (Finance) and Shri Malay Chatterjee, Chairman-cum-Managing Director retire by rotation and being eligible, offers themselves for re-appointment. However, as per the original terms of appointment issued by President of India, the tenure of Shri Laxminarayana and Shri Malay Chatterjee as Directors of the Company will expire on 31.05.2016 and 30.06.2017 respectively.
8. In pursuance to Section 161 of the Companies Act, 2013 Dr. Bijoy Kumar Sahoo was appointed as Additional Directors on the Board of KIOCL Limited who shall hold office only upto the date of the next AGM. The Board has recommended his appointment. However, as per the appointment order No.5(8)/2011-KDH dated 30th January 2014 Dr. Sahoo is appointed for a period of three years with effect from the date of notification of the appointment or until further orders, whichever is earlier.
9. Brief resume of the Directors proposed for appointment and re-appointment as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and form part of the Notice.

10. The Register of Members and Share Transfer Books of the Company will remain closed from 02-09-2014 to 06-09-2014 (both days inclusive) for determining the names of members eligible for dividend of Equity Shares, if declared at the Meeting.
11. Subject to the provisions of section 126 of the Companies Act, 2013, dividend as recommended by the Directors for the year ended 31st March, 2014, if declared, will be payable to those Members, whose names appear in the Register of Members as at the close of business on 01-09-2014 and in respect of shares held in dematerialized form, as per the list of beneficial owners furnished to the Company by NSDL/CDSL, as at the close of business on 01-09-2014. The dividend warrants will be posted on or about 15-09-2014.

Note:

- a. In respect of shares held in electronic/demat form, beneficial owners are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant.
 - b. Members holding shares in physical form are requested to notify any change in their address, bank account, etc. to the Company or to the Registrar and Transfer Agent.
 - c. With a view to prevent fraudulent encashment of dividend warrants, Members holding shares in physical form are advised to furnish particulars of their bank account together with their 9 digit MICR code number for recording the same.
12. The identity/signature of the Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL.
 13. The Registrar and Transfer Agent of the Company M/s. Integrated Enterprises (India) Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003, is handling registry work in respect of shares held both in physical form and in electronic/demat form.
 14. The Company has designated an exclusive e-mail ID i.e. bsecretary@kudreore.com for redressal of shareholders/investors complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above mentioned e-mail address.
 15. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2005-06, to the Investor Education & Protection Fund (the IEPF) established by the Central Government.
 16. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
 17. Voting through electronic means
Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide

members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
 - (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
18. The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kioclltd.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
 19. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller & Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The General Meeting may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2014-15 as may be deemed fit by the Board.
 20. Company's shares are available in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN number allotted to the Company's share is - ISIN-INE880L01014. Members are advised to get in touch with the Depository participant (DP)/Registrar and Transfer Agent for further details.

EXPLANATORY STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 8 of the accompanying Notice:

Item No. 6

Shri N. Vidyananda, aged 54 years holds B.Tech (Mechanical) from Karnataka Regional Engineering College (Now National Institute Technology, Karnataka), Surathkal. As per the Direction of Govt. of India, Shri N. Vidyananda was appointed as an Additional Director designated as Director (Production & Projects) of the Company w.e.f. 01.11.2013 to hold office for a period of five years or till the date of his superannuation or until further orders, which is the earlier. Having been so appointed, Shri N. Vidyananda holds office till the date of ensuing Annual General Meeting by virtue of section 161 (1) of the Companies Act, 2013 read with Article 114(xxxii) of the Articles of Association of the Company and is eligible for re-appointment.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a Member along with a deposit of requisite amount proposing candidature of Shri N. Vidyananda for the office of Director of the Company. A brief profile of Shri N. Vidyananda is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors commends the resolution for approval of the shareholders.

Item No. 7

Dr. Bijoy Kumar Sahoo, aged 51 years, is a Commerce Graduate with distinction & a fellow member of the Institute of Chartered Accountant of India, Associate Member of the Institute of Cost and Works Accountants of India and Associate member of All India Management Association. Dr. Bijoy Kumar Sahoo was appointed as an Additional Director designated as Independent Director of the Company w.e.f. 30.01.2014. Having been so appointed, Dr. Bijoy Kumar Sahoo holds office till the date of ensuing Annual General Meeting by virtue of section 260 of the Companies Act, 1956 read with Article 114(xxxii) of the Articles of Association of the Company and is eligible for re-appointment.

In terms of Section 161 of the Companies Act, 2013, the Company has received a notice in writing from a Member along with a deposit of requisite amount proposing candidature of Shri Bijoy Kumar Sahoo for the office of Director of the Company. A brief profile of Shri Bijoy Kumar Sahoo is annexed hereto in accordance to clause 49 of the Listing Agreement of the Stock Exchanges.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board of Directors commends the resolution for approval of the shareholders.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment of Shri Giridhar Ramakrishnan of M/s Giridhar Ramakrishnan & Co., a Practicing Cost Accountant as the Cost Auditors for Pellet Plant Unit of Company for FY 2014-15 at a remuneration of ₹ 1,00,000/- (Rupees One Lakh only) plus applicable taxes.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

**By Order of the Board of Directors
KIOCL Limited,**



**(S. K. Padhi)
Company Secretary**

Place: Bangalore
Dated: 31-07-2014

**BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF DIRECTORS
SEEKING ELECTION/RE-ELECTION AT THE 38TH AGM**

Name	Shri Laxminarayana (DIN: 03588092)	Shri Malay Chatterjee (DIN: 00380683)	Shri N. Vidyanda (DIN: 06729244)	Shri BK Sahoo (DIN: 00160494)
Date of Birth	02.05.1956	28.08.1963	28.02.1960	01.06.1963
Date of appointment	01.09.2011	01.07.2012	01.11.2013	30.01.2014
Qualifications	B. Com, C.A	BE (Civil), LL.B, Master of science in disaster mitigation	B. Tech (Mechanical)	B. Com, FCA, ACMA & AAIMA
Nature of expertise	More than 30 years of rich experience in Corporate Finance Management.	More than 30 years of illustrious career in different capacities with State Governments and Public Sector Undertakings (PSUs) across India.	More than 32 years of illustrious career in KIOCL at different positions and units.	Banking, Financial Services, Insurance, Telecom Sector & Education Sector.
Directorships held in other Companies	NIL	NIL	NIL	1. JSS Consultancy Services Pvt. Ltd 2. E-Mart Solutions Pvt. Ltd 3. SRB Technologies Pvt. Ltd 4. Sahoo Projects Pvt. Ltd 5. JSS IT Solutions Ltd
Memberships / Chairmanships of committee of other Public Companies	NIL	NIL	NIL	NIL

10 YEARS AT A GLANCE

Particulars	Quantity in '000 Dry Metric Tonnes/ ₹ in lakhs									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Production (quantity)										
a) Concentrate	-	-	-	-	-	-	-	-	2922	4350
b) Pellets	1710	1265	1710	2124	1273	1316	1927	630	2834	3795
c) Pig Iron	-	-	-	-	62	118	157	-	-	-
Capacity Utilisation (%)										
a) Concentrate	-	-	-	-	-	-	-	-	58	65
b) Pellets	49	36	49	61	36	38	55	18	81	95
c) Pig Iron	-	-	-	-	29	55	73	-	-	-
Sales (quantity)										
a) Concentrate	-	-	-	-	-	-	-	-	482	707
b) Pellets	1615	1236	1716	2090	1456	1131	1907	629	2859	3799
c) Pig Iron	2	4	10	20	95	74	170	-	-	-
Total Sales (US \$ Million) *	-	-	315.592	385.032	170.197	229.766	294.680	60.274	278.341	415.133
Export Sales (US \$ Million) *	-	-	93.162	164.725	51.690	166.143	197.825	10.340	194.244	321.993
DTA Sales (US \$ Million) *	-	-	222.430	220.307	118.507	63.623	96.855	49.934	84.097	93.140
Total Sales (in ₹ Lakhs) **	153237	115912	152108	180346	99272	122898	153011	26744	123228	185377
Export Sales (in ₹ Lakhs)	-	-	41818	74727	23938	71961	78732	4459	85876	143929
DTA & Indigenous Sales (in ₹ Lakhs)**	153237	115912	110290	105619	75334	50937	74279	22285	37352	41448
Gross Margin from operation	(5037)	(6847)	3252	7026	(20783)	(5692)	10375	(6839)	59468	115667
Income earned from Deposits etc.	15663	14439	13511	9230	7312	11910	11145	10065	10905	5436
Profit on sale of assets	4	7	4	5	7	7	26	-	8	30
Interest paid	-	-	-	-	-	2	611	15	9	15
Cash Profit	10630	7599	16767	16261	(13464)	6223	20935	3211	70372	121118
Depreciation & DRE	4232	4322	4090	3707	4949	4347	4912	3172	16083	9657
Profit before Prior period adjustment/extraordinary items	6398	3277	12677	12554	(18413)	1876	16023	39	54289	111461
Prior period adjustment/extraordinary items	(258)	(43)	(1138)	(2559)	(1082)	542	(372)	1955	522	(270)
Profit before Tax (PBT)	6140	3234	11539	9995	(19495)	2418	15651	1994	54811	111191
Profit after Tax (PAT)	3994	3105	9430	7627	(17727)	2201	10816	1377	35630	64984
Dividend -to Government	816	628	1884	1570	-	629	2142	-	12563	12877
- to others	8	6	19	16	-	6	21	-	127	130
- Dividend Tax	140	108	316	263	-	108	368	-	1780	1794
- % of Share Capital	1.30%	1.00%	3.00%	2.50%	-	1.00%	3.409%	-	20.00%	20.50%
Transfer to General Reserve	3029	2362	7210	5778	(17727)	1459	8285	1377	21160	50183
Paid-up Capital	63451	63451	63451	63451	63451	63451	63451	63451	63451	63451
No of shipments	42	24	38	44	32	25	43	17	71	96
Value added	29987	23530	33171	43848	5670	23368	43567	8591	83726	141951
No. of employees	957	1251	1319	1347	1362	1617	1642	1582	1889	1942
Value added per employee	31.33	18.81	25.15	32.55	4.16	18.16	26.53	5.43	44.32	73.10
Value added per ₹ payment to employee	1.98	1.52	2.33	3.43	0.46	2.27	4.28	1.62	11.19	16.07

Pellets includes Pellet Fines Pig Iron includes Auxiliary material

* Value in Foreign Exchange relates to Pellet plant (Export Oriented Unit) ** Value in ₹ lakhs include sale of Pig Iron in Indigenous market.

The erstwhile KISCO has merged with the Company and became Blast Furnace Unit with effect from 01.04.2007. The information of Blast Furnace unit was given from 2007-08 onwards.

Directors' Report

To the Members,

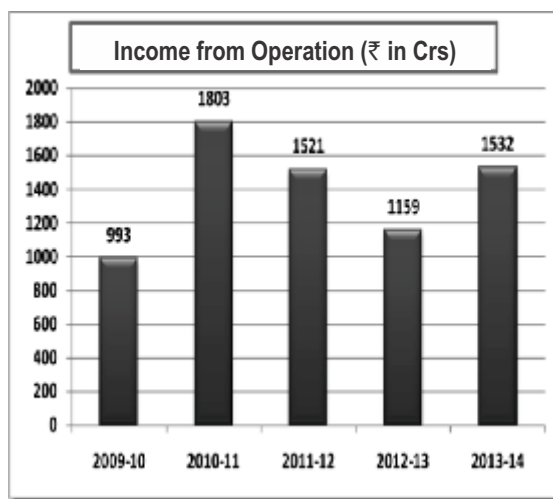
The Board of Directors have pleasure in presenting the 38th Annual Report of the Company for the year ended March 31, 2014 alongwith Audited Statement of Accounts, Statutory Auditor's Report and Review of the Accounts by the Comptroller and Auditor General of India.

Financial Results:

(₹ in crores)

	2013 - 2014	2012 - 2013
Revenue from operations (Gross)	1532.37	1159.12
Profit for the year before exceptional and extraordinary items and tax	70.76	32.34
Less : Exceptional items	9.36	-
Profit before Tax	61.40	32.34
Less : Provision for Taxes (including deferred taxes)	21.46	1.29
Profit after Tax	39.94	31.05
EPS (Basic & Diluted)	0.63	0.49

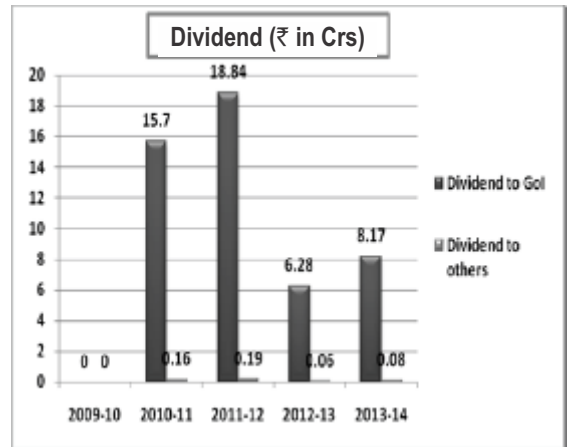
During 2013-14 Company's Gross Turnover increased to ₹ 1532.37 crores from ₹ 1159.12 crores in 2012-13, registering a growth of 32%. The increase was driven by higher sales volume. Profit before Tax for the year is placed at ₹ 61.40 crores as against ₹ 32.34 crores during 2012-13, registering a growth of 90%. Profit after Tax placed at ₹ 39.94 crores during the current year as against ₹ 31.05 crores during 2012-13, recorded a growth of 29%.



Dividend :

At the meeting held on 16-05-2014, the Board recommended dividend of ₹ 0.13 per share against ₹ 0.10 per share in 2012-13. The dividend payout (excluding dividend tax) for the current year is ₹ 8.25 crores against ₹ 6.34 crores in the previous year. Dividend including Dividend tax as a percentage of net profit after tax is 24.16% as compared to 23.91% in 2012-13.

The Register of Members and Share Transfer Books will remain closed from September 02, 2014 to September 06, 2014 (both days inclusive) for the purpose of the dividend and Annual General Meeting.

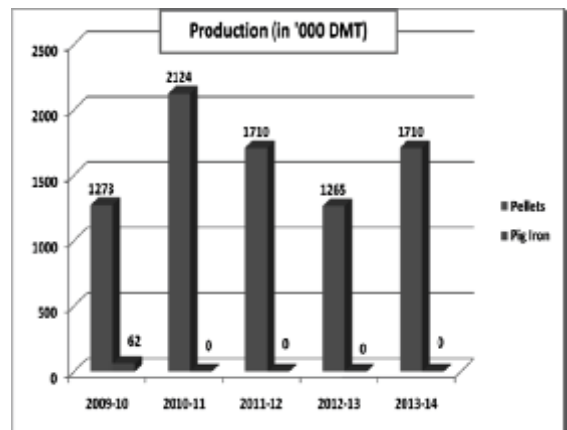


Physical Performance :

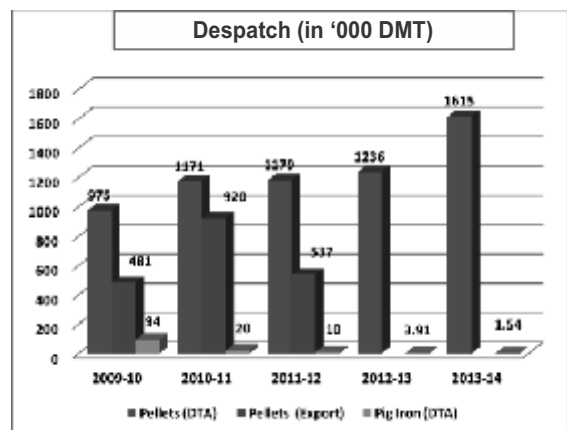
(i) Pellets

During the year, the Company has produced 1.710 million tonnes of Pellets against Target of 1.700 million tonnes thus achieving 101% of the target. The Company recorded a growth of 35% over the previous year's production of 1.265 million tonnes.

Non availability of captive Iron Ore mines and banning of mining operations in the State of Karnataka has forced the Company to source Iron Ore from NMDC Bailadila, Bachel mines in Chattisgarh. As a result the Company has incurred huge logistics cost. Further, levy of distance based charge by Railways has made the export unviable thus depriving it from exporting pellets.



In the absence of export market, the Company concentrated in expanding its market base in the domestic sector by catering to the needs of mini Steel plants and Sponge Iron units by starting despatches through road. In 2013-14, the Company surpassed the previous year sales quantity of 1.236 million tonnes and achieved sales of 1.615 million tonnes. Sale of 1.615 million tonnes of Pellets in domestic market during the year is the highest quantity sold in any year since commencement of production of Pellets in 1987.



The Company is continuing its efforts to regain its lost export market and further expand its market base. In FY 2013-14, 42 shipments of Pellets with around 1.420 Million tonnes were sold through New Mangalore Port as compared to 24 shipments in FY 2012-13. The balance 0.195 million tonnes of Pellets were sold through Road.

(ii) Pig Iron and Auxiliary

The operation at the Blast Furnace Unit continues to remain under suspension since 05.08.2009. As a way forward the Company is intending to lease out the unit to the interested party. In this aspect a global tender has been floated.

The details of last five years including current year production target as against actual achievement and sales performance depicted at Table 1 & Table 2.

Table : 1 (Production)

PP: Pellet Plant

PI: Pig Iron

(Qty. In million tonnes)

Year	MOU target	Actual Production	Utilisation of installed capacity in %			
	PP	PI	PP	PI	PP	PI
2013-14	1.700	-	1.710	-	49	-
2012-13	2.500	-	1.265	-	36	-
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-
2009-10	2.650	0.170	1.273	0.62	36	29

(Installed capacity of Pellet Plant is 3.500 million tons / annum and Pig Iron is 0.216 million tonnes / annum).

Table : 2 (Sales)

Qty: in Million Tonnes, Value: ₹ in Lakhs

Year	Pellets		Pig Iron		Total	
	Qty	Value	Qty	Value	Qty	Value
2013-14	1.615	153007	0.002	230	1.617	153237
2012-13	1.236	115252	0.004	660	1.240	115912
2011-12	1.716	150364	0.010	1744	1.726	152108
2010-11	2.090	174931	0.020	5415	2.110	180346
2009-10	1.456	79226	0.094	20046	1.550	99272

(Note: Pig Iron includes Auxiliary)

Market Scenario:

During 2013, Global Steel Industry maintained its upward trend with an annual increase of 3.01% to 1,606 million tonnes as compared to 1,559 million tonnes produced in 2012. The growth came mainly from Asia and Middle East while production in all other regions decreased in 2013 compared to 2012. China remained leading producer in crude Steel by producing 779.0 million tonnes during the year 2013 with an increase of 7.5% compared to 2012, contributing 48.5% of global output.

India, with a production of 81.2 million tonnes retained its position as the fourth largest producer. Japan (110.6 million tonnes) and USA (86.9 million tonnes) also retained their positions as second and third largest steel producers.

The Indian Steel sector had a difficult year as low economic growth and poor performance of automotive and infrastructure sectors kept the Steel demand stagnated. The apparent steel use grew by just 1.7% from 72.4 Kg to 73.7 Kg. This is still very low compared to Chinese per capita use of 700.2 Kg.

The global Steel scenario is expected to improve in 2014. Demand growth is anticipated to grow by 3.1%. The developed economies are expected to render positive growth and Steel demand is likely to pick up as automotive and construction sector are showing signs of growth.

(Source: World Steel Association)

Pellet Industry Scenario:

The Pellet prices in China market are anticipated to remain under continuous pressure. However, stricter pollution norms being put in place by the Chinese Government is expected to reduce usage of sinter and increase usage of Pellets. Hence some improvement in Pellet premium over Iron Ore fines is expected during 2014.

It is reported that the installed Pellet production capacity in India is expected to cross 90 million tonnes by the end of current financial year. This will further aggravate the Pellet market within the country which is reeling under severe pressure due to surplus supply situation of Pellets & putting pressure on Pellet prices.

During the year under review, impediments faced by miners in Karnataka, restrictions on mining in Goa and Odisha resulted in reduction of Iron ore availability and sent confusing signals to the market leading to temporary hike in Pellet prices. However this hike has been nullified by import of high quality Pellets at highly competitive prices. With Government imposing 5% export duty on Pellets during January 2014, the oversupply situation in domestic market has worsened and Pellet prices are on a downtrend.

However, Steel Plants are likely to increase usage of Pellets in their production process to reduce pollution and increase productivity. Moreover, there is expectation that, infrastructure, real estate and automobile sectors would improve their performance during 2014-15 thus generating better demand for Steel, thereby improving the demand and prices of Pellets in the year 2014 -15.

Status on Distance Based Charges (DBC)

SWR & ECoR have levied Distance Based Charge on KIOCL through rates circular 36 of 2009 dated 01.06.2009 on Iron Ore transported by rakes for manufacture of Pellets and its subsequent exports. However, the same is not applicable for transporting of Iron Ore for manufacture of Steel and its subsequent Exports.

Aggrieved by this, your Company filed writ petition before the Hon'ble High Court of Karnataka and Odisha, challenging the imposition of DBC by Railways. Both the Courts heard the matter and granted stay on the operation of Para 5 of the Rates Circular No.36/2009 subject to condition that 50% of the demand excluding penalty is to be deposited with Railways. Your Company complied with the directive of Hon'ble Courts.

Rating of KIOCL VIS-A-VIS MoU Targets

The Company has been signing the Memorandum of Understanding (MoU) every year with its Administrative Ministry i.e., Ministry of Steel, Govt. of India. MoU for FY 2014-15 was signed on 25.03.2014, with a production target of 2.25 million tonnes of Pellets for achieving the "Excellent" rating along with thrust on holistic growth encompassing customer satisfaction, HRD, R&D, Corporate Social Responsibility and Sustainability.

Performance of KIOCL for the year 2012-13 has been rated as 'Very Good' with MoU Composite score of 1.75 which is highest after closure of captive mine from 01-01-2006. The MoU evaluation for 2013-14 is under finalisation.

Formulation of Corporate Plan (Vision 2022)

Corporate Plan is an outcome of strategy formulations process involving analysing the organisation's

external and internal environment and arriving at strategies to achieve the goals and objectives in tune with mission & vision of the Company. The plan expresses strategies, milestones and desired outcome for the Company. The Company had a well laid down Corporate Plan until the mine was in operation.

Subsequently, the activities have undergone a sea change due to which the Company could not project its future plan through a formal process. Now, since many of the initiatives taken in the past are falling into shape, it has been decided to formulate a Corporate Plan through a Vision 2022 document aligning its term in a year with Govt. of India's 13th Five year Plan. The document is under formulation in consultation with a reputed consulting firm and is likely to be finalised by the mid of 2014-15.

Study and evaluate viability and sustainability

Survival & sustainable growth is the biggest challenge for any corporate sector in this competitive world. The corporate sector is required to take effective measures so as to de-risk the challenges. In case the company is not able to cope up with the changing times, it will automatically perish. The Company being a part of system is no exception to it and has been gliding through difficult time ever since the closure of captive mine. The Company has been making earnest efforts for acquiring an alternate mine to provide itself a new lease of life. The situation has aggravated further with the changing Govt. policies and imposition of new & varied types of duties and taxes, which make the products uncompetitive and thus losing foothold in the course of time. This has been realised by the Board as well as the Ministry of Steel. To address this issue, a mandate has been given to a reputed international consulting firm to conduct a comprehensive study and evaluate viability and sustainability of the Company. The agency is required to take the current situation covering the economic condition etc. and would hold dialogue with its key stakeholders. The study is under progress. Once the report is submitted, the Company will analyse the same holistically and would take appropriate steps, for its long term sustenance and creation of value to stakeholders.

Disposal of Plant & Machinery at Kudremukh

During the previous year, the Company initiated the process for disposal of Kudremukh Mining & Beneficiation equipment "as a package and as is where no complaint basis" after being accorded the necessary approval. The site has been handed over for dismantling & removal. As per contract, the agency is required to remove the sold equipments and vacate Kudremukh area within a period of two years from the date of handing over by end March 2016.

Taking over Possession of Mines at Kudremukh

The mining operation at Kudremukh was stopped as per the directions of Hon'ble Supreme Court vide its verdict dated 30.10.2002. Further, the Hon'ble Supreme Court vide its judgment dated 15.12.2006 directed that, the Ministry of Mines, Government of India, shall designate an officer to take over possession of the mines. In compliance to the same, Ministry of Mines, Govt. of India vide letter dated 07.02.2014 nominated Regional Controller of Mines(RCOM), IBM, Bangalore as the designated officer to take possession of Kudremukh mines. Consequent to this, a meeting was organized by RCOM for finalizing the formalities of taking over procession of Mines followed by mines visit. The handing over of possession of Kudremukh Iron Ore mine formalities was completed on 03.04.2014.

Modernisation & Expansion Programme

Technological up-gradation and addition/modification/replacement of its capital assets are essential to maintain market competitiveness and meet the challenging need of customers. The market is becoming increasingly competitive, making it imperative for the Company to make determined efforts to bring about substantial improvements in production, techno-economic parameters and profitability. In this direction, the following initiatives have been taken:

Improving availability of grinding system by installing alternative system to primary screens

The availability of grinding system was often affected due to breakdown of primary screens, as there was no alternative system to the primary screens. In addition, the size fractions of the incoming Ore fines vary to a larger extent. The -0.5 mm fraction Iron Ore fines received from Donimalai area varies between 10-20%, whereas the same fraction in the Iron Ore fines received from Kirandul area and from M/s SAIL varies to 30-40%, which requires more screen area for efficient screening. If all the 40% of -0.5 mm fraction is taken directly to the filtration system without further grinding, the filtration and Pelletizing process gets affected due to very low Blaine number.

Therefore, it was decided to have an alternate screening system in addition to the primary screens. After studying various possibilities, a new conveyor from the tail end of the weigh feeder has been erected to receive the material from tail end by operating the weigh feeder in reverse direction. The expenditure incurred for this study and required modification of the system was ₹ 12 lakhs. With the introduction of alternative system to primary screens, the option of wet screening for softer Ore continues to exist, the down time of the ball mill is minimized and there is a considerable cost saving due to the reduction in power consumption as the primary screen will not run during dry screening. The system is under operation.

Study on reducing the diameter of the rollers of DDRS to achieve better screening efficiency of green balls and in turn improve the Physical properties of Pellets in terms of size and good finishing.

DDRS equipment is installed at the feed end of the Indurating furnace in the Pellet making process, to screen the oversize (+16 mm) and under size (-9 mm) green balls and to feed only the green balls in the range of 9 mm to 16 mm dia to the Indurating furnace. It is observed that during the actual process of screening, some amount of undersize Pellets gets into the furnace and some quantity of correct size gets into recirculation system due to inadequate green ball screening. At present the Company is using 108 mm dia rollers in the top and bottom decks with 16mm opening in the top deck and 9 mm opening in the bottom deck.

It is envisaged that by decreasing the diameter of the roller, there will be increase in the number of rollers in the upper and lower decks. A study has been carried out and it has been proposed to use 89 mm diameter rollers in place of 108 mm rollers which will improve the efficiency of the screen by 17.2% and the physical property of the Pellets will improve along with better shape and finishing of the green balls.

Study and implementation of improving the Die Ring Life of Grinding System (Lime+ Coke) in Pellet Plant.

The Bradely mill installed in LCG plant is used for grinding Lime stone and Coke fines together. The capacity of the mill is 30T/H. The mill is installed with three rollers and a die ring, supplied by OEM that is made of Manganese Steel material and cost is around ₹ 13.50 lakhs. The life of the ring used to be 1-2 months. Accordingly the study has been carried out and it has been decided to use Hi-chrome die ring. The cost of die ring is less and the life obtained is better when compared to the other die rings. The total expenditure towards study and implementation was ₹ 20 lakhs. The grinding system is in operation with Hi-chrome die ring (Lime+ Coke) in Pellet Plant.

Bulk Material Handling and Railway Siding Facilities :

For receipt & mechanized handling of Iron Ore and other raw materials received through Railway wagons and their storage and conveying it to Pellet plant Unit and Blast Furnace Unit, it is proposed for setting up of a permanent railway siding and bulk material handling system at about 3 kms from the Company's Pellet plant at Baikampady industrial area, Mangalore. The estimated cost would be ₹ 303 crores. Based on the project report, major portion of the land required for creating the infrastructure has already been acquired through M/s Karnataka Industrial Area Development Board (KIADB) and other private sources.

In original DPR, there was a diamond crossing. From the safety point of view, Indian Railways are not allowing any diamond crossing for the railway tracks. Hence, the Consultants, have re-surveyed the area available and have furnished the revised layout plan. Based on the revised track alignment, Company has initiated necessary action for procurement of additional stretch of land from KIADB. The Company is pursuing the matter with local KIADB office, Mangalore for transferring the extent of land measuring 8.185 acres for the Railway Siding Project.

Business Diversification**Opening up of O & M Vertical**

NMDC is setting up a Beneficiation Plant of 1.89 million tonnes per annum capacity and a Pellet Plant of 1.2 million tonnes per annum capacity at their Donimalai premises and these plants are likely to be commissioned by Sept.-Oct, 2014. In these plants, NMDC propose to utilize the unused slime material from their tailing dam and converting them into Pellets. Keeping the expertise available with the Company in having successfully operated a state of the art beneficiation plant of 7.5 million tonnes per annum capacity and also operating a Pellet Plant of 3.5 million tonnes per annum capacity, the Company has submitted its proposal to NMDC offering its expertise for the operation & Maintenance contract for an initial period of 3 years. O&M contract will help the Company to gainfully utilize its experienced manpower. The contract is expected to be awarded shortly.

Project Management Consultancy (PMC)

The Company has a strong brand image with its dedicated fleet of highly skilled and committed workforce, that helps in countering challenging needs with new strategies, ardently keeping pace

with today's fast changing business scenario. The Company backed with its ability, outstanding performance, highly skilled & committed workforce, fully computerized offices, latest design software, integrated project monitoring wing etc. and rich legacy has diversified and would like to emerge as a leading Project Management Consultant. The Company has empanelled the Architects and other Consultants for carrying out PMC work.

Strategic Alliance - MOU with M/s Andhra Pradesh Mineral Development Corporation Limited (APMDC) and Rashtriya Ispat Nigam Limited (RINL)

The Company continued to give impetus towards taking new business initiatives by entering into Memorandum of Understandings (MOU's) with various CPSEs & State PSEs for its long term strategic objectives for mining, setting up of beneficiation plant and Pelletisation plant. In this direction a Tripartite MoU among M/s. KIOCL, M/s. APMDC and M/s. RINL was signed on 22.06.2013 for exploration and exploitation of Nemkallu Iron Ore deposit in Ananthapur Dist., of Andhra Pradesh. The project is to undertake the activity of exploration and exploitation of Nemkallu Iron Ore deposit by M/s. APMDC and M/s. KIOCL jointly, setting up of beneficiation and Pelletisation plants by the Company and supply 50% Pellets to RINL on cost plus basis.

APMDC and the Company jointly completed Survey & Investigation work for boundary demarcation, contour survey, geological investigation, mapping and preparation of detailed prospecting plan.

Govt of Andhra Pradesh on 18.02.2014 forwarded the proposal to Ministry of Mines, Govt of India for prior approval under Section 5(1) of MMDR Act 1957 for grant of PL in favour of APMDC.

The proposal is listed with Ministry of Mines, Govt of India and the same is under process. Director, Mines and Geology also forwarded the "Form A" for forest clearances to PCCF, AP on 22.01.2014 for carrying out the prospecting work. Permission for undertaking exploratory drilling is being examined by Divisional Forest Officer, Anantapuramu, Andhra Pradesh. The process for exploration work is under progress.

MINING LEASES FOR IRON ORE DEPOSIT

To secure Iron Ore for its Pellet Plant, the Company has submitted various mining lease applications to Govt of Karnataka (GoK). Chikkanayakanahalli Iron Ore mining lease is already recommended by the GoK and the Company is in the process of obtaining various statutory clearances to commence the mining operation. The Company is also putting efforts to get Ramanadurga Iron Ore deposit and 'C' category Iron Ore mining leases. Mining lease applications of the Company are under different stages of processing by GoK.

The Company has also submitted mining lease applications for Iron Ore in the States of Odisha, Jharkhand and Andhra Pradesh. The same is being pursued with highest authorities for early clearance.

Environmental Management

The Company has been accredited with ISO 14001-2004 Environment Management System. The Company is committed towards the up-keep of cleaner environment and ecology and has taken up various initiatives on the environmental front and is continuing its efforts in this direction. Some of the new initiatives and efforts on environmental management and pollution control measures during the year are as under :-

- Installed mist type water sprinklers for a length of 120 meters at the entrance of shed I & II to reduce fugitive dust during raw material handling. It is proposed to commission similar kind of sprinklers in Pellet plant area in FY 2014-15.
- Concreting of road for an additional length of 125 meters where Iron Ore fines are transported.
- Spreading environmental awareness amongst school children through Green Nurturing programme. This awareness programme has already been initiated in four Govt. Schools. Initiatives such as water supply systems, water storage tanks, provision of water purifiers, upgradation of toilets, plantation, gardening in school premises, supply of SS meals plate, supply of plate racks, supply of gardening tools and dust bins and providing awareness programme on Personnel hygiene.
- MOU has been signed on 11.01.2014 to develop “Kudremukh Tree Park” for the conservation of rare and endangered plant species of Western Ghats at Pilkula, Mangalore in association with Dr. Shivaram Karantha Pilkula Nisarga Dhama as our commitment to development of green belt and conservation of wide variety of plants at an estimated cost of ₹ 52 lakhs spread over 3 years.
- Treated effluent (from STP) is totally consumed in the plant/recycled.

Safety

Workers participation in Safety Management System is ensured by formation of area wise Safety Committees, which meets at regular intervals. Safety inspections are carried out regularly by the safety Officer along with Safety Committee members. Safety points are discussed in the Safety meetings held once in three months and suitable actions are taken for implementation of the shortfalls, if any.

Training programmes are also conducted to inculcate safety consciousness. Refresher training covering their area of working, First Aid Training, Fire Fighting, Awareness programme on Quality, Environmental, Occupational Health & Hazards, Vigilance Awareness, Sustainable Development, Technical and Personality development are being conducted.

At the Mangalore unit, National Safety Day & Safety week is celebrated from 4th to 10th March every year. National Safety Flag hoisting, competition on Safety poem, Safety slogan & Drawing in Hindi, English & Kannada languages are conducted to bring out safety of awareness among employees.

Public/Staff Grievance Redressal

The Company has framed a well defined grievance procedure evolved under the Code of Discipline from the very inception. Since its introduction, the Scheme has been working satisfactorily without any complaint from any corner. Grievances received have been redressed to the satisfaction of the aggrieved employees. With respect to public grievance, as and when any complaints are received from the public, necessary remedial action, if any, is taken by the Company immediately.

Complaints/grievances other than the staff grievance are categorised into customer/ consumer complaints/grievances from the Contractors, NGOs/ General Public etc. The respective project heads are empowered to dispose off the grievances concerning their areas and the general public. Linkage has been provided to Centralized Public Grievances Redressal & Monitoring System (CPGRAMS) with effect from 01.05.2011.

Where women employees are concerned, the guidelines laid down by the Hon'ble Supreme Court in the matter relating to sexual harassment of women in work place are strictly followed.

The grievances received and disposed off by the Company are reported to the Administrative Ministry on a monthly basis. The guidelines laid down by the Government of India in this regard are being followed. The Government also reviews the subject matter periodically.

The Second Administration Reforms Commission in its 12th report "Citizens Centric Administration" – the Heart of Governance recommended the organization to be made transparent, accountable and citizens friendly through making citizen charter more effective and mandatory. It also makes all Responsibility Centre to have Citizen Charter. Based on the above recommendation, a Public Service Delivery (SEVOTTAM) has been created for assessing and improving the quality of services delivered to the citizens. The system also involves the identification of the services delivered, quality service, its objective, improvement of quality, using innovative methods for developing business process and more informative with the help of information technology. The same is also available in Company's website.

Implementation of Official Language Policy

The Company follows the directives issued by the Department of Official Language, Ministry of Home Affairs for Progressive use of Official Language from time to time. Hindi training, Cash awards, increments are given as per the Government directives and Hindi Workshops, Orientation programmes are conducted to create awareness, impart knowledge and encourage the employees to work in Hindi.

The Company is Convenor of Bangalore Town Official Language Implementation Committee (Undertakings) and conducts regular meetings and Joint Hindi Fortnight programmes for all Central PSUs in Bangalore. His Excellency Dr. Hansraj Bharadwaj, Governor of Karnataka was the chief guest for the 1st half yearly meeting of Bangalore Town Official Language Implementation Committee (Undertakings) held on 29.07.2013. Shri Arun Kumar Jain, IAS, Secretary (OL), Ministry of Home Affairs, New Delhi graced the Meeting.

The Company had organized Joint Hindi Month for Town Official Language Implementation Committee (Undertakings) members between 16.09.2013 to 23.10.2013. 9th issue of "Deepika" brought under TOLIC banner was released at "Hindi Kavya Gosthi" held on 28.03.2014.

Quality Control - ISO 9001:2008

The Company's Quality Management System is certified under ISO 9001:2008 International Standard by M/s DNV. This Certificate is valid upto 08.11.2015.

Visits by Parliamentary Committees

During the year, the following Parliamentary Committees held discussions with the senior officials of the Company during their visit :-

- Standing Committee on Labour visited Bangalore on 07.06.2013 and interacted with trade unions of KIOCL on Safety, health and social security followed by discussions with senior officials of KIOCL on issue of 'Deployment of Contract/Casual workers/Sanitation workers for perennial jobs'.
- The Third Sub-Committee of the Committee of Parliament on Official Language headed by Prof. Alka Balram Kshatriya, Hon'ble MP (Rajya Sabha) inspected the Official Language Implementation of Mangalore Unit on 04.07.2013.
- Parliamentary Committee on Coal & Steel visited Mangalore on 25.10.2013 to discuss with representatives of Ministry of Steel/KIOCL regarding production of Iron Ore and safety management.

Manpower Profile

As on March 31, 2014, the Company had 957 employees on rolls comprising of 310 Executives including Non-Unionised Supervisors (32.3%), 647 Non executives (67.7%). During the year, no recruitment has taken place in any of the grade except one Executive (OBC Candidate) was reinstated in pursuance to Hon'ble Court order.

Table : 3 shows the number of SCs, STs, women employees, Ex-servicemen and PwD as against the total number of employees in different Groups on rolls of the Company as on 31.03.2014.

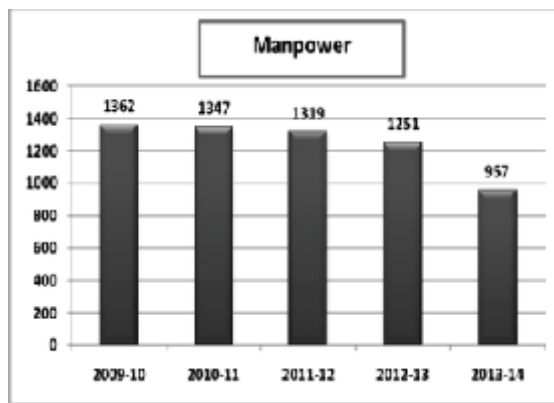
Table : 3

Group	Total No. of employees on rolls	SC	ST	No. of Women employees	Ex-servicemen	PwD
A	276	44	12	13	-	05
B	34	03	01	05	01	-
C	605	90	32	11	01	05
D	38	04	06	-	-	03
D(Sweepers)	04	03	-	01	-	-
Total	957	144	51	30	02	13

The Company ensures compliance under the Persons with Disabilities Act, 1995. Suitable provision/modification is made in the working place to meet the requirements of such persons with disability.

Rationalisation of Manpower

1251 employees were on rolls of the Company in the beginning of the financial year. The manpower available was in excess to requirements; particularly after the stoppage of activities at its two of the units due to external factor. This has warranted the Company to reinforce its actual requirement and rationalise accordingly. In this direction, Voluntary Retirement Scheme was introduced and 253 employees were released, which was almost 20% of total strength.



Industrial Relations and Employees Welfare

The Industrial Relations situation remained peaceful and cordial during the year. Adequate facilities for education, health, accommodation and recreation were in place. Various bipartite fora have been functioning satisfactorily.

Human Resource Development

Human resources is the key asset in the organization. The objective of Human Resource Development is to build a vibrant learning organisation that meets the challenges for its growth & business goals. A series of initiatives were taken in this direction by the Company, viz:-

- Various in-house training programmes were organized for Executives and Non-executives to enhance their skills.
- Nomination of employees for various seminars and conferences conducted at different locations.
- During the year training was imparted for 3924 man days.

Award/Accolades

In recognition of the varied initiatives, the Company was conferred with several awards and accolades during the year. Some prominent awards received are as under :-

- The Company has been conferred with Indira Gandhi Rajbhasha award for the year 2011-12 for outstanding achievements in implementation of official language. The award was presented by his Excellency, President of India Shri Pranab Mukherjee to our CMD & TOLIC Chairman.
- The Company has been conferred with Rajbhasha trophy for progressive use of Official language in the Company. The award was presented by Hon'ble Minister of Steel.

- Indian Institute of Materials Management, Bangalore conferred KIOCL with “Corporate Excellence Award in Supply Chain Management” for implementation of good supply chain management practices.
- Ten employees of the Company were honoured under the category “Achievement award for Artisans & Supervisors” at CIDC's 6th Viswakarma Awards 2014.’

Vigilance

“Preventive vigilance” has been the thrust area of Vigilance Department all these years and the same has received focussed attention during the year. A climate of preventive vigilance was generated to sensitize officials at all levels about the ill effects of corruption and malpractices. Regular Structured Meeting is being conducted with the management. The Vigilance Department of KIOCL is certified under ISO 9001-2008 conforming to the Quality Management System.

Vigilance Awareness Week was observed from 28th October 2013 at all the locations/ offices of KIOCL Limited.

As per the guidelines by the Department of Public Enterprise & CVC on Corporate Governance, Company had adopted Fraud Prevention & Whistle Blower Policies for prevention / detection / reporting of any fraud that is detected or suspected and fair dealing of matter on the subject.

Implementation of new Public Procurement Policy for MSEs

The Company has adopted a Micro & Small Enterprises (MSEs) policy for MSEs sector, in line with the Government of India guidelines as per MSMED Act 2006. The following benefits are extended for the MSEs as per Govt. Guidelines:

- The Company has identified 75 items out of 358 items from Micro and small enterprises, which have been reserved for exclusive purchase from them;
- MSEs are given tender documents free of cost and are exempted from payment of earnest money deposit (EMD);
- Exemption from submission of security Deposit.
- In tender, participating MSEs quoting price within price band of L1 + 15% shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply up to 20% of total tendered value, where as 16% on MSE and 4% on MSE (owned by SC/ST). In case of more than one such MSE, the supply shall be shared proportionately.

Table 4 depicts the target set by your Company for implementation of Public Procurement Policy for MSEs:

Table 4 (₹ in Crores)

Sl. No.	Particulars	FY 2012-13	FY 2013-14	Target for the year 2014-15
1	Total annual procurement	12.30	12.64	20.00
2	Total value of goods and services procured from MSEs (Including MSEs owned by SC/ST entrepreneurs)	3.19	2.17	20% (Min)
3	Percentage of procurement from MSE (Including MSEs owned by SC/ST entrepreneurs) out of total procurement.	26%	17.20%	
4	Percentage of procurement from MSEs owned by SC/ST entrepreneurs out of total procurement.	-	-	4%
5	Total number of vendor development programmes for MSEs	Once in 6 months	Once in 6 months	Once in 6 months

Director's Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- Accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company in the end of the financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- The Annual accounts have been prepared on a 'Going Concern' basis.

Board of Directors

During the year under review, following changes took place in the Board of Directors of your Company

Appointment:

- i) Shri Vinod Kumar Thakral, IAS, Additional Secretary & Financial Adviser, Ministry of Steel has been appointed as Part time official Director w.e.f 31-05-2013 in place of Shri EK Bharat Bhushan;
- ii) S/Shri S Manoharan, PK Bajaj and Dr. S Raghunath are appointed as part time Non-official Directors of the Company w.e.f 05-07-2013 for a period of 3 years.

- iii) Shri N Vidyananda has been appointed as an additional Director designated as Director (Production & Projects) w.e.f 01-11-2013.
- iv) Dr. BK Sahoo has been appointed as part time non-official Director of the Company w.e.f 31-01-2014 for a period of 3 years.

Cessation:

- i) Shri EK Bharat Bhushan, Special Secretary & Financial Adviser, Ministry of Steel has resigned from the Directorship of the Company w.e.f. 29-04-2013 consequent to his appointment as Chief Secretary, Govt. of Kerala.
- ii) Shri K Subba Rao, Director (Production & Projects) ceased to be a Director of the Company on attaining the age of superannuation on 31-10-2013.
- iii) Shri K Narasimha Murthy, Part-time non-official Director of the Company has resigned from the Directorship of the Company w.e.f 31-05-2013.

Board of Directors place on record their deep sense of appreciation of the valuable services rendered as well as advice and guidance given by S/Shri EK Bharat Bhushan, K Subba Rao and K Narasimha Murthy.

Statutory Audit

Pursuant to Section 619(2) of the Companies Act, 1956 the Comptroller and Auditor General of India have advised to appoint M/s Sundaram & Srinivasan, Chartered Accountants as Statutory Auditors of the Company for the year 2014-15.

Statutory Auditors Report, Comments of C & AG and Management's Reply

The Statutory Auditors Report on Accounts of the Company for the financial year ended 31st March 2014 alongwith Management's replies thereto are annexed. The Comptroller & Auditor General of India (C&AG) vide its letter dated 16-06-2014 has given "NIL" comments on the accounts of the Company for the year ended 31st March 2014 under Section 619(4) of the Companies Act, 1956. Copy of the same is annexed to the report.

Cost Audit

Pursuant to Section 233B of the Companies Act, 1956, the Company carried out an audit of cost records of Pellet Plant and Blast Furnace Unit. The Company appointed M/s Giridhar Ramakrishnan & Co., Cost Accountants, Bangalore as Cost Auditor, with due approval of the Central Government, to audit the cost accounts of the Company for FY 2013-14.

The cost audit report for the financial year 2012-13 was filed with the Ministry of Corporate Affairs on 09.09.2013. The Cost Audit Report for FY 2013-14 is under finalization and will be submitted to the Ministry of Corporate Affairs within the prescribed period.

Corporate Governance

The Company is committed to achieving the highest standards of Corporate Governance. Accordingly, the Board functions as trustees of shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

A separate section on Corporate Governance standards followed by the Company, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as an Annexure to this Report.

A Certificate from the Practicing Company Secretaries, M/s. SNM & Associates, conforming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to this Report.

Right to Information

Under the Right to Information Act, 2005, the Company has set up an exclusive Right to Information Act outfit to provide information and bring transparency. As per the requirement of the RTI Act, the Company has nominated Public Information Officers and Appellate Authorities in all its 3 locations (Corporate Office & Plant/Mine Site) to provide information to the applicants. During the financial year 2013-14, Company received 55 RTI applications as per the provisions of the Act. All these applications were disposed off as per the provisions of the Act.

Energy Conservation

Energy conservation day was celebrated on 19.12.2013 at Mangalore by the energy conservation cell of Pellet plant unit. Prizes for various competitions like Quiz, Slogan writing in Kannada, Hindi and English languages were distributed during the celebration. The electricity consumption per ton of Pellet production in kwh was lower during the year as compared to the previous year. Electricity consumption per tonne of Pellets production in kwh (including grinding) during 2013-14 was 62.56 kwh as compared to 66.56 kwh during the previous year.

Energy Audit

Energy audit has been completed by M/s Petroleum Conservation Research Association (PCRA). Based on the recommendation, the following Energy Conservation measures have been implemented.

- i) CB 72 Motor downsized from 22 KW to 16 KW.
- ii) By pass conveyor CB-86 D2 (11KW) introduced to avoid running of Screen-III (Banana Screen) and CB-86 D Conveyor. This has resulted in reduction of load of (55 KW + 11 KW) Screen III and 86 D Conveyor. Net load reduction is 55 KW.
- iii) As a measure to reduce cost of power, the Contract Demand (CD) with MESCOM has been increased to 32 MVA from 18 MVA. Until this increase, complete plant load was drawn from Captive Power Plant and MESCOM thus there has been overall reduction in power cost by almost 50%.
- iv) 30 nos. 96 W LED street light fittings replaced in place of 250 W HPSV fittings, 40 nos. 24 W LED well glass fittings replaced in Conveyor galleries in place of 70/80 W SV fittings at PF, 16 W LED fittings have been put in place of 80W fittings in reclaimers 01 & 02 chutes thus saving 3 units per day, 64 W LED street light fittings are being replaced in Pellet plant area in place of conventional HPSV fittings.



- v) The direction of Conveyor CBR1 (37 KW) has been reversed and related modifications carried out to bypass roll press sequence resulting in reduction of 120 KW load.
- vi) Capacity of CBG 2033 reduced from 18.5 KW to 7.5 KW resulting in a load reduction of 11KW.

R & D, Technology Absorption, Adaptation and Innovation

The information relating to Technology Absorption, Adaptation and Innovation, R&D and foreign exchange earning & outgo to be disclosed in Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given at Annexure-I.

Application under Trade Mark Act, 1999

The Company is widely known for its brand name “Kudremukh” with “horse insignia”, hence the brand and reputation are its intangible assets. Even after the closure of Kudremukh mine for nearly a decade, it still remains in the memory of our valued customers. To capitalise its brand value, the Company has decided to register the same under the Trade Mark for all its marketing & service portals. Necessary application has already been before the competent authority under the Trade Mark Act, 1999 and the same is under consideration.

Particulars of Employees

No employee has drawn a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more per month during the year 2013-14 under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

Acknowledgement

The Directors gratefully acknowledge the support, co-operation and guidance received from the Hon'ble Minister for Steel, the Secretary, Ministry of Steel and other officials of the Ministry of Steel as well as other Ministries of the Government of India, Government of Karnataka, Andhra Pradesh, Odisha, Jharkhand and all other departments/agencies of Central and State Government in all the endeavours of the Company.

The Directors acknowledge the support extended by the valued and esteemed customers, shareholders, stakeholders and suppliers for their support and co-operation.

The Directors also appreciate the continued and dedicated efforts put in by all the employees to overcome many challenges faced during the year.

For and on behalf of the Board of Directors

(Malay Chatterjee)

Chairman-cum-Managing Director

Date : 31-07-2014
Place : New Delhi

ANNEXURE - I

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION AND R & D ACTIVITIES
RESEARCH AND DEVELOPMENT ACTIVITIES

Sl. No.	Research & Development	Particulars
1.	Specific areas in which R & D carried out by the Company	a) Improving availability of grinding system by installing alternative system to primary screens by introducing a new conveyor from the tail end of the weigh feeder to receive the material tail end by operating the weigh feeder in reverse direction. b) Study on reducing the diameter of rollers of DDRS to achieve better screening efficiency of green balls and in turn improve the physical properties of Pellets in terms of size and good finishing. c) Study on improving the Die Ring Life of grinding system (Lime + Coke) in Pellet plant.
2.	Benefit derived as a result of the R&D	a) With the introduction of alternative system to primary screens, the following benefits have been achieved: <ol style="list-style-type: none"> i. The dry screening of the IOF is completely eliminated for one of the ball mills so that the 45 KW Banana Screen need not be run and all the material can be taken to the ball mill through the new conveyor. ii. The option of wet screening for softer ore continues to exist. iii. The down time of the ball mill is minimized. iv. There is a considerable cost saving due to reduction in power consumption as the primary screen will not run during dry screening. b) The study conducted on reducing the diameter of the rollers of DDRS to achieve better screening efficiency of green balls has the following benefits: <ol style="list-style-type: none"> i. Improvement in the efficiency of the screen by 17.2%. ii. Number of openings for screening in upper and lower decks can be increased. iii. By having more rollers, shape and finishing of the green Pellets will be improved. iv. The physical properties of Pellets will be improved.

		<p>c) The study on improving the Die Rings life of Grinding system (Lime + Coke) in Pellet plant has the following benefits:</p> <p>i. Use of Hi-chrome die rings is found to be more economical.</p> <p>ii. Life of Hi-chrome die rings is better compared to the die rings made out of Manganese steel.</p>
3.	Future plan of action	<p>a) The system is in operation.</p> <p>b) Based on the study results the project would be taken up for implementation.</p> <p>c) The grinding system is in operation with Hi-chrome die rings.</p>
4.	<p>Expenditure on R & D Feasibility Study and Consultancy (2013-14)</p> <p>a) Capital</p> <p>b) Revenue</p> <p>c) Total Expenditure</p> <p>d) Total R & D expenditure as a percentage of total turnover</p>	<p>NIL</p> <p>₹ 33 Lakhs</p> <p>₹ 33 Lakhs</p> <p>0.02 %</p>
Technology absorption, adaption & innovation		
1.	Efforts in brief made towards technology absorption, adaption and innovation	-
2.	Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc	<p>a) There is a considerable cost saving due to reduction in power consumption as the primary screen will not run during dry screening and the availability of ball mill for operation is increased.</p> <p>b) The physical property of Pellets will be improved.</p> <p>c) Use of Hi-chrome die rings is found to be more economical and gives better life.</p>

C. FOREIGN EXCHANGE EARNINGS & OUT GO

The Company has not earned any foreign exchange during the year as there was no export of Pellets. Total outgo in Foreign Exchange on account of imports, payment towards technical services, etc., amounted to about US\$ 15.52 million.

Report on Corporate Social Responsibility & Sustainability



As a socially conscious corporate, KIOCL is contributing significantly towards community development in and around its projects sites to ensure that people living in the vicinity of our projects, especially the tribal communities in the surrounding areas, are benefited directly and indirectly through the various development projects. KIOCL is undertaking CSR activities primarily in the state of Karnataka near its project offices which are situated in Bangalore, Mangalore and Kudremukh based on individual / organizational requests received. KIOCL has undertaken CSR activities in and around its project / liaison offices in other States also.

The scheme of Corporate Social Responsibility (CSR) has been evolved in KIOCL right since its inception. The Company is committed to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders. The aim of CSR policy of the Company is to identify and to lend a helping hand to the SC/ST/underprivileged and economically weaker sections of the society and to contribute for their growth and development.

As an integral part of the society, KIOCL is moving forward by achieving the objectives of its social responsibility. The Company has supported innumerable social initiatives primarily on villages within the radius of its project sites in areas like Education, Community Development, Promotion of Art, Culture & Sports, Health Care and Spreading of environmental awareness (by plantation etc) among school children.

During the year, the existing Policy on CSR & Sustainability of the Company was integrated and aligned with the DPE guidelines. The corporate systems and processes were strengthened with the formation of a CSR & Sustainable Committee of the Board by the Board of Directors and a Company level internal committee's constituted at Unit level to provide direction and oversee the CSR initiatives of the Company. The CSR Budget for 2013-14, keeping in view of DPE guidelines was fixed at ₹ 93 lakhs (3% of PAT of 2012-13). The CSR & Sustainability expenditure incurred by the company was ₹ 227 lakhs, which exceeds the MOU annual "Excellent" target of ₹ 109 lakhs. The highlights of the area-wise CSR activity details are as under:-

Education:

Under this initiatives, the Company has provided Bus facility to students travelling from Kudremukh and surrounding villages to Kalasa and back; Donation of Computer & printer to Prerana Special School Hyderabad; Financial assistance for construction of School room in Kulur Church Higher Primary & High School, Mangalore & Scholarship to students of Bramhashri Narayana Guru Education Trust, Mangalore.

Community Development:

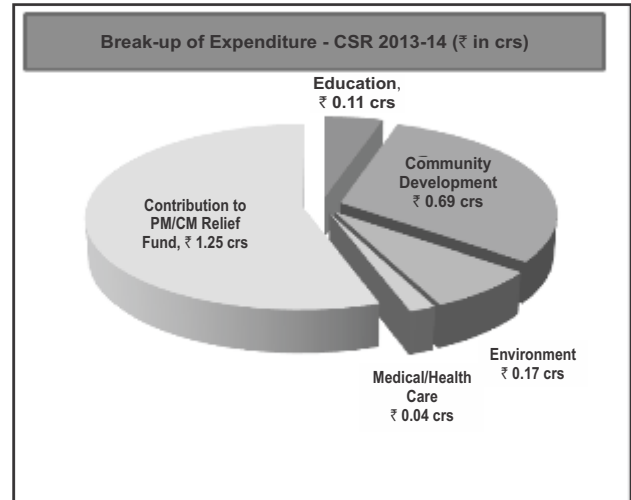
Project undertaken in this area were assistance provided for pure drinking water facility to Anganawadi centers in Ananthapur District, Andhra Pradesh; financial assistance for AC Roof sheet to Shri Krishna Anganawadi and Rangamandira Renovation Committee, Mangalore.

Environment:

Support were provided for development of Tree Park for the conservation of rare endangered and threatened species of Western Ghats at Pilikula Nisarga Dhama, Mangalore; financial assistance extended for Green Nurturing programme at Schools, Mangalore; Financial assistance to BGS School, Mangalore for Vermicompost Bin.

Medical/Health Care:

Under this initiative, the Company has donated an Ambulance to Govt. Hospital, Chikkanayakanahalli, Tumkur District.



Contribution to Prime Minister/Chief Minister Relief fund:

The Country has witnessed worst ever natural calamities during the year 2013. First, in the Himalayan states of Himachal Pradesh and Uttarakhand which were hit by torrential rain and cloudbursts on 14 - 17 June 2013, recording the highest rainfall in 20 years in a three-day period, triggered landslides and flash floods in multiple locations in these states. With no warning and time to evacuate, there have been large number of casualties and caused much distress among inhabitants and the many pilgrims. Following the disaster, with the few roads cut-off and bridges connecting key towns having collapsed pilgrims and tourists were stranded in the area. Public infrastructures such as roads and vital bridges, houses and administrative buildings, schools and health centers, have been badly damaged. The disaster has crippled the lives and livelihoods of a very large number of impoverished, rural people.

The Company has contributed ₹ 50 lakhs including ₹ 24.35 lakhs voluntarily contributed by the employees to “Chief Ministers Relief Fund – Uttarakhand” for relief and rehabilitation activities in the flood affected areas of Uttarakhand State.

The very severe cyclonic storm “PHAILIN” has devastated Odisha on 12th & 13th October, 2013 resulting in huge loss of public and private property.

As the largest evacuation efforts in the country's recent history helped keep casualties to the minimum. Yet most of the casualties were caused by wall collapse, uprooted trees and in floods.

The Company contributed ₹ 100 lakhs to the “Chief Ministers Relief Fund for relief and rehabilitation activities in the Cyclone affected areas of Odisha”.

Annexure - II**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY**

The Corporate Governance Policy of KIOCL rests upon the four pillars of Transparency, Full disclosures, Independent monitoring and fairness to all.

The Company believes that conducting the business in a manner that complies with the Corporate Governance procedures and code of conducts, exemplifies each of our core values and positions us to deliver long-term returns to our Shareholders, favourable outcomes to our customers, attractive opportunities to our employees and making the suppliers our partners in progress & enriching the society.

The Company has set itself the objectives of expanding its capacities and becoming more competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across the country. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of all its stakeholders.

The Board considers itself as a trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

The following good governance practices have been put in place in KIOCL:

- Code of Conduct for Board level and below Board level employees;
- Risk Assessment and Minimization Policy & Fraud Prevention Policy;
- Integrity Pact;
- Whistle Blower Policy;
- Compliance of applicable Laws, Rules & Regulations;
- Accuracy and transparency in disclosures regarding operations, performance and financial position;
- Conduct, Discipline and Appeal Rules for Employees;

BOARD OF DIRECTORS**Composition of the Board**

KIOCL being a Government Company, appointment/nomination of all Directors is done by the President of India, through the Ministry of Steel. Articles of Association of the Company stipulate that the number of directors shall not be less than five and not more than thirteen. As on 31.03.2014, there are eleven Directors on the Board comprising of four whole time Directors including Chairman-cum-Managing Director, two Non-Official Part Time Directors who are Government Nominees and five



Independent Directors. Chairman being Executive Chairman, one more Independent Director Post is vacant pursuant to clause 49 of Listing Agreement of Stock Exchanges and DPE guidelines on Corporate Governance. The members of the Board are from diversified backgrounds and have varied expertise and considerable experience in the respective fields.

As on the date of the Report, the composition of the Board of KIOCL is not in conformity with Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

Board Meetings and Procedure

The Board of Directors plays the primary role in ensuring good governance and functioning of the Company. The meetings are governed by a structured agenda. All the agenda items are backed by comprehensive agenda notes, containing all the vital information, so as to enable the Directors to have focused discussion at the meeting and to take decision. All the relevant information as enumerated in Annexure IA to clause 49 of the Listing agreement and Annexure – IV of the guidelines on Corporate Governance for CPSE's issued by DPE is placed before the Board. The agenda and agenda notes are circulated to all the Directors in advance of each meeting of the Board of Directors. Where it is not practical to send the relevant information as a part of the agenda papers, the same is tabled in the meeting. The presentation covering the Company's performance, operations and business strategy are also made to the Board.

The Board also reviews periodically the compliance status of all the applicable laws. All the decisions are taken after detailed discussions by the Board Members at the meetings. The members of the Board have complete freedom to express their opinion and have unfettered and complete access to information in the Company.

The Company has a formal system of follow-up, review and reporting on action taken by the management on the decisions of the Board and Sub Committees of the Board. The Company presents a comprehensive Action Taken Report of the previous meetings to the Board of Directors at the ensuing Meeting of the Board of Directors. Matters of urgent nature are approved by the Board by passing resolutions through circulation.

No. of Board Meeting

The Board met Five times during the financial year on 15-05-2013, 25-07-2013, 07-11-2013, 05-12-2013 and 11-02-2014. The maximum time gap between any two meetings was less than four months. The Company passed one resolution through circulation.

Directors' attendance Record and Directorships held

As mandated by Clause 49, none of the Directors are members of more than ten Board-level Committees nor are they Chairman of more than five Committees, in which they are members. The composition of Board of Directors during 2013-14 is given in Table 1.

Table 1: COMPOSITION OF THE BOARD OF DIRECTORS

Name of Director (S/Shri)	Category	No. Meeting held during respective tenure	N o . o f meetings attended	Whether attended last AGM	N o . o f Director-ships	Number of Committees [#]	
						Member	Chairman
Malay Chatterjee, CMD	Executive	05	05	Y	Nil	Nil	Nil
Laxminarayana	Executive	05	05	Y	Nil	Nil	Nil
MV Subba Rao	Executive	05	05	N	Nil	Nil	Nil
K Subba Rao ¹	Executive	02	02	Y	Nil	Nil	Nil
N. Vidyananda ²	Executive	03	03	N	Nil	Nil	Nil
EK Bharat Bhushan ^{*3}	Non-Executive	01	-	N	8	Nil	Nil
VK Thakral ^{*4}	Non-Executive	04	04	N	4	Nil	Nil
Lokesh Chandra [*]	Non-Executive	05	05	N	7	Nil	Nil
K. Narasimha Murthy ⁵	Independent	01	01	N	6	1	2
V. K. Agarwal	Independent	05	05	Y	2	2	Nil
S Manoharan ⁶	Independent	04	04	Y	Nil	Nil	Nil
PK Bajaj ⁶	Independent	04	04	N	4	Nil	Nil
S. Raghunath ⁶	Independent	04	02	N	5	Nil	Nil
BK Sahoo ⁷	Independent	01	01	N	5	Nil	Nil

Notes:

Only Audit Committee and Shareholder Grievance Committee considered

* Nominees of Govt. of India

1. Ceased to be Director w.e.f. 31-10-2013 consequent upon attaining the age of superannuation.
2. Appointed as Director (P&P) w.e.f. 01-11-2013.
3. Ceased to be Director w.e.f. 29-04-2013.
4. Appointed as Director w.e.f. 31-05-2013.
5. Ceased to be Director w.e.f. 31-05-2013 due to resignation.
6. Appointed as Director w.e.f. 05-07-2013.
7. Appointed as Director w.e.f. 30-01-2014.

Code of Conduct

In pursuance to SEBI and DPE guidelines, Code of Conduct as applicable to Board level and below Board level i.e. one grade below Board level up to General Manager Cadre is in existence. The same is also available on the website of the Company i.e. www.kioclltd.com. The Code of Conduct is in alignment with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

All the Board Members and Senior Managerial Personnel have affirmed compliance to the Code of Conduct. A declaration signed by the Chairman-cum-Managing Director affirming the compliance with the Code of Conduct by the Board Members and Senior Managerial Personnel of the Company is appended at the end of this report.

COMMITTEES OF THE BOARD

To enable better and focus more attention on the affairs of the Company, the Board delegated particular matters to Committee of the Board set up for the purpose. These committees prepare the groundwork for decision making and report at the subsequent Board Meeting. The following Committees are functioning as on date

- Audit Committee;
- HR & Remuneration Committee;
- CSR & Sustainable Development Committee;
- Empowered Board Sub-Committee;
- Share Transfer Committee.

AUDIT COMMITTEE

The Company has an Audit Committee at the Board level functioning since 2000 with the powers and role that are in accordance with the erstwhile Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and DPE guidelines. The Committee acts as a link between the management, the Statutory Auditors and the Internal Auditors and the Board of Directors to oversee the financial reporting process. The Audit Committee consists of two Independent Directors and one Functional Director. The Chairman of the Committee is an Independent Director. The majority of the Audit Committee members have accounting and financial management expertise. Director (Finance), Chief of Internal Audit & Statutory Auditors are the permanent invitees to the meeting. In addition, other Functional Directors except CMD, Senior Managerial Personnel are also invited to the Committee meetings to present reports on the respective items being discussed as and when required. Secretary acts as a Secretary to the Committee.

The Audit Committee observes and controls the financial reporting process of the Company with a view to provide accurate and proper disclosures. The Committee reviews the Internal Audit reports periodically as well as action taken report. The Committee also gives directions to the management in areas that needs to be strengthened. The recommendation of the Audit Committee is binding on the Board.

The Committee met five times in the financial year under review on 14-05-2013, 12-07-2013, 21-10-2013, 04-12-2013 and 04-02-2014. The time gap between two Audit Committee meetings is less than four months.

The Composition of the Audit Committee as on 31-03-2014 and the attendance of the members at the meetings are given at Table 2.

Table 2 : Attendance Record of Audit Committee Meetings

Name of Director S/Shri	No. of meeting held during respective tenure	No. of meeting Attended
K.Narasimha Murthy ¹	1	1
V.K.Agarwal	5	5
P.K.Bajaj ²	3	3
MV Subba Rao	5	4

1. Ceased to be the member of the Committee w.e.f. 31-05-2013.
2. Appointed as member of Audit Committee w.e.f. 07-08-2013.

Powers of the Audit Committee:

The Audit Committee shall have full powers commensurate with its role & include the following:

- To investigate any activity within the Terms of Reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if considered necessary;
- To protect whistle blowers.

Scope of the Audit Committee:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.

- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower Mechanism.
- The Audit Committee shall mandatorily review the following information:
 - Management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management.
 - Management letters/letters of internal control weaknesses issued by the statutory auditors.
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer.

Explanation: The terms "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

- To review the follow up action of the audit observations of the C&AG audit.
- To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
- To provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- To review and pre-approve all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

- To review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
- To consider and review the following with the independent auditor and the management:
 - The adequacy of internal controls including computerized information system controls and security, and
 - Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- Consider and review the following with the management, internal auditor and the independent auditor:
 - Significant findings during the year, including the status of previous audit recommendations
 - Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

Other Matters:

- The annual report of the Company shall disclose the composition of the Audit committee.
- The amendments made from time to time in the provisions of the Listing Agreement /Companies Act/DPE's Guidelines relating to the Audit Committee would also be applicable to the terms of reference of Audit Committee.

HR & REMUNERATION COMMITTEE

In pursuance to the Listing Agreement of the Stock Exchanges & DPE Guidelines, HR & Remuneration Committee has been functioning in the Company. The Committee met once during the financial year under review on 22-03-2014.

The Composition of the HR & Remuneration Committee and the attendance of the members at the meetings are given at Table 3.

Table 3 : Attendance Record of HR & Remuneration Committee Meeting

Name of Director S/Shri	No. of meeting held during respective tenure	No. of meeting Attended
V.K. Agarwal	1	1
S. Manoharan ¹	1	1
S. Raghunath ¹	1	1

1. Appointed as member of the Committee w.e.f. 07-08-2013

CSR & SUSTAINABLE DEVELOPMENT COMMITTEE

In pursuance to the DPE guidelines, the Company has constituted CSR & SD Committee consisting of highly qualified and experienced members from various fields. The committee shall review and submit the recommendations on the proposal of CSR & SD to the Board. The Committee met thrice during the year under review on 12-07-2013, 18-11-2013 and 22-03-2014.

The composition of the CSR & Sustainable Development Committee as on 31-03-2014 and the attendance of the members at the meeting are given at Table 4.

Table 4 : Attendance Record of CSR & Sustainability Committee Meetings

Name of Director S/Shri	Meeting held during respective tenure	No. of meeting attended
Malay Chatterjee ¹	2	1
V.K. Agarwal	1	1
K. Subba Rao ²	1	1
M.V Subba Rao	3	3
N.Vidyananda ¹	2	1
S. Raghunath ¹	2	2

1. Appointed as member to the Committee on 07-08-2013.
2. Ceased to be member consequent upon re-organisation of the Committee on 07-08-2013.
3. Ceased to be a member on 31-10-2013.

Empowered Board Sub Committee

In order to give additional comfort level to take a decision on any major capital investment which exceeds CMD's delegated power and requires Board's approval, to examine major proposal on Investment, Procurement, Contract and advise suitability to the Board to take decision by the Board and to approve the Un-audited/audited financial results (quarterly/year to date/annual) in the absence of Board meeting, as per clause 41 of the listing agreement an Empowered Board Sub Committee has been constituted. The committee shall review and submit the recommendations on the proposal. The Committee met thrice during the year under review on 14-05-2013, 12-07-2013 and 07-11-2013.

The composition of the Empowered Board Sub Committee as on 31-03-2013 and the attendance of the members at the meeting are given at Table 5.

Table 5 : Attendance Record of Empowered Board Sub Committee Meetings

Name of Director S/Shri	Meeting held during respective tenure	No. of meeting attended
Malay Chatterjee	3	3
K. Subba Rao ¹	2	2
Laxminarayana	3	3

M. V. Subba Rao	3	3
N. Vidyananda ²	1	1
V. K. Agarwal ³	2	2
S. Manoharan ⁴	1	1
P. K. Bajaj ⁴	1	1

1. Ceased to be member on 31-10-2013.
2. Appointed as member w.e.f. 01-11-2013.
3. Ceased to be a member w.e.f. 07-08-2013 consequent upon reorganisation of the Committee.
4. Appointed as member on 07-08-2013.

SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

A Share Transfer Committee and Investor Grievance Committee consisting of Senior Manager (F&A) and Company Secretary is functioning to look into all the transfers, transmissions, splitting and Issue of Duplicate Share Certificates & grievance matters etc. The action taken by the Committee is subsequently placed before the Board for ratification. There was no grievance from any of the shareholder during the year.

Securities and Exchange Board of India (SEBI) has introduced online compliant redressal system namely SEBI Complaint Redressal System (SCORES). During the year, no complaint was received through SCORES. As on 31-03-2014 no complaint is pending in SCORES.

REMUNERATION TO DIRECTORS AND POLICY

Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letter appointing the Chairman & Managing Director and other Functional Directors indicate the detailed terms & conditions of their appointment, including the period of appointment basic pay, scale of pay, dearness allowance, entitlement to accommodation etc., and it also indicates that in respect of other terms & conditions not covered in the letter, the relevant rules of the Company shall apply.

Details of remuneration paid to Whole Time Directors during the year 2013-14 are given at Table 6.

Table 6 : Remuneration Paid to Executive Directors for FY 2013-14

(in ₹)

Name of Director S/Shri	Salary	Benefits	Company Contribution to PF & Gratuity	Total for FY 2013-14
Malay Chatterjee	17,71,702	4,61,304	2,12,604	24,45,610
K. Subba Rao*	9,90,660	16,56,607	11,17,954	37,65,221
Laxminarayana	17,02,533	4,43,316	2,04,303	23,50,152

M. V. Subba Rao	16,32,086	4,34,573	1,95,850	22,62,509
N. Vidyananda*	5,69,200	2,01,460	67,680	8,38,340

*Part of the year

Non Official Part Time Government Nominee Directors are not paid any remuneration. They are also not paid sitting fees for attending Board Meetings. Independent Directors are paid sitting fee of ₹ 20,000/- per meeting of the Board and ₹ 15,000/- per meeting of the Committee of the Board attended. Details of sitting fees paid to the Independent Directors during FY 2013-14 are given at Table 7.

Table 7 : Sitting fee paid to Independent Directors for FY 2013-14

(in ₹)

Name of Director (S/Shri)	Sitting Fee		Total
	Board Meetings	Committee Meetings*	
K. Narasimha Murthy	20,000	30,000	50,000
V.K. Agarwal	1,00,000	1,35,000	2,35,000
S. Manoharan	80,000	30,000	1,10,000
P.K. Bajaj	80,000	60,000	1,40,000
S. Raghunath	40,000	45,000	85,000
B.K. Sahoo	20,000	-	20,000

*Committee includes Audit Committee, HR & Remuneration Committee, Empowered Board Sub Committee and CSR & Sustainable Development Committee.

None of the non-executive Directors had any pecuniary relationship or transactions with the Company during the year. The part time Government Directors are ex-officio appointees and their terms is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The non-executive Independent Directors are appointed for a period of three years.

DIRECTORS SHAREHOLDING

Shri Laxminarayana, Director (Finance) is holding 100 equity shares in the Company.

DISCLOSURES

- There was no material transaction with the Directors or the Management or their relatives that may have potential conflict with the interest of the Company at large.
- The Company has adopted all suggested items to be included in the Report on Corporate Governance as required under the listing agreement as well as Code of Corporate Governance issued by DPE.

- c. None of the Directors on the Board is a member of more than 10 Committees and the Chairman of more than 5 Committees, across all the Companies (Public Limited) in which he is a Director.
- d. There is no inter-se relationship between Directors of the Company, as per declarations received.
- e. There has been no instance of the non-compliance by the Company and no penalty or stricture is imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matters related to capital markets during last three years.
- f. Whistle Blower Policy is in operation in Company w.e.f. 06-12-2012 in compliance with clause 49II(F) of listing agreement.

RISK MANAGEMENT

As a part of implementation of the guidelines on Corporate Governance issued by DPE, a Risk Assessment and Minimization Policy & Fraud Prevention Policy for drawing of appropriate risk assessment, management and minimization framework as also internal risk assessment framework, integrated and aligned with corporate and operational objectives is already put in place in the Company. Same is being reviewed at periodical interval.

GENERAL SHAREHOLDERS INFORMATION

Disclosure regarding appointment of Directors

The Company has provided brief resume(s) of the Directors seeking appointment at the ensuing Annual General Meeting, in the notice attached with the Annual Report.

Communications to Shareholders

The Company's quarterly financial results, official news releases and other general information about the Company are uploaded on the Company's website (www.kioclltd.com). The quarterly financial results of the Company generally published in the Financial Express (All Editions) & Vijayavani, (Bangalore Edition). Date of Board meeting to adopt financial results, date of Annual General Meeting and Postal Ballot etc are also published in News papers.

General Body Meetings

Date	AGM	Location	Time
Aug.30, 2013	37 th	Registered office, Bangalore	12 Noon
June 21, 2012	36 th	Registered office, Bangalore	12 Noon
July 12, 2011	35 th	Registered office, Bangalore	12 Noon

In the 37th Annual General Meeting, one special resolution was passed w.r.t. to commencement of new business u/s 149(2A) of the Companies Act, 1956 of Project Management Consultancy.

Financial Calendar

The Company's financial year is from 1st April to 31st March.

CEO / CFO Certification

As required by clause 49 of the Listing Agreement, the CEO/CFO certification is appended as an Annexure to this Report.

Transfer of unpaid/unclaimed dividend amounts to Investor Education & Protection Fund

Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, are required to be transferred to Investor Education & Protection Fund (IEPF) established by the Central Government.

Ministry of Corporate Affairs, Govt. of India through a Notification G.S.R.352(E) dated 10-05-2012 enacted the rules called as Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012. Subsequently Ministry of Corporate Affairs, through Circular No.17/2012 dated 23-07-2012 and Circular No.20/2012 dated 01-08-2012 issued the clarifications further to aforesaid rules. In compliance to the aforesaid rules, the Company has uploaded the complete information regarding unpaid and unclaimed amounts from the financial year 2010-11 onwards upto the date of AGM in the Ministry of Corporate Affairs website as well as in the Company's official website. Prior period unpaid/unclaimed list year wise is also available at the Company's website. Shareholders are requested to visit the site to know the status. Members are advised that no claim shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

Members who have so far not en-cashed their dividend warrants are requested to write to the Company/Registrar to claim the same, to avoid transfer to IEPF.

The Company has transferred unclaimed Dividend of amount upto the year 2005-06 to Investor Education & Protection Fund as set up by Government of India.

Annual General Meeting for the year 2013-14

Day and Date	Saturday, 06-09-2014
Time	12.00 Noon
Venue	KIOCL Limited, II Block, Koramangala, Bangalore – 560034

Postal Ballot

During the current year, no approval of shareholders was taken through Postal Ballot.

Financial Calendar for 2014-15 (Tentative)

Financial Report for the Quarter ending June 30, 2014	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending September 30, 2014	Within 45 days of the end of each quarter.

Financial Report for the Quarter ending December 31, 2014	Within 45 days of the end of each quarter.
Financial Report for the Quarter ending March 31, 2015	Within 60 days of the end of the financial year.
Annual General Meeting for the year 2014-15	Last week of September, 2015

Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 02-09-2014 to 06-09-2014 (Both days inclusive).

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Dematerialization of Shares and Liquidity

The shares of the Company continue to be an eligible security in dematerialized form by CDSL and NSDL with ISIN No.: INE880L01014. As on March 31, 2014, 99.93% of the Company's total paid up Capital representing 634,069,607 shares is in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

Market price Data

There was no trading reported at Bangalore and Madras Stock Exchange during 2013-14.

Performance in comparison to broad based indices such as BSE Sensex, CRISIL Index etc

Since the Company's shares are not traded on a large scale frequently, its performance cannot be compared to broad based indices such as BSE Sensex, CRISIL Index etc. in the absence of price data.

Registrars and Transfer Agents:

M/s Integrated Enterprises (India) Ltd
Regd. Office: 30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bangalore – 560003
Tel.No.: 080-23460815-81
Email id: alfint@vsnl.com

Outstanding GDRs/ADRs/Warrants

There are no outstanding GDR's/ADR's/warrant's or any convertible instruments.

Listing on Stock Exchanges

The Equity Shares of the Company are listed on

Name of Stock Exchanges	Scrip Code
Bangalore Stock Exchange Ltd. Bangalore	KIO
Madras Stock Exchange Limited. Chennai	KIO

Listing fees for the year 2013-14 has been paid.



Investor Correspondence

In order to facilitate quick redressal of grievance/queries, the investors and shareholders may contact the Company Secretary at under mentioned address for any assistance:

Company Secretary
KIOCL Limited
II Block, Koramangala,
Bangalore - 560034
Tele Fax: 080-25531525
E-mail: bsecretary@kudreore.com

Compliance Certificate

As required under clause 49 of the listing agreement, the certificate from a Practising Company Secretary pertaining to compliance of conditions of Corporate Governance is being annexed with the Directors Report.

This report duly complies with the requirements of Guidelines on Corporate Governance for CPSEs and covers all the suggested items mentioned in Annexure-VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE are also sent to Administrative Ministry regularly.

Share Transfer System

The shares of the Company which are in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Integrated Enterprises (India) Limited and approved by the Share Transfer Committee. The share transfers are generally processed within a period of 15 days from the date of receipt of the transfer documents by the Company or its R&T Agent.

Registered Office

KIOCL Limited
II Block, Koramangala,
Bangalore – 560034, Karnataka
Phone: 080-25531461-470
Fax: 080-25532153-5941
Website: www.kioclltd.com

Plant Locations

Pellet Plant and Blast Furnace unit is located in Dakshina Kannada District of Karnataka. Iron Ore Mine site and Beneficiation Plant is located at Kudremukh in Chickmagalur District of Karnataka which is stopped its operations w.e.f. 01-01-2006 following Hon'ble Supreme Court directives.

Shareholders Pattern as on 31-03-2014

Category	Number of shares	Shares in dematerialized mode	Shares in Physical mode	%age of shareholding
Central Govt./State Govt.(s)	628,144,130	628,144,130	-	98.9961
Mutual Funds/UTI	2,270,100	1,936,667	333,433	0.3578
Financial Institutions/Banks	800,000	800,000	-	0.1261
Insurance Companies	2,778,300	2,778,300	-	0.4379
Bodies Corporate	329,971	329,671	-	0.0520
Resident Indians & others	191,299	80,839	110,460	0.0301
Total	634,513,800	634,069,607	443,893	100.00

NON-MANDATORY REQUIREMENTS

Besides the mandatory requirements as mentioned above, the status of compliance with non-mandatory requirements of clause 49 of the Listing Agreement is reproduced below:

Maintenance of Chairman's Office	Currently, Chairman is an Executive Chairman.
Tenure of Independent Directors	Currently, five Independent Directors are nominated by the Government for a term of three years each.
Setting up of Remuneration Committee	Explained in Corporate Governance Report.
Communication of half-yearly result to each household members	Results are placed on the Company website and published in leading newspapers.
Training to Directors	All Directors have expertise in their area of specialisation. However, the Company is having an approved Structured Training Policy for providing training to Board members of the Company.
Mechanism for evaluation of non-executive Directors	Given the Company's performance, this is not considered relevant at this stage.
Whistle Blower Policy	"Internal Whistle Blower Policy" has been implemented in Company during the year 2012-13 and has been hoisted in the Company website. The Policy provides employees an avenue to lodge complaints in line with the commitment of the Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. It provides necessary safeguards for protection of employees from reprisals or victimization for whistle blowing in good faith.

MANAGEMENT DISCUSSION AND ANALYSIS

i) INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Steel industry had a dismal year during 2013-14 due to poor performance of the infrastructure segment. However, demand for quality Pellets remained firm due to restricted availability of Iron Ore, but this did not translate into better prices for Pellets as many new Pellet plants entered into the market resulting in over supply of Pellets and putting severe pressure on Pellet prices. The low prices resulted in restricted sale of our Pellets in domestic market during 2013-14. The issue raised by Railways regarding applicability of Levy of Distance based charges over and above normal freight on Iron Ore transported through Railway network for manufacture of Pellets and subsequent export has made the sale of Pellets in International market unviable. Export of Pellets has been since September 2011. However, these factors have not affected Production of Pellets during 2013-14.

Production and sale of Pellets during the financial year 2013-14 was 1.710 Million Tonnes and 1.615 Million Tonnes respectively. Indian Pellet capacity is expected to cross 90 million tonnes by the end of 2014-15. Almost all the Steel manufacturers in private sector have commissioned their captive Pellet plants and the excess production from these plants may hit the market in the coming days. However, DR grade Pellet is expected to maintain its premium continuously for ever.

ii) SWOT Analysis

In the changing environment, the Company has identified the following strengths, weakness, opportunities and threats:

Strength

- Strong brand image for KIOCL Pellets in International market.
- Zero debt Company.
- Expertise in processing both Hematite & Magnetite ore.
- In-house R & D for continuous improvement in quality and capacity.
- Logistics
 - Shore based Pellet plant with dedicated berth and automatic ship loading facility.
 - Private Railway Siding/Proximity to NH 66.
 - Established supply chain management.
- Captive Power plant.
- Experienced & Skilled Manpower.
- Proven track record and brand name in Iron Ore mining and beneficiation.

Weakness:

- No Captive mine since 01-01-2006.
- No beneficiation plant.
- Production units neither located at mine head nor consumption center.
- Dependence on NMDC for Iron Ore Fines.
- High logistics cost for transportation of Iron Ore fines.
- Imposition of DBC by Railways affects Pellet price.
- Inability to accessing IOF due to ban in Karnataka for export of Pellets.

- Thin margin due to severe competition.
- BFU with no forward & backward integration.
- Levy of export duty on Iron Ore Pellets.

Opportunities

- Diversification into O&M of Beneficiation / Pellet plants with available skilled manpower.
- Activity in CN'Halli mines after boundary dispute is resolved for Forest clearance.
- Proposed allotment of Ramanadurga mines by GOK.
- Exploration of Long term contract for procurement and sale.
- Exploring new avenues in acquisition of mineral assets.
- Proven track record and brand name in Iron Ore mining and beneficiation.

Threats

- Disputes/Delays in getting new mining leases.
- No priority for allotment of Rakes for Ore movement by Railways.
- Rapid expansion of Pellet production capacities.
- Imported Pellet and high grade lump at cheaper rates.
- Apprehensive about ban on export of Pellets getting extended to other parts of India.

iii) PRODUCT-WISE PERFORMANCE

The production target vis-a-vis actual achievement during the last five years is given below:-

PP: Pellet Plant

PI: Pig Iron

(Qty. in million tonnes)

Year	MOU target		Actual Production		Utilisation of installed capacity in %	
	PP	PI	PP	PI	PP	PI
2013-14	1.700	-	1.710	-	49	-
2012-13	2.500	-	1.265	-	36	-
2011-12	3.000	-	1.710	-	49	-
2010-11	2.780	0.100	2.124	-	61	-
2009-10	2.650	0.170	1.273	0.62	36	29

(Installed capacity of Pellet Plant is 3.500 million tonnes and Pig Iron is 0.216 million tonnes).

iv) OUTLOOK

KIOCL is a zero debt Company and has a large Equity base with highly Technical manpower. Your Company is exploring the possibilities of diversifying into entering into new areas of business such as acquiring new mining leases, setting up of beneficiation cum Pellet plants under JVs, O&M contracts with new Pellet plants, Project Management Consultancy etc.

The Company had initiated action for setting up of a permanent railway siding and bulk material handling system at about 3 kms from KIOCL's Pellet plant at Baikampady industrial area, Mangalore

for receipt & mechanized handling of Iron Ore and other raw materials received through Railway wagons and their storage and conveying to KIOCL's Pellet plant Unit and Blast Furnace Unit. The total investment for this project as per the DPR is estimated at ₹ 303 crores. Major portion of land for creating infrastructure has already been acquired & Company has initiated necessary action for procurement of additional stretch of land from KIADB.

The Company is pursuing to enter into a contract with M/s NMDC, for Operation & Maintenance of their upcoming Beneficiation Plant and Pellet Plant at Donimalai. Efforts are on in this direction to get the contract and utilize the expertise available with KIOCL in operating the plants for mutual benefit of both the organization.

The Company has signed an MOU with APMDC & RINL for exploration and exploitation of Nemkal Iron Ore deposit in Ananthapur District of Andhra Pradesh. APMDC and KIOCL jointly completed Survey & Investigation work for boundary demarcation, contour survey, geological investigation, mapping and preparation of detailed prospecting plan. Secretary (Mines), Govt. of AP has forwarded the proposal for prior approval under section 5(1) of MMDR Act 1957 to Ministry of Mines, Govt. of India for grant of PL in favour of APMDC.

To secure Iron Ore for its Pellet Plant, the Company has submitted various mining lease applications to Govt of Karnataka (GoK). Chikkanayakanahalli Iron Ore mining lease is already recommended by the GoK and your Company is in the process of obtaining various statutory clearances to commence the mining operation. KIOCL is also putting effort to get Ramanadurga Iron Ore deposit and 'C. Category Iron Ore mining leases. KIOCL's mining lease applications are under different stages of processing by GoK.

Your Company has also submitted mining lease applications for Iron Ore in the States of Odisha, Jharkhand and Andhra Pradesh. The same is being pursued with highest authorities for early clearance.

v) RISKS & CONCERNS

The main risks and the area of concern for the Company is non-availability of captive mine and increasing merchant and captive Pellet plant capacity. Continuous import of DR grade Pellets and lump ore at competitive price by integrated Steel plants put pressure on Indian Pellet prices alongwith high logistic cost for raw materials. The Company is exploring possibility to diversify into Contract Mining, Coal Mining, Project Management Consultancy, setting up of beneficiation and Pellet plants through JV etc but which are yet to materialise.

Due to un-economical price of Pig Iron, BF unit was shut down since 05-08-2009 and examining possibility to offer BFU on long term lease or accept job work.

vi) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit system is commensurate with the size and nature of the business of the Company. The reports of the Internal Auditor are regularly placed before the Audit Committee for its review and further guidance.

vii) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

a) The Financial performance of the Company for the year 2013-14 in brief is furnished below:

(₹ in Crores)

Particulars	2013-14	2012-13
Sales	1532.37	1159.12
Profit / (Loss) Before Tax for the year	61.40	32.34
Profit / (Loss) After Tax	39.93	31.05

b) Cash Flow information

An abstract of Cash Flow statement for the year ended on 31st March, 2014 is as under:

(₹ in Lakhs)

A)	Opening cash and cash equivalents as at 1-4-2013	4588.75
B)	Net cash from operating activities	(9305.05)
C)	Net cash from investing activities	9057.26
D)	Net cash used in Financing Activities	(742.35)
E)	Cash and Cash equivalent as at 31-03-2014	3598.61

viii) MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company aims at providing motivation and growth opportunities for employees. It also encourages them and creates an environment for best utilisation of their skills in achieving the Company's objectives. Training and Development is the key word of HRD. The achievement during the year under report was 3924 Man days training for both Executives and Non-executives.

Industrial Relations situation remained peaceful throughout the year in all the establishments of the Company. Works Committees and Joint Plant and Shop Councils meet regularly and their discussions contribute towards improving industrial relations and resolving differences, if at all they arise.

The following table shows the total number of employees in different Groups on rolls of the Company as on 31st March 2014:-

Group	Total No. of employees on rolls	SC	ST	No. of Women employees	Ex-servicemen	PwD
A	276	44	12	13	-	05
B	34	03	01	05	01	-
C	605	90	32	11	01	05
D	38	04	06	-	-	03
D(Sweepers)	04	03	-	01	-	-
Total	957	144	51	30	02	13

Poaching of trained manpower at Kudremukh is a source of concern for the Company.



ix. CAUTIONARY STATEMENT

Certain statements made in the management discussion and analysis report relating to Company's objectives, projections, outlook, expectations and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, Government regulations and taxation, natural calamities over which the Company does not have any direct control.

KIOCL Limited

(A Government of India Enterprise)
Registered Office
II Block, Koramangala, Bangalore -560034
Telephone: 080-25531461 -70
Fax : 080-25532153- 5941
Website : www.kioclltd.com
CIN:L13100KA1976PLC002974



ISO 9001, 14001
and OHSAS 18001 Company

The Shareholders,
KIOCL Limited,
II Block, Koramangala,
Bangalore – 560034.

Sub: Declaration as required under Clause 49 I (D) of the Listing
Agreement with the Stock Exchanges.

In compliance with Clause 49 I (D) (ii) of the Listing Agreement and Clause 3.4 and the guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises, the Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. I hereby declare that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year 2013-14.



(Malay Chatterjee)
Chairman-cum-Managing Director

Place: Bangalore
Date: 07-06-2014



KIOCL Limited

(A Government of India Enterprise)
Registered Office
II Block, Koramangala, Bangalore -560034
Telephone: 080-25531461 -70
Fax : 080-25532153- 5941
Website : www.kioclltd.com
CIN:L13100KA1976PLC002974



ISO 9001, 14001
and OHSAS 18001 Company

The Board of Directors

KIOCL Limited,
II Block, Koramangala,
Bangalore-560034


Sub: Chief Executive Officer (CEO) and Chief Finance Officer (CFO)
Certificate pursuant to Clause 49 (5) of the Listing Agreement.

Dear Sir,

We, Malay Chatterjee, Chief Executive Officer (CEO) and Chairman-cum-Managing Director (CMD) and Laxminarayana, Chief Financial Officer (CFO) and Director (Finance) of KIOCL Limited to the best of our knowledge and belief certify that:

- a) We have reviewed the Financial statements and Cash Flow Statements for the year ended 31st March 2014 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or certain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) To the best of our knowledge and belief, no transactions were entered into by the Company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct;
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and we have taken steps to rectify these deficiencies;

- d) We have indicated to the Auditors and the Audit Committee-
- i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in Accounting Policies during the year and that the same have been disclosed in the Notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financing reporting.



(Malay Chatterjee)
Chairman-cum-Managing Director



(Laxminarayana)
Director (Finance)

Place : Bangalore
Date : 07-06-2014



SN Mishra

SNM & Associates
Company Secretaries,
No. 486, 8th Cross, 10th Main,
HAL 3rd Stage,
Bangalore- 560075

.....
CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Board of Directors
KIOCL Limited
Bangalore

We have examined all relevant records of M/s. KIOCL Limited, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s) entered into with Indian Stock Exchanges for the financial year ending March 31, 2014.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause.

On the basis of our findings recorded in the annexed report from the examination of the records produced and explanations and information furnished to us, in our opinion the Company has complied with the conditions of corporate governance as stipulated in the clause 49 of the Listing Agreement as on March 31, 2014 except the following:

- I. The Composition of Board with respect to optimum combination of executive and non-executive directors was not in conformity with clause 49 of the Listing Agreement for the quarter ending 30-06-2013
- ii. One Independent Director post has remained vacant throughout the financial year which is not in conformity with clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance
- iii. Remuneration Committee was not in conformity with clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance till 08-08-2013.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bangalore
Date : 24th July, 2014

Sd/-
Name : S.N.Mishra.
Company Secretary

C. P. No. : 4684
FCS No. : 6143



**ANNUAL ACCOUNTS FOR THE YEAR
ENDED ON 31-03-2014**

INDEPENDENT AUDITOR'S REPORT

To the Members of KIOCL Limited

A. Report on the Financial Statements

We have audited the accompanying financial statements of KIOCL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

B. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

C. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

D. Basis for qualified Opinion

- a) **Confirmation of balances of trade receivables and trade payable has been obtained in certain cases only. (Refer item 22 of Note 15, “other notes forming part of Financial Statements”).**
- b) **Provision for Excise Duty on the closing stock is not made, to that extent the valuation of closing stock and provision for Excise Duty will be increased.**
- c) **Iron ore fines retrieved from the cooling pond is valued in accordance with item 15 of Note 15, “Other notes forming part of Financial Statements”.**
- d) **Attention is invited to item 4 of Note 15 (“Other notes forming part of Financial Statements”) regarding claims by railways for difference in freight charges on account of distance based charge and normal freight on iron ore transportation.**
- e) **Attention is invited to item 7 of Note 15 (“Other notes forming part of Financial Statements”) regarding taking over of Lakya Dam by Government of Karnataka. Stoppage of water from Lakya Dam would affect the operations of Pellet Plant. Based on the same we are unable to quantify the impact in the accounts and comment on the same.**

E. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) **In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;**
- b) **In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and**
- c) **In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.**

F. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government to Indian in terms of Sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that :
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the effects of the matter described in the Basis for qualified opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 (read with the General Circular 15/2013 date 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013).
 - e. Being a Government Company provision of clause (g) of sub section (1) of Sec 274 of the Companies Act, 1956, is not applicable as per notification No. GSR 829 (E) dated October 21, 2003, issued by the Department of Company Affairs.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No : 0042075

P Menakshi Sundaram
Partner
Membership No : 217914

Place : New Delhi
Date : 16th May, 2014

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. On the basis of the information and explanation given to us fixed assets are being physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
c. The Company has not disposed off a substantial part of its fixed assets and hence going concern concept is not affected.
2. a. We are informed that the Inventories of stores and spares are physically verified by the management on a continuous basis, as per programme of perpetual inventory, except raw materials and additives at different stages of production. In certain cases, the stock has been verified on the basis of survey method. Inventories of other items has been physically verified at the year end.
b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records for inventory. The discrepancies notices on physical verification by the management, which reported to be not material, have been properly dealt with in the books of accounts.
3. According to information and explanation given to us, the Company has neither granted nor taken any loans, Secured or Unsecured to/from Companies, firms or other parties covered in the register maintained u/s 301 of the Act. Accordingly sub clause (b), (c), (d), (f) & (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regards to sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. a. In our opinion and according to the information and explanations given to us, there are no particulars of contracts that need to be entered into the register maintained in pursuance of Section 301 of the Act.
b. Hence, the relative reporting requirements are not applicable.

6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sec 58A, 58AA or any relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company has an Internal Audit System, the scope and coverage of which is commensurate with its size and nature of its business.
8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete. Cost Audit Report for the year is yet to be obtained.
9. According to the information and explanations given to us, in respect of statutory and other dues :
 - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Cess, Excise Duty, Service Tax and any other Statutory dues with the appropriate authorities.
 - b) As explained to us, the scheme of Employees State Insurance is not applicable to the Company for the current year. According to information and explanation given to us there were no undisputed liabilities of above nature as at the last date of the Balance Sheet outstanding for a period of more than 6 months. However, for Employees State Insurance an amount of ₹ 19.57 lakhs pertaining to the years 2001-07 is disputed towards delayed payment. The Company has neither paid nor provided for Cess Payable u/s 441A of the Companies Act 1956, since no notification has been issued as specified in Sec. 441A(1).
 - c) According to the information & explanations given to us, there are no dues payable in respect of Sales Tax, Income Tax, Excise Duty, Wealth Tax, Custom Duty, Service Tax and Cess as at 31-03-2014 which were disputed except the following :

Statute	Nature of dues	Total Amount (in lakhs)	Paid and or Provided (in lakhs)	Balance Amount Outstanding	Financial Year to which the amount relates	Forum to which it relates
Central Excise Duty	Levy of 3 rd time Education Cess on DTA Clearances of Pellets	371.37	90.71	280.66	2006-10	CESTAT, B'lore
Central Excise Duty	Nonpayment of SAD on DTA Sales of Pellets	5955.77	-	5955.77	2010-12	CESTAT, B'lore
Income Tax	Regular	1736.44	1736.44	-	2007-08	ITAT B'lore
	Assessments	603.70	603.70	-	2008-09	Commissioner of Income Tax (Appeals)

10. There are no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayments to banks or financial institutions. The Company has not issued any Debentures.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Since the Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society, the relative reporting requirements are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the relative reporting requirements are not applicable.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks or financial Institutions. Hence, the relative reporting requirements are not applicable.
16. According to the information and explanation given to us, the Company has not availed any fresh term loans during the year.



17. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, no funds raised on short term basis have been used for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act 1956. Hence, the relative reporting requirements are not applicable.
19. The Company has not issued any debentures during the year. Hence, the relative reporting requirements are not applicable.
20. The Company has not raised money from the public issues during the year and hence the relative reporting requirements are not applicable.
21. To the best of our knowledge and belief and according to the information and explanation given to us, during the period under audit, no cases of fraud on or by the Company were noticed or reported.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No : 0042075

P Menakshi Sundaram
Partner
Membership No : 217914

Place : New Delhi
Date : 16th May, 2014

**COMMENTS / OBSERVATIONS OF THE STATUTORY AUDITORS
AND REPLY BY THE COMPANY**

Auditors Report Para No	Comments/Observations	Reply by the Company
(a)	Confirmation of balances of trade receivables and trade payables has been obtained in certain cases only (Refer item 22 of Note 15, "Other notes forming part of Financial Statements").	The position has been clearly explained in serial No. 22 of Note 15 "Other notes forming part of financial statements".
(b)	Provision for Excise Duty on the closing stock is not made, to that extent the valuation of the closing stock and provision for Excise Duty will be increased.	The Company is an Export Oriented Unit and is exempt from paying Excise Duty. Hence provision for Excise Duty on closing stock is not made. However the provision for Excise Duty even if made increases both current assets (inventory) and current liabilities, do not have any impact on the profit for the year.
(c)	Iron Ore fines retrieved from cooling pond is valued in accordance with item 15 of Note 15, "Other notes forming part of Financial Statements".	The position has been clearly explained in serial No.15 of Note 15 "Other notes forming part of financial statements".
(d)	Attention is invited to item 4 of Note 15 ("Other notes forming part of Financial statements") regarding claims by Railways for difference in freight charges on account of distance based charges and normal freight on Iron Ore transportation.	The position has been clearly explained in item 4 of Note 15 "Other notes forming part of financial statements"

Auditors Report Para No	Comments/Observations	Reply by the Company
(e)	Attention is invited to item 7 of Note 15 (“Other notes forming part of Financial Statements”) regarding taking over of Lakhya Dam by Government of Karnataka. Stoppage of water from Lakhya Dam would affect the operations of Pellet Plant. Based on the same we are unable to quantify the impact in the accounts and comment on the same.	At present, the Company draws water from Lakhya dam for its operation at Pellet plant. The Company had a dialogue with Mangalore City Corporation (MCC) for water requirement for the plant operation to overcome the situation of stoppage of water as an alternative measure. MCC has agreed in principle for supplying water on terms and conditions at par with other industries in the vicinity of the plant.

Place: New Delhi
Date: 31-07-2014



(Malay Chatterjee)
Chairman-cum-Managing Director

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KIOCL LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on the independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accounts of India. This is stated to have been done by them vide their Audit Report dated 16 May 2014.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of KIOCL Limited, Bangalore for the year ended on 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquires of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

**For and on the behalf of the
Comptroller and Auditor General of India**

Sd./-

(N. Karunakaran)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board,
Hyderabad**

**Place : Hyderabad
Date : 16 June 2014**

Balance Sheet as at 31st March ,2014

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	63451.38	63451.38
Reserves and surplus	2.2	<u>149002.02</u>	<u>145973.14</u>
		212453.40	209424.52
Non-current liabilities			
Other long-term liabilities	3.1	87.94	77.47
Long-term Provisions	3.2	<u>15918.98</u>	<u>14611.05</u>
		16006.92	14688.52
Current liabilities			
Trade payables	4.1	11592.22	2482.93
Other current liabilities	4.2	15183.52	11312.44
Short-term provisions	4.3	<u>1710.81</u>	<u>1710.95</u>
		28486.55	15506.32
Total Equity & Liabilities		<u>256946.87</u>	<u>239619.36</u>
ASSETS			
Non-current assets			
Fixed assets:			
Tangible assets (original cost less depreciation)	5.1	29498.82	33288.94
Capital work-in-progress	5.2	46.29	656.94
Deferred tax assets(net)	5.3	1878.47	2582.81
Long-term loans and advances	5.4	-	-
Other non-current assets	5.5	<u>1278.66</u>	<u>1104.75</u>
		32702.24	37633.44
Current assets			
Inventories	6.1	29135.87	33298.67
Trade receivables	6.2	8197.21	16688.58
Cash & cash equivalents	6.3	171580.61	141576.75
Short-term loans and advances	6.4	4553.80	4269.23
Other current assets	6.5	<u>10777.14</u>	<u>6152.70</u>
		224244.63	201985.93
Total Assets		<u>256946.87</u>	<u>239619.37</u>
Significant Accounting Policies and other notes forming part of financial statements.	1 & 15		

For and on behalf of Board of Directors
Malay Chatterjee
 Chairman-cum-Managing Director

Laxminarayana
 Director (Finance)

 as per our report of even date
for M/s SUNDARAM & SRINIVASAN
 Chartered Accountants
 (Firm Registration No:004207S)

 Place: New Delhi
 Date : 16th May,2014

S.K.Padhi
 Company Secretary

(P.Menakshi Sundaram)
 Partner
 Membership No:217914

Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Lakhs

Particulars	Note No.	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
I. Revenue			
Revenue from operations (Gross)	7	153237.46	115912.19
Less:Excise duty		<u>26002.47</u>	<u>18282.84</u>
Revenue from operations (Net)		127234.99	97629.35
Other income	8	18435.49	20518.07
Total Revenue		<u>145670.48</u>	<u>118147.42</u>
II. Expenditure			
Cost of materials consumed		88730.10	76623.64
Changes in inventories -Pellet feed	9	5343.28	(6727.06)
Changes in inventories -Finished product	9	(7251.59)	(2156.54)
Power & Fuel		18694.51	15540.01
Employee benefit expenses	10	15114.75	15494.13
Depreciation & Amortization expense	5.1	4232.24	4322.48
Other expenses	11	13730.89	11816.48
Total Expenses		<u>138594.18</u>	<u>114913.14</u>
III. Profit for the year			
before exceptional and extraordinary items and tax (I-II)		7076.30	3234.28
IV. Exceptional items	12	27915.42	-
V. Profit before extraordinary items and tax (III-IV)		<u>(20839.12)</u>	3234.28
VI. Extraordinary Items		-	-
VII. Profit before tax (V-VI)		<u>(20839.12)</u>	3234.28
VIII. Tax expense:			
(1) Current tax		-	1392.00
Earlier years (net)		(4.90)	(311.90)
(2) Deferred tax		<u>704.33</u>	<u>(950.58)</u>
		699.43	129.52
X. Profit/(Loss) for the period from continuing operations (VII-VIII)		<u>(21538.55)</u>	3104.76
XI. Gain/(loss) on disposal of assets attributable to the Discontinuing operations	13	26979.07	-
XII. Tax expense of Discontinuing operations		1446.77	-
XIII. Profit/(loss) from Discontinuing operations (after tax) (XI-XII)		25532.30	-
XIV. Profit/(loss) for the period (X+XIII)		3993.75	3104.76
XV. Earnings per equity share:			
Equity shares of par value ₹ 10/- each			
Basic and Diluted		0.63	0.49
Number of shares used in computing earnings per share		634513800	634513800
Significant Accounting Policies and other notes forming part of financial statements	1 & 15		

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

as per our report of even date
for M/s SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Registration No:004207S)

Place: New Delhi
Date : 16th May, 2014

S.K. Padhi
Company Secretary

(P.Menakshi Sundaram)
Partner
Membership No:217914

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

₹ in Thousands

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax from Continuing operations	(2,083,912)	323,428
Profit before Tax from Discontinuing operations	2,697,907	
Add/(Less) Adjustment for:		
Depreciation - Current year	423,224	432,248
- Prior period	15,353	(8,694)
Sale of Kudremukh assets	(2,089,439)	-
Interest income	(1,566,339)	(1,443,871)
Interest on delayed payment of Kudremukh sale of assets	(426,808)	
(Profit)/Loss on sale of Fixed assets	(358)	(697)
Operating cash flow before working capital changes	(3,030,372)	(697,586)
Adjustment for:		
(Increase)/Decrease in Inventories	416,279	(1,127,492)
(Increase)/Decrease in Trade and other receivables	427,039	(87,588)
Increase/(Decrease) in Trade and other payables	1,099,846	(509,135)
Sale/deletion/Transfer of Fixed assets	(19,638)	(2,967)
Cash generated from operations	(1,106,846)	(2,424,768)
Direct tax paid(Net of refunds)	176,341	646,748
Net cash from Operating activities	<u>(930,505)</u>	<u>(1,778,020)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(39,927)	(164,752)
(Increase)/Decrease in Capital work in progress	61,066	174,546
(Increase)/Decrease in investment in term deposits with more than three months	(3,099,400)	381,200
Interest received	1,480,145	1,512,360
Interest on delayed payment of Kudremukh sale of assets	426,808	
Proceeds from sale of Kudremukh assets	2,089,439	-
Tax on interest received	(12,762)	(10,690)
Proceeds from sale of Fixed assets	357	782
Net cash from investing activities	<u>905,726</u>	<u>1,893,446</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Payment of Dividends and dividend tax	(74,235)	(221,971)
Net cash used in Financing activities	<u>(74,235)</u>	<u>(221,971)</u>

CASH FLOW STATEMENTContinuation

₹ in Thousands

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
ABSTRACT		
(A) Net cash from operating activities	(930,505)	(1,778,020)
(B) Net cash from investing activities	905,726	1,893,446
(C) Net cash used in financing activities	(74,235)	(221,971)
Net increase/(decrease) in cash and cash equivalents	<u>(99,014)</u>	<u>(106,545)</u>
Net increase/(decrease) in cash + cash equivalents:		
Cash and Cash equivalents As at 01-04-2013 (O.B)	458,875	565,420
Cash and Cash equivalents As at 31-03-2014 (C.B)	359,861	458,875
Net increase /(decrease) in Cash + cash equivalents	<u>99,014</u>	<u>(106,545)</u>

Notes :

- 1 The above statement has been prepared using indirect method except in case of interest income from investment, Dividend, purchase and sale of investment/Fixed assets and taxed, which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and Liabilities.
- 2 Additions to fixed assets and capital work-in-progress between the beginning and end of the period are treated as investing activities.
- 3 Figures in brackets indicate cash outflows.

For and on behalf of Board of Directors

S.K.Padhi
Company Secretary
Place: New Delhi
Date: 16th May, 2014

Laxminarayana
Director (Finance)

Malay Chatterjee
Chairman-cum-Managing Director

AUDITOR'S REPORT

We have examined the Cash flow statement of **KIOCL LIMITED**, for the year ended 31st March 2014. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the stock exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report dated 16th May, 2014 to the members of the Company.

for M/s SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Registration No:004207S)

(P.Menakshi Sundaram)
Partner
Membership No:217914

Place: New Delhi
Date: 16th, May, 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING:

1.1 Basis of preparation:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India ('I-GAAP') under the Historical Cost Convention on an accrual basis and are in conformity with mandatory Accounting Standards, as prescribed by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 1956.

1.2 Use of estimates:

In preparing the financial statements in conformity with I-GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any variation to such estimates is recognized in the period the same is determined.

2. FIXED ASSETS:

2.1 Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenditure involved in bringing them to usable condition.

2.2 Cost of Land is capitalized on taking possession, pending execution of formal deeds of lease, title or transfer.

2.3 Works completed have been capitalized on provisional basis, in respect of those works for which final bills are yet to be received.

2.4 Process Development Expenditure is recognized as an Internally Generated Intangible Asset.

2.5 Capital work in progress consists of costs incurred on projects and other capital works under feasibility/commissioning stage. Cost includes related incidental expenses.

3. DEPRECIATION:

3.1 Depreciation on Fixed Assets is provided on Straight Line Method as stipulated in Schedule XIV of the Companies Act, 1956, at respective rates prevailing at the time they are put to use, except in the case of following assets for which higher rates are charged based on their estimated useful life:

Sl No	Particulars	Rate of Depreciation	
		Charged	As per Sch-XIV
1	Steel cord Conveyor Belts	25.00%	5.28%
2	Vehicles	16.67%	9.50%
3	Furniture, Fittings & Appliances	16.67%	6.33%
4	Re-lining in Blast Furnace	12.50%	5.28%

- 3.2** Depreciation in respect of Assets whose actual cost does not exceed ₹ 5,000/- each and Temporary Structures has been provided in full retaining a nominal value of ₹ 1/- per item.
- 3.3** Cost of Leasehold Land is amortized over the period of lease. Assets on leasehold land is depreciated over the useful life of the asset.
- 3.4** Depreciable assets under Mines and Plant at Kudremukh are depreciated in full on stoppage of mining operation, retaining a nominal value of ₹ 1/- against each asset except for Vehicles, Furniture & Fittings. Lakya Dam with associated spillway and tunnel are depreciated in full retaining a nominal value of ₹ 1/-each. Normal rates of depreciation have been adopted for other depreciable assets.
- 3.5** Plant, Machinery and other assets damaged or suspected to be damaged during transit, erection or commissioning are shown at cost and related insurance claims are accounted separately on realization.
- 3.6** Part replacement of Steel Cord Conveyor Belt is charged to consumption.
- 3.7** Process Development Expenditure is amortized equally over a period of three years from the year of incurring.

4. INVENTORIES :

- 4.1** Stock of finished goods namely, Pellets and Pig Iron (including stock with the Consignment Agents) is valued at lower of cost or net realisable value. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes wherever applicable, appropriate overheads based on normal level of activity. However, when the actual production is abnormally lower as compared to normal level, the expenditure of fixed nature is reduced in proportion to the shortfall.
- 4.2** Raw Materials, Stores & Spares, Consumables and Additives are valued at lower of Cost and net realizable value. The cost is computed on weighted average basis and the same is charged off to Revenue on its issue. Materials in Transit are valued at Cost.
- 4.3** Stock of residue products is valued at estimated net realizable value.
- 4.4** (a) Non-moving items of Stores, Spares and Consumables with value less than ₹ 1,000 each at the end of the year are charged to consumption.

(b) In respect of other non-moving stores including Insurance spares full provision is made if not moved for five or more consecutive completed financial years.

4.5 Loose tools with individual value below ₹ 1,000 are charged to consumption. Loose tools with individual value of ₹ 1,000 each and above are accounted on issue at cost and charged to consumption over a period of three years. However, if the written down value of each tool is below ₹ 1,000 at the end of the year, the remaining balance is charged to consumption.

4.6 Semi finished products are valued at lower of cost and net realizable value.

5. REVENUE RECOGNITION:

5.1 Sales include Excise Duty and Freight on Consignment Sales wherever applicable and is net of Sales Tax/Value Added Tax. Sales are recognized on despatch of goods to the customers. In respect of sea shipments, issue of Bill of Lading is considered as despatch.

5.2 Interest is recognized on accrual basis subject to certainty of realization.

5.3 Sale of scrap is accounted on lifting of scrap by the buyers.

5.4 Capital grants received for specific assets are deducted from the gross value of the assets. Revenue grants are treated as income

5.6 Refunds of statutory duties and taxes, other than service tax, export duty and cess, are accounted on receipt.

5.7 Insurance, Railway claims and export incentives are accounted on receipt as income.

6. TAX ON INCOME:

Tax on income for the current period is determined based on taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

7. EMPLOYEE BENEFITS :

7.1 Liability with regard to Gratuity benefits payable in future is determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method. Liability on this account is covered under Group Gratuity Life Assurance Scheme of LIC of India. Premium paid on this Scheme is charged to expense as contribution to gratuity.

Settlement, if any, in excess of the amount received under the scheme, is also recognized as an expense as and when incurred.

- 7.2** Provision for Leave Encashment Benefits and Leave Travel Concessions is made based on actuarial valuation as on the Balance Sheet date.
- 7.3** Provident Fund contributions are made to a Trust administered by the trustees nominated by the Company and charged as expenses during the year. Provision for Provident fund interest guarantee is made based on actuarial valuation as on the Balance sheet date.

8. FOREIGN CURRENCY TRANSLATIONS :

- 8.1** Amount recoverable and payable as at the close of the year in foreign currency is accounted for at the current rate of exchange prevailing on the Balance Sheet date.
- 8.2** Exchange variations arising out of translation of current assets and current liabilities at the end of the year are taken to Profit and Loss Account.
- 8.3** The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standard)(AS) Amendment Rules 2009 relating to Accounting Standard (AS)-11 notified by Govt. of India. Accordingly exchange difference relating to long term monetary items arising during the year, in so far as they relate to the acquisition of fixed assets are adjusted in the carrying cost of such assets.

9. OTHER EXPENSES

- 9.1** Preliminary expenses on account of new projects incurred prior to the approval of feasibility report/techno economic clearance are charged to revenue.
- 9.2** Transit and handling loss of raw material as per Company norms are included in the cost of raw material.

For and on behalf of Board of Directors

Malay Chatterjee

Chairman-cum-Managing Director

Laxminarayana

Director (Finance)

as per our report of even date
for **M/s SUNDARAM & SRINIVASAN**
Chartered Accountants
(ICAI Regn No: 004207S)

Place : New Delhi

Date : 16th May, 2014

S.K.Padhi

Company Secretary

(P.Menakshi Sundaram)

Partner

Membership No:217914

Note - 2.1 : Share Capital

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Authorised : 67,50,00,000 Equity shares of ₹ 10/- each (Previous year 67,50,00,000 equity shares of ₹ 10/- each)	<u>67500.00</u>	<u>67500.00</u>
Issued, Subscribed and fully paid-up: 63,45,13,800 Equity shares of ₹ 10/- each (Previous year 63,45,13,800 shares of ₹ 10/- each)	<u>63451.38</u>	<u>63451.38</u>
Total:	<u>63451.38</u>	<u>63451.38</u>

a) During the year, the Company has not issued/bought back any shares

b) Details of shareholders holding more than 5% shares in the Company:

Particulars	31-03-2014		31-03-2013	
	No of shares	% holding	No of shares	% holding
-Hon'ble President of India	<u>628144130</u>	<u>99.00%</u>	628144130	99.00%

Note - 2.2 : Reserves and Surplus

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Capital Reserve	<u>9.08</u>	<u>9.08</u>
General Reserve		
As per last Balance sheet	145964.06	143601.65
Add: Transfer from surplus in the statement of Profit & loss	<u>3028.88</u>	<u>2362.41</u>
	<u>148992.94</u>	<u>145964.06</u>
Surplus		
Profit for the year	3993.75	3104.76
Less: Appropriations:		
Proposed Dividend	824.71	634.51
Tax on proposed Dividend	140.16	107.84
Transfer to general reserve	<u>3028.88</u>	<u>2362.41</u>
Net Surplus	-	-
Total:	<u>149002.02</u>	<u>145973.14</u>

Note - 3.1 : Other Long term liabilities

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Deposits from Suppliers, Contractors and Others	87.94	77.47
Total:	87.94	77.47

Note - 3.2: Long-term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Provisions towards Employee benefits:		
Gratuity	4405.60	5689.68
Other Superannuation Benefits	5979.54	5058.98
Long term compensated absence-EL	3396.83	2336.77
Long term compensated absence-HPL	1786.30	1122.70
Retirement settlement benefits	340.90	340.90
Provident Fund interest Guarantee Obligation	9.81	62.02
	15918.98	14611.05
Total:	15918.98	14611.05

Note - 4.1 :Trade payables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(a)For Goods	11256.50	2019.01
(b)For Works	205.04	225.56
(c)For services	130.68	238.36
Total:	11592.22	2482.93

Note - 4.2 : Other current liabilities

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(a) Advances	1244.14	853.08
(b) Security deposits from Suppliers, Contractors and Others	584.35	1085.58
(c) Liability for expenses	5422.17	4307.07
(d) Accrued salaries & benefits	5307.95	3676.15
(e) Unclaimed dividend pending encashment of warrants	1.68	2.46
(f) Other Payables	1111.30	1059.66
(g) Income Tax provision	8529.34	7082.55
Less: Advance tax and tax deducted at source	<u>7017.41</u>	<u>6754.11</u>
	<u>1511.93</u>	<u>328.44</u>
Total:	15183.52	11312.44

Note - 4.3 : Short-term provisions

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Provision towards Employee benefits:	745.94	968.61
Gratuity	80.00	403.67
Short term compensated absence-EL	275.50	326.27
Leave travel concession	260.66	87.74
Short term compensated absence-HPL	<u>129.78</u>	<u>150.93</u>
Others:	964.87	742.35
Proposed Dividend	824.71	634.51
Tax on Proposed Dividend	<u>140.16</u>	<u>107.84</u>
Total:	1710.81	1710.95

Note - 5.1 : Fixed Assets

₹ in Lakhs

Sl. No.	Description of Assets	GROSS BLOCK (At cost)			DEPRECIATION				NET BLOCK		
		Cost as at 01.04.2013	Additions during the year	Sales/ Adjust-ments	Cost as at 31.03.2014	Provided upto 01.04.2013	For the year	Sales/ Adjust-ments	Provided up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
TANGIBLE ASSETS											
MINES & PLANT:											
1	Land* - Freehold	723.34	-	0.59	723.93	-	-	-	-	723.93	723.34
	- Leasehold	2,179.19	4.80	(92.88)	2,091.11	159.37	15.89	(92.21)	83.05	2,008.06	2,019.82
2	Buildings	23,045.80	12.52	(9,273.31)	13,785.01	16,762.79	338.10	(9,319.78)	7,781.11	6,003.90	6,283.01
3	Plant & Machinery	104,565.93	320.31	(28,310.06)	76,576.18	83,639.87	3,069.94	(28,306.52)	58,403.29	18,172.89	20,926.06
4	Furniture & Fittings	357.73	-	(3.06)	354.67	350.40	1.54	(3.06)	348.88	5.79	7.33
5	Vehicles	674.86	-	(186.81)	488.05	620.84	13.26	(186.81)	447.29	40.76	54.02
6	Office equipments	1,063.22	11.84	(44.00)	1,031.06	968.22	31.53	(44.00)	955.75	75.31	95.00
7	Others										
	Roads, Bridges & Culverts	1,512.76	49.77	-	1,562.53	1,361.50	4.48	-	1,365.98	196.55	151.26
	Dams, Embankments etc.,	12,984.83	-	-	12,984.83	12,984.83	-	-	12,984.83	-	-
	Temporary Structures	86.46	-	(9.85)	76.61	86.46	-	(9.85)	76.61	-	-
	Railway Siding	971.81	-	-	971.81	332.86	46.16	-	379.02	592.79	638.95
	Water supply, Sewerage & Fire Prevention system	2,152.15	-	(901.44)	1,250.71	1,935.46	22.48	(901.44)	1,056.50	194.21	216.69
	Electrical Installation	8,619.88	-	(3,556.36)	5,063.52	7,508.73	128.85	(3,556.36)	4,081.22	982.30	1,111.15
SUB TOTAL		158,937.96	399.24	(42,377.18)	116,960.02	126,711.33	3,672.23	(42,420.03)	87,963.53	28,996.49	32,226.63
TOWNSHIP:											
1	Land* - Freehold	32.81	-	-	32.81	-	-	-	-	32.81	32.81
	- Leasehold	34.14	-	-	34.14	34.14	-	-	34.14	-	-
2	Buildings	2,205.13	-	-	2,205.13	1,267.48	492.91	-	1,760.39	444.74	937.65
3	Furniture & Fittings	43.31	-	-	43.31	42.99	0.07	-	43.06	0.25	0.32
4	Vehicles	59.93	-	(5.45)	54.48	59.93	-	(5.45)	54.48	-	-
5	Office equipments	88.28	0.03	-	88.31	87.29	0.52	-	87.81	0.50	0.99
6	Others										
	Roads, Bridges & Culverts	250.83	-	-	250.83	169.42	61.96	-	231.38	19.45	81.41
	Temporary Structures	48.55	-	-	48.55	48.55	-	-	48.55	-	-
	Electrical Installations	199.96	-	(4.93)	195.03	196.69	0.56	(4.93)	192.32	2.71	3.27
	Water supply, Sewerage & Fire Prevention system	291.55	-	-	291.55	285.69	3.99	-	289.68	1.87	5.86
SUB TOTAL		3,254.49	0.03	(10.38)	3,244.14	2,192.18	560.01	(10.38)	2,741.81	502.33	1,062.31
INTANGIBLE ASSETS:											
	Process development expenditure	1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
		1,924.98	-	-	1,924.98	1,924.98	-	-	1,924.98	-	-
GRAND TOTAL		164,117.43	399.27	(42,387.56)	122,129.14	130,828.49	4,232.24	(42,430.41)	92,630.32	29,498.82	33,288.94
	Previous year	162,502.81	1,647.52	(32.90)	164,117.43	126,654.68	4,322.48	(148.67)	130,828.49	33,288.94	35,848.13

1.*Includes

(a) Development Costs (b) Amortisation in respect of Leasehold Land(c)9.06 acres of land at Kudremukh and 9.798 acres at BFU are leased to other agencies. (d) Freehold land 324.698 acres, and leasehold land 11205.269 acres and lease cum sale land of 220.305 acres (e)The Company will get freehold title in respect of leasehold land (153.875 acres at BFU) after payment of remaining ₹ 0.03 crore (i.e. 1% of cost of the land) and registration of sale deed in 2015.

2.Depreciation on Township assets includes ₹5.31 crores terminal depreciation in respect of Kudremukh Township Assets.

3.Exchange rate variation in respect of payment pending in foreign exchange in respect of Pressure filters at Pellet plant balance to be amortised is ₹ 3.96 crores.

Note - 5.2 :Capital work-in-progress

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Plant and machinery/construction stores in stock	26.64	33.11
Work in progress:		
Material handling facilities and Railway siding from Thokkur	376.64	376.48
Ductile Iron spun pipe plant	65.43	69.00
Others	321.58	572.66
Total:	<u>763.65</u>	<u>1018.14</u>
Less:Provision	<u>744.00</u>	<u>394.31</u>
	<u>19.65</u>	<u>623.83</u>
Total:	<u>46.29</u>	<u>656.94</u>

Note - 5.3 :Deferred Tax Assets(Net)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
A. Deferred tax assets:		
Timing differences on account of disallowances under Income Tax Act	11126.34	7668.70
B. Deferred tax liability:		
Timing differences on account of depreciation	9247.87	5085.89
Net Deferred Tax Assets(A-B)	<u>1878.47</u>	<u>2582.81</u>

Note - 5.4 :Long term loans & advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Un-secured and considered doubtful	1800.00	1800.00
Less:Provision for doubtful debts	<u>1800.00</u>	<u>1800.00</u>
	-	-
Total:	-	-

Note - 5.5 : Other non-current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(e) Other non-current assets:		
Deposits -MESCO	939.89	683.68
-Others	<u>141.07</u>	<u>141.99</u>
	1080.96	825.67
Advances-Employees	<u>197.70</u>	<u>279.08</u>
Total:	1278.66	1104.75

Note - 6.1 :Inventories

(As valued and certified by the Management)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(i) For operations		
(a)Raw materials	504.28	7463.61
Less : Provision	<u>-</u>	<u>2485.05</u>
	504.28	4978.56
Add: Raw materials in transit	<u>2781.18</u>	<u>2060.26</u>
	3285.46	7038.82
(b)Work in progress	3556.42	8899.70
(c)Finished goods at lower of cost or net realisable value -Pellets	15683.75	8432.17
(d)Stores and spares	9127.13	14017.47
[Includes ₹ 419.52 lakhs declared surplus (Previous year ₹ 416.47 Lakhs)		
Less:Provision towards Non-moving and Surplus Stores	<u>3802.95</u>	<u>5430.50</u>
	5324.18	8586.97
Add: Stores in transit at cost	<u>12.72</u>	<u>8.29</u>
	5336.90	8595.26
(e) Loose tools at cost(Less written off)	2.36	3.34
(f) Consumables and Additives	528.78	329.38
(ii) Held for sale		
Lam coke	4685.53	-
Less:Provision made towards diminuation in value	<u>2562.64</u>	<u>-</u>
	2122.89	-
Less:Sold during the year	<u>1380.69</u>	<u>-</u>
Value of Lam coke held for sale	742.20	-
Total:	29135.87	33298.67

Note:

- (1) Raw material in Transit includes the value of 20000 Tonnes of Iron Ore fines purchased through auction yet to be moved
(2) Finished goods of Pellet include 115326 MT of Pellet on which Distance based charge of ₹ 2098.55 Lakhs has been paid.

Note - 6.2 :Trade receivables

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(i) Outstanding for more than six months from the date they are due for payment		
Secured, considered good	-	-
Un-Secured, considered good	5143.16	-
Doubtful	-	-
	5143.16	-
(ii) Others		
Secured, considered good	-	-
Un-Secured, considered good	3054.05	16688.58
Doubtful	-	-
	3054.05	16688.58
Total:	8197.21	16688.58

Note - 6.3 :Cash & cash equivalents

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
(i) Cash and Cash Equivalents		
Balances with banks		
In Current Account	139.91	382.74
In Deposit Account (Maturity less than three months)	3456.00	4201.30
	3595.91	4584.04
Cash on hand	1.02	1.77
Stamps in hand (Unfranked balance)	-	0.48
Unpaid Dividend account	1.68	2.46
	3598.61	4588.75
(ii) Other Bank Balances		
In Term deposit with maturity of more than three months, but less than twelve months	167982.00	136988.00
Total:	171580.61	141576.75

Note - 6.4 :Short-term loans and advances

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Claims - Railways & Customs	0.55	-
- Cenvat credit Service Tax	218.74	25.06
- Cenvat credit Excise duty	479.67	-
	698.96	25.06
Deposits - Port	26.30	4.65
- Customs & Excise	4.33	4.33
- Others	82.41	69.33
	113.04	78.31
Advances - Suppliers	813.24	1355.49
- Employees	92.76	130.93
- Others	2835.80	2679.44
	3741.80	4165.86
Total:	4553.80	4269.23

Note - 6.5 :Other current assets

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
Accrued interest on deposits with banks	6,545.59	5683.63
Other receivables	4,231.55	469.07
Total:	10777.14	6152.70

Note - 7 :Revenue from operations (Net)

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Gross Sales - Pellets	153006.88	115251.80
- Auxilliary	230.58	660.39
	153237.46	115912.19
Less :Excise Duty Pellets	25977.11	18210.19
- Excise Duty Auxilliary	25.36	72.65
Net sales	127234.99	97629.35
Total:	127234.99	97629.35

Note - 8 :Other income

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Interest income:		
On deposits with Banks	15663.39	14438.71
Others	530.42	1389.99
Other Non-operating income:		
Profit on sale of Assets	3.58	6.97
Hire charges	0.61	0.61
Rent	117.06	43.10
Sale of scrap	142.24	236.46
Despatch money	29.93	36.84
Exchange variation	58.86	0.39
Provision no longer required	25.72	-
Miscellaneous		
CST incentive	261.11	1278.22
Retrieved Iron ore	942.34	1744.66
Railway Congestion charges	503.98	710.10
Others	156.25	632.02
	1863.68	4365.00
Total:	18435.49	20518.07

Note - 9: Changes in inventories (Increase)/Decrease

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Finished stock-Pellet		
Finished Goods - Pellets: Opening Stock	8432.17	6275.62
Finished Goods - Pellets: Closing stock	15683.76	8432.16
	(7251.59)	(2156.54)
Finished stock-Pellet feed		
Work in progress-Pellet feed: Opening Stock	8899.70	2172.64
Work in progress-Pellet feed: Closing stock	3556.42	8899.70
	5343.28	(6727.06)
Total:	(1908.31)	(8883.60)

Note - 10 :Employee benefits expense

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Salaries and wages	9818.98	10108.82
Contribution to Provident Fund	771.83	843.31
Contribution to Gratuity Fund	2625.00	558.00
Contribution towards other Superannuation Benefits	920.58	978.29
Provision-As 15	164.70	2072.27
Staff welfare expenses	813.66	933.44
Total:	15114.75	15494.13

Note - 11 : Other expenses

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Cost of stores & spares consumed	2477.43	1936.46
Cost of consumables & additives consumed	4916.79	3321.84
Rent	1063.79	1066.57
Rates and taxes	62.58	35.96
Insurance charges	85.44	100.31
Travelling expenses	207.98	253.80
Repairs and maintenance:	676.44	886.16
Building	265.35	340.93
Machinery	333.37	457.07
Others	77.72	88.16
Postage and telephone charges	63.47	63.12
Advertisement and publicity	89.27	89.34
Expenses on security	1126.88	1317.71
Payment to auditor as:	9.25	9.25
a. auditor	6.00	6.00
b. for taxation matters	1.25	1.25
c. for other services	1.00	1.00
d. for reimbursement of expenses	1.00	1.00
Cost Audit fee and reimbursement expenses	1.20	1.20
Port charges, Sampling Survey and cess	874.80	608.62
Bank charges including discounting of bills	71.67	119.37
Entertainment	7.19	11.21
Commission/Incentive on sales	-	11.03
Forest, Ecology & pollution control expenses	53.58	43.19
Directors' sitting fees	6.40	13.00
Corporate Social Responsibility	217.00	283.00
Provision for surplus stores, DDRs and others	308.76	155.53
Provision for inventory- materials & other supplies	77.59	694.40
Provision -Others	598.98	225.54
Exchange variation	12.67	2.90
Prior period items	258.37	43.14
Miscellaneous expenses	463.36	523.83
Total:	13730.89	11816.48

Note - 12 : Exceptional Items

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Voluntary Retirement Scheme compensation	6542.69	-
Distance based charges	21032.02	-
Compensation towards arbitration cases settled during the year	453.71	-
AS-2 Provision	(113.00)	-
Total:	27915.42	-

Note - 13 : Discontinued Items

₹ in Lakhs

Particulars	Figures for the current reporting period 31-03-2014	Figures for the previous reporting period 31-03-2013
Sale of Kudremukh assets	20894.39	-
Interest on delayed payment on sale of Kudremukh assets	4268.08	-
Withdrawal of Kudremukh stores provision	1816.60	-
Total:	26979.07	-

Note - 14 : Information regarding value of production, stocks, consumption, value of imports, expenditure and earnings in foreign exchange

	Figures as at the end of current reporting period 31-03-2014		
	Iron Ore Concentrate	Iron Ore Pellets	Pig Iron
	Value(₹ in Lakhs)	Value(₹ in Lakhs)	Value(₹ in Lakhs)
Actual Production	Nil (Nil)	160,068.42 (117,408.35)	-
Opening Stock	Nil (Nil)	8,432.17 (6,275.62)	-
Closing Stock	Nil (Nil)	15,493.71 (8,432.17)	-
Sales (Gross)	Nil (Nil)	153,006.88 (115,251.80)	230.58 (660.39)

Note: 1) Pig Iron includes Auxilliary.

2) Previous year's figures indicated in bracket.

Note 14 (Continuation)

₹ in Lakhs

Particulars	Figures as at the end of current reporting period 31-03-2014			Figures as at the end of previous reporting period 31-03-2013		
	Quantity	Value	Percen	Quantity	Value	Percen
	Metric Ton	₹ in Lakhs	-tage	Metric Ton	₹ in Lakhs	-tage
Consumption of raw materials Imported:		-			-	
Total :		-			-	
Indigenous: Iron ore fines	1606326	88730.10	94.32%	1392133	76623.64	109.62%
Iron ore fines - WIP	103674	5343.28	5.68%	(127133)	(6727.06)	(9.62%)
Total:	1710000	94073.38	100.00%	1,265,000	69896.58	100.00%
Consumption of stores, spares and fuel:						
Imported		5562.13	36.51%		12539.90	87.57%
Indigenous		9671.08	63.49%		1779.50	12.43%
Total :		15233.21	100.00%		14319.40	100.00%
Included under:						
Stores and spares		2477.43			1936.46	
Power and fuel		12749.35			12359.21	
Welfare expenses		6.43			23.73	
Total :		15233.21			14319.40	
Consumption of Consumables & additives						
Imported - Lime stone	43031	616.65	12.54%	40026	564.44	16.99%
- Coke fines	6067	635.52	12.93%	-	-	-
Total :		1252.17			564.44	
Indigenous: 1) Bentonite	14403	535.46	74.53%	8878	295.43	83.01%
2) Coke fines	25495	2901.11		24073	2407.50	
3) Burnt lime	1159	61.87		1033	54.47	
4) Lime stone	8522	166.18		-	-	
Total :		3664.62			2757.40	
Total :		4916.79	100.00%		3321.84	100.00%
Expenditure incurred in foreign currency (On remittance basis):						
(a) Travelling		11.41			5.16	
(b) Other expenses		6701.71			2421.10	
Value of Imports on CIF Basis						
(a) Components and spare parts		1454.72			1339.38	
(b) Furnace oil		-			13668.50	
(c) Consumables and additives		1220.52			360.25	
(d) Capital goods		-			53.55	
Earnings in Foreign Exchange (on Receipt basis)						
(a) Export of goods (FOB) (Rupees in Lakhs) equivalent of above in (US \$ Million)		-			-	
(b) Other receipts (₹ in Lakhs)		-			-	

Note 15: Other notes forming part of financial statements

Figures as at the end of current reporting period 31-03-2014 Figures as at the end of previous reporting period 31-03-2013

1. Pending execution of Lease Deed with New Mangalore Port Trust for certain tracts of land, provision has been made for the Registration charges and Stamp duty, which is estimated at ₹ 10.31 Lakhs (Previous year ₹ 5.61 Lakhs). The expenditure incurred is amortized over the period of lease. Lease Rentals are charged to Statement of Profit and Loss on accrual basis.

The Company has registered following tracts of land taken on lease during the year 2010-11. The period of lease and rental obligation for the remaining period of lease is as follows:

Tract of land	Area	Period of Lease	Rental obligation Remaining (₹ in Lakhs)
Period not later than five years:			
Tract 1	213783 sqm	20.7.97 to 19.7.17	1391.09
Period later than five years:			
Tract 1	113497 sqm	20.4.99 to 19.04.19	3794.41
Tract 2	300 sqm	01.4.99 to 31.03.29	9.99
Tract 3	1190 sqm	01.8.99 to 31.07.29	40.65
Tract 4	21270 sqm	21.7.12 to 20.07.22	366.08
Tract 5	475 sqm	01.5.98 to 30.04.28	18.90
Tract 6	48 sqm	01.7.98 to 30.06.28	1.93
Tract 7	27008 sqm	17.2.14 to 19.07.24	588.64

		Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
2.	A. Estimated amount of the contracts to be executed on capital account and not provided for (net of advances):	1469.80	1479.14
	B. Contingent Liabilities not provided for:		
	(a) In respect of - Letters of Credit and Bank Guarantees etc., outstanding		
	(i) On Revenue Account	867.35	839
	(ii) On Capital Account	-	-
	(b) Claims against the Company not acknowledged as debt.		
	(i) On Revenue Account*	55902.20	14219.13
	(ii) On Capital Account (*includes ₹ 11,057.62 Lakhs towards Forest Development Tax at the rate of 12% of basic price of Iron Ore. NMDC Limited has filed a writ petition in the Hon'ble High Court of Karnataka challenging the levy of the same. The case is pending for disposal. Meanwhile, as per the interim order of the Hon'ble Court, ₹ 2,617.43 lakhs {25% of FDT} is collected in cash and Bank Guarantee of ₹ 2,734.87 lakhs is also collected by NMDC Limited)	15759.52	16334.87
	(c) Disputed Liabilities in Appeal		
	On Revenue Account: Excise Duty	6236.44	6236.44
	C. Demands made by the income tax department, which are disputed by the Company and payments made against each demand are as under:		

Figures as at the end of current reporting period 31-03-2014 **Figures as at the end of previous reporting period 31-03-2013**

Asst. Year	Disputed demand	Amount Paid	Balance as on 31.03.2014	Pending with
2008-09	1736.44	1736.44	Nil	Income Tax Appellate Tribunal
2009-10	603.70	603.70	Nil	Commissioner of Income Tax (Appeals)

There will not be additional financial implication over and above the provisions already made as per Company's assessment

3. Expenses incurred towards generation of power have been included under the primary heads of account.
4. The Company is a 100% Export Oriented Unit. With the suspension of mining operations at Kudremukh mine site, the Company is procuring the iron ore fines from NMDC mines and transporting it to its plant at Mangalore by rail or rail cum sea route.

The Railways are raising the RRs for transporting the iron ore through rakes which are promptly settled by the Company. As on date none of the RR is pending for payment or under dispute.

Railways vide letter No. H/C.474 Classification/11 dated 21-10-2011 raised an issue regarding the applicability of distance based charge (DBC) over and above normal freight on Iron Ore transported through railway network for manufacture of Pellets and their subsequent export.

Iron Ore Fines and lumps attract distance based charge if the same are exported. However, the Iron Ore so moved and utilized in the steel plants for

Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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manufacture of finished product and exported thereafter do not attract distance based charge. DBC is also not applicable to Pig iron and Sponge iron Industry. This benefit is not available to Pellets though it is a manufactured, and value added, technically and commercially distinct product.

This discrimination by Railways was challenged before the Hon'ble High Court of Karnataka through a Writ Petition. The Writ Petition was dismissed. KIOCL filed Writ Appeal challenging the dismissal of the Writ petition. The Hon'ble Court has granted interim order staying DBC, subject to the condition that 50% of the demand excluding penalty is to be paid.

The Company initially worked out the DBC liability as ₹ 12727.28 lakhs and paid ₹ 6363.64 Lakhs to SWR. Subsequently, on reconciliation with SWR, the liability of DBC was assessed at ₹ 14291.08 Lakhs. Pending settlement of writ appeal, liability has been created in the books of account for the balance amount as a prudent measure and exhibited in accounts under "Exceptional items".

East Coast Railways (ECR) has raised a demand of ₹ 41446 lakhs towards Distance Based Charge and penalty there on. This was protested by the Company on the ground that, the claim of ECR includes normal freight paid earlier on every consignment at the time of movement of rakes and three times of the normal freight as penalty. The Company filed writ petition before Hon'ble High Court of Odisha. Hon' ble High Court of Odisha has granted interim order on the same lines of Hon'ble High court of Karnataka.

The liability towards DBC to East Coast Railway is ₹ 6740.94 lakhs. East Coast Railway is demanding the DBC as ₹ 10361.38 lakhs without reducing freight already paid by the Company. The Company has paid 50% of their demand i.e. ₹ 5180.69 lakhs and the

Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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liability has been created for the balance amount of DBC in the Books of Account as a prudent measure pending settlement of writ petition and has been exhibited in the Accounts under 'Exceptional items.

Both the cases are subjudice before the Hon'ble High court of Karnataka and Odisha respectively. Based on the outcome, necessary adjustments will be made.

5. The Company has applied for a prospective licence (PL) of Khandhadhar deposit in Jharsuguda district, Odisha. The area identified is having low grade Iron Ore deposit and as project utility could be established only after detailed study, the Company has carried out exploration work in that area and incurred an amount of ₹ 105.68 Lakhs. Govt. of Odisha rejected the PL application and recommended for grant of PL in favor of POSCO India Private Limited. The Company has filed a writ petition in the Hon'ble High Court of Odisha challenging the same. The Hon'ble High Court of Odisha quashed the recommendation of the State Govt. in another case filed by Geomine Odisha. In the said order court did not give any relief to Geomine Odisha. Three SLPs were filed i.e State of Odisha, M/s. Geomine Minerals and POSCO. KIOCL being an interested party got impleaded in the SLP. On 10.06.2013, Hon'ble Supreme Court passed judgment setting aside the judgment of the Odisha High Court and also quashed the decision of State Government to grant PL to POSCO. It has directed the Central Government to consider the question of approval under section 5(1) MMDR Act taking into consideration the recommendations made by the State Government. It also directed, while deciding the question, the Central Government to consider the objections raised by the all parties. KIOCL has filed a detailed representation before the Ministry of Mines for consideration of its application for PL/ML. The Central Government is yet to pass an order. Hence, above amount is shown under "Capital Work in Progress" vide note 5.2.

Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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6. In pursuance of the directive of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped with effect from 1st January 2006. The Company filed a Petition for Direction with prayers, inter-alia, to permit utilization of 54.01 hectares of land required for the purpose of safety and slope stability of the mine, at the time of closure of the mine. Indian Bureau of Mines (IBM) has approved final mine closure plan (FMCP) of Kudremukh iron ore mine and the same was communicated vide letter no. MS/CMG/Fe-38-52 dated 06.05.2005. The expenditure towards mine closure, as per the above plan, was ₹ 2.79 Crores. The Hon'ble Supreme Court, in its judgment (December 2006), directed IIT Delhi to issue global tender for, inter-alia, re-analyzing the stability of slopes, drawing up of mine closure plan, implementation of the above plan and drawing up of detailed terms for the work to be done, consistent with basic paradigm of "no or minimal disturbance to un broken area" The expenditure for this purpose was to be met out of ₹ 19 Crores deposited by the Company and which is presently lying with the Adhoc Compensatory Afforestation Fund Management and Planning authority (Adhoc CAMPA). The Court has also directed that if any funds are required in excess of ₹19 Crores, the agency or the designated officer shall move the Court for necessary direction. In this direction, a meeting was conducted on 11.11.2013 by Joint Secretary, Ministry of Mines, Govt. of India, regarding implementation of Hon'ble Supreme Court's direction dated 15.12.2006. The meeting was attended by representatives of IIT Delhi, IBM Bangalore, Ministry of Mines (GOI), KIOCL and Ministry of Steel. Ministry of Mines (GOI), vide letter dated 07-02-2014, nominated The Regional Controller of Mines, IBM Bangalore as the Designated Officer to take possession of Kudremukh Iron Ore Mines.

Since the amount of ₹ 19 Crores paid by the Company to Central Empowered Committee already lying with

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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the Adhoc-CAMPA, is sufficient to meet the expenditure on mine closure, no further liability is considered necessary.

7. Mangalore Pellet Plant is the outcome of Kudremukh activity for Ore, beneficiated Concentrate and also water. Consequent upon the judgment of Hon'ble Supreme Court, mining and beneficiation activities were stopped w.e.f. 01.01.2006. However, Mangalore Pellet Plant and also Blast Furnace Unit draw the required water from Lakya Dam at Kudremukh. Dam maintenance activity from the safety point of view and maintenance of water drawal system which include electrical and pipeline maintenance (67 KMs long of which 14 KM passes through National Park area) are still continuing.

Kudremukh department is maintained as a part of Mangalore Pellet plant for the above reasons. Though, mining and beneficiation is not taking place, the Department continues to exist and is looking for alternative mining site for operation elsewhere in India and abroad. As such, Kudremukh installation is a working unit as on date.

8. Present value of Future Obligations as at the Balance Sheet date as per Actuarial Valuations are:

(a) Gratuity	4485.60	6093.35
(b) Long term compensated absence- Earned Leave	3672.35	2663.04
(c) Long term compensated absence-Half pay Leave	1916.07	1273.64
(d) Leave Travel Concession	260.66	87.74
(e) Provident Fund interest guarantee obligation	9.81	62.02

The net increase in the liability of ₹ 164.70 lakhs is accounted under 'Employee benefits expense'. Disclosure required as per Accounting Standard (AS) – 15(Revised) on 'Employee Benefits' are appended.

9. During the year, 253 employees opted for Voluntary Retirement (Previous year 5 employees). Total VRS

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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compensation including leave salary compensation paid amounted to ₹ 6542.69 lakhs (Previous Year ₹ 127.24 lakhs). The same is exhibited under 'Exceptional items' in the Statement of Profit & Loss for the year.

10. Pending revision of pay scales of non-executive employees with effect from 01-01-2012, a provision of ₹ 1271.09 lakhs is made during the year (Previous year ₹ 350.15 lakhs). The same is included in 'Employee benefits expense'. As a tripartite agreement with Employees Union, is yet to take place in this regard, the above liability has made on adhoc basis.
11. As per the guidelines of Department of Public Enterprises, Central Public Sector Enterprises are allowed to extend 30% of Basic Pay plus Dearness Pay as Superannuation Benefits including Contributory Provident Fund, Gratuity and other specified superannuation benefits. The Company has revised the pay scales, with effect from 01-01-2007, in accordance therewith and provision towards superannuation benefits has been made accordingly.

The Company is contributing around 16% of Basic Pay and Dearness allowance towards Contributory Provident Fund and Gratuity benefits. The balance 14%, amounting to ₹ 920.58 Lakhs (Previous year ₹ 978.29 Lakhs) has been provided during the year towards other Superannuation benefits under the head 'Employee benefits'.

12. As per Accounting Standard (AS)-2 -'Valuation of Inventories', materials and other supplies held for sale /use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
<p>the finished products will exceed net realizable value, the materials are written down to net realizable value.</p> <p>During the year as net replacement value of Furnace oil is lesser than the weighted average cost, a provision of ₹ 41.96 lakhs (previous year ₹ 154.73 lakhs) has been made and shown under 'Exceptional Items'.</p>		
<p>13. Due to unviable price of Pig Iron, Blast Furnace Unit (BFU) is not operated during the year. However, 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.</p> <p>During the year the Company at Blast Furnace unit excavated auxiliary material worth ₹ 230.58 lakhs (Previous year ₹ 660.39 lakhs) and the same was sold.</p>		
<p>14. Total mining lease area of 4605.02 hectares at Kudremukh include an extent of 2332.16 acres of government revenue land, apart from forest land and KIOCLs free hold land .The land records of revenue land were in the name of KIOCL all the times. During the year Government of Karnataka has changed the revenue records removing the KIOCLs name. Hence KIOCL was constrained to file a suit before Civil Judge Court, Mudigere for an injunction against Government and others, restraining them from dispossessing KIOCL from the said revenue land. The court heard the arguments and passed an interim order on 05.11.2013 restraining the defendants or anybody under them from dispossessing the Company from the suit schedule property (i.e. Revenue land) in any manner till the disposal of the suit or till the modalities have been worked out and implemented as directed by the</p>		

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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Hon'ble Supreme court. Taking into consideration of the above fact, the Company depreciated all the assets located on revenue land as a prudent measure.

15. During the year the Company retrieved 21515 MT of iron ore fines at Pellet Plant Mangalore which were accumulated during the past years in the cooling pond and is valued at the last purchase price of Doni fines i.e. @ ₹ 4379.93 per MT. All the retrieved Iron ore fines were consumed during the year.
16. In pursuance of the directives of the Hon'ble Supreme Court, mining activities at Kudremukh were stopped w.e.f 01-01-2006. The mining and beneficiation equipment along with the spares lying at Kudremukh Mine site were sold during the year through global tender and the sale price and other dues received is ₹ 27432.37 lakhs.

The WDV of the assets offered for the sale is ₹ 690 and the value of the stores and spares is ₹ 1816.60 lakhs. The Company had made full provision for the value of 'Stores and Spares' in the earlier years. Considering this, the surplus out of sale proceeds of ₹ 22711 lakhs has been accounted (₹ 20894.40 lakhs as sale of Kudremukh assets and ₹ 1816.60 lakhs as provision no longer required) under 'Discontinuing operations' in the statement of profit and loss for the year.

The interest and other dues amounting to ₹ 4268.08 lakhs accrued on account of delayed receipt of sale consideration has been accounted as receivable from the party and accounted as 'Discontinuing operations' in the statement of profit and loss for the year.

17. The Company was holding an inventory of 13218.49 MT of Lam Coke as on 01-04-2013 at its BFU plant and

Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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the same was sold during the year. The buyer has deposited the full sale consideration for 13000 MT of Lam Coke.

The value of Lam coke stock of 13218.49 MT, after adjusting the provision of ₹ 2562.64 lakhs, is ₹ 2122.89 lakhs. Out of this stock, the buyer has lifted 8597.04 MT, valued ₹ 1380.68 lakhs till 31-03-2014. The balance stock 4621.45 MT valued ₹ 742.21 lakhs is shown under "Inventories-others, Held for sale" under Note 6.1.

18. Two cases pertaining to erstwhile Kudremukh Iron and Steel Company Ltd (KISCO), now Blast Furnace Unit (BFU), M/s DLF and M/s RM Enterprises were pending before Supreme court and liabilities exhibited under contingent liability till 31-03-2013. During the year, both the cases were dismissed by Hon'ble Courts and compensation amounting to ₹ 667.21 lakhs was paid. After adjusting the provision in the books of accounts of ₹ 30.07 lakhs, the balance amount of ₹ 637.14 lakhs has been accounted under 'depreciation' ₹ 203.43 lakhs and under 'Exceptional Item' ₹ 433.71 lakhs in the Statement of Profit and Loss for the year. Consequent upon this the profit for the year is reduced by ₹ 637.14 lakhs.
19. The Company is having two reporting business segments i.e., 'Iron Oxide Pellet' and 'Pig Iron. Expenses relating to Kudremukh Department and the Corporate office have been allocated to Iron Oxide Pellet segment. Segment Reporting as per AS-17 is appended herewith.

	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
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20. Related party disclosure:
Key Management personnel:

S/Shri.

Malay Chattarjee	Chairman-cum-Managing Director
K Subba Rao	Director (Production & Projects) up to 31-10-2013
Laxminarayana	Director (Finance)
M.V.Subba Rao	Director(Commercial)
Vidyananda N	Director(Production & Projects) from 01-11-2013

Except salary, perquisites and other particulars shown under Note 10 'Employee benefits & expense' there are no other transactions with the related parties which need disclosure.

21. During the year, certain accounting policies have been changed/modified / reworded, wherever necessary, to bring in clarity and to comply with accounting standards. However, there is no impact on Accounts.
22. Confirmation of balances from Trade payables, Trade receivables, advances and loans and advances in certain cases have not been received.
23. Previous year's figures have been regrouped/ reclassified/recasted wherever necessary to conform to current year's presentation.
24. Figures in the Balance Sheet, Statement of Profit and loss and the Notes thereon have been rounded off to ₹ in Thousands and expressed in ₹ in Lakhs.

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 8(a) of Note 15)

TYPE OF PLAN: LONG TERM GRATUITY

	01-04-2013 to 31-03-2014	
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31-03-2014	31-03-2013
Discount Rate	9.00%	8.00%
Salary escalation rate	15.00%	8.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	9.00%	9.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	6160.23	5222.45
Interest Cost	386.44	411.66
Current service cost	97.74	87.38
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(2659.51)	(643.51)
Actuarial loss/(gain) on obligation (balancing figure)	500.69	1082.25
PVO as at the end of the period	4485.59	6160.23
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:	01-04-2013 to 31-03-2014	
Fair value of plan assets as at the beginning of the period	66.88	51.59
Expected return on plan assets	3.34	5.16
Contributions	2600.00	655.00
Benefits paid	(2659.51)	(643.51)
Actuarial gain/(loss) on plan assets [balancing figure]	(1.22)	(1.36)
Fair value of plan assets as at the end of the period	9.49	66.88
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	3.34	5.16
Actuarial gain (loss) on plan assets	(1.22)	(1.36)
Actual return on plan assets	2.12	3.80
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	(500.69)	(1082.25)
Actuarial gain / (loss) for the period- Plan Assets	(1.22)	(1.36)
Total (gain) / loss for the period	501.91	1083.61
Actuarial (gain) / loss recognized in the period	501.91	1083.61
Unrecognized actuarial (gain) / loss at the end of the year	-	-

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	4485.59	6160.23
Fair value of plan assets	9.49	66.88
Difference	4476.10	6093.35
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	4476.10	6093.35
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	97.74	87.38
Interest Cost	386.44	411.66
Expected return on plan assets	(3.34)	(5.16)
Net actuarial (gain)/loss recognised in the year	501.91	1083.61
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	982.75	1577.48
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	6093.35	5170.86
Expense as above	982.75	1577.48
Contribution paid	(2600.00)	(655.00)
Closing net liability	4476.10	6093.35
IX. AMOUNT FOR THE CURRENT PERIOD		
	01-04-2013 to 31-03-2014	
Present Value of obligation	4485.59	6160.23
Plan Assets	9.49	66.88
Surplus (Deficit)	(4476.10)	(6093.35)
Experience adjustments on plan liabilities -(loss)/gain	(486.70)	(213.28)
Experience adjustments on plan assets -(loss)/gain	(1.22)	(1.35)
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	25.00%	50.00%
State Government Securities	15.00%	50.00%
High Quality Corporate Bonds	30.00%	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	30.00%	-
Total	100.00%	100.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	1000.00	2500.00

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 8(b) of Note 15)

TYPE OF PLAN: LONG TERM COMPENSATED ABSENCE - EARNED LEAVE

I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	01-04-2013 to 31-03-2014	
	31-03-2014	31-03-2013
Discount Rate	9.00%	8.00%
Salary escalation rate	15.00%	8.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	2663.04	2047.13
Interest Cost	204.91	156.78
Current service cost	111.96	87.66
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(203.21)	(361.29)
Actuarial loss/(gain) on obligation (balancing figure)	895.64	732.75
PVO as at the end of the period	3672.34	2663.04
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
01-04-2013 to 31-03-2014		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	203.21	361.29
Benefits paid	(203.21)	(361.29)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain (loss) on plan assets	-	-
Actual return on plan assets	-	-
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	(895.64)	732.75
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	895.64	732.75
Actuarial (gain) / loss recognized in the period	895.64	732.75
Unrecognized actuarial (gain) / loss at the end of the year	-	-

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	3672.34	2663.04
Fair value of plan assets	-	-
Difference	3672.34	2663.04
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	3672.34	2663.04
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	111.96	87.66
Interest Cost	204.91	156.78
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	895.64	732.75
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	1212.51	977.20
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	2663.04	2047.13
Expense as above	1212.51	977.20
Contribution paid	(203.21)	(361.29)
Closing net liability	3672.34	2663.04
IX. AMOUNT FOR THE CURRENT PERIOD		
	01-04-2013 to 31-03-2014	
Present Value of obligation	3672.34	2663.04
Plan Assets	-	-
Surplus (Deficit)	(3672.34)	(2663.04)
Experience adjustments on plan liabilities -(loss)/gain	305.06	(278.20)
Experience adjustments on plan assets -(loss)/gain	-	-
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	-	-
Total	-	-
XI ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	-	-

Details of measurement of present value of obligation in respect of Retirement Benefits for employees as per actuarial valuation are as follows : (Refer Sl No 8(c) of Note 15)

TYPE OF PLAN: LONG TERM COMPENSATED ABSENCE - SICK LEAVE

	01-04-2013 to 31-03-2014	
	31-03-2014	31-03-2013
I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]		
Discount Rate	9.00%	8.00%
Salary escalation rate	15.00%	8.00%
Attrition rate	5.00%	5.00%
Expected rate of return on Plan Assets	0.00%	0.00%
In the following tables, all amounts are in ₹ lakhs, unless otherwise stated		
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	1273.63	889.09
Interest Cost	98.79	68.26
Current service cost	67.77	50.08
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	(77.50)	(152.88)
Actuarial loss/(gain) on obligation (balancing figure)	553.38	419.08
PVO as at the end of the period	1916.07	1273.63
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	77.50	152.88
Benefits paid	(77.50)	(152.88)
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	-	-
Actuarial gain (loss) on plan assets	-	-
Actual return on plan assets	-	-
ACTUARIAL GAIN / LOSS RECOGNIZED		
V. Actuarial gain / (loss) for the period - Obligation	(553.38)	(419.08)
Actuarial gain / (loss) for the period- Plan Assets	-	-
Total (gain) / loss for the period	553.38	419.08
Actuarial (gain) / loss recognized in the period	553.38	419.08
Unrecognized actuarial (gain) / loss at the end of the year		

VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	1916.07	1273.63
Fair value of plan assets	-	-
Difference	1916.07	1273.63
Unrecognised transitional liability	-	-
Unrecognised past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	1916.07	1273.63
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	67.77	50.08
Interest Cost	98.79	68.26
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	553.38	419.08
Transitional Liability recognised in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	719.95	537.42
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	1273.63	889.09
Expense as above	719.95	537.42
Contribution paid	(77.50)	(152.88)
Closing net liability	1916.07	1273.63
IX. AMOUNT FOR THE CURRENT PERIOD 01-04-2013 to 31-03-2014		
Present Value of obligation	1916.07	1273.63
Plan Assets	-	-
Surplus (Deficit)	(1916.07)	(1273.63)
Experience adjustments on plan liabilities -(loss)/gain	80.98	(203.30)
Experience adjustments on plan assets -(loss)/gain		
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	-	-
State Government Securities	-	-
High Quality Corporate Bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Special Deposit Scheme	-	-
Funds managed by Insurer	-	-
Others (to specify)	-	-
Total	-	-
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	-	-

SEGMENT REPORTING FOR THE YEAR ENDED 31ST MARCH 2014

₹ in Lakhs

Particulars	Pellets		Pig Iron		Consolidated Total	
	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013	Figures as at the end of current reporting period 31-03-2014	Figures as at the end of previous reporting period 31-03-2013
REVENUE:						
External Sales (Gross)	153,006.88	115,251.80	230.58	660.39	153,237.46	115,912.19
Less: Excise Duty & Freight on Consignment Sales	25,977.11	18,210.19	25.36	72.65	26,002.47	18,282.84
Net Sales	127,029.77	97,041.61	205.22	587.74	127,234.99	97,629.35
Total Revenue	127,029.77	97,041.61	205.22	587.74	127,234.99	97,629.35
RESULT:						
Segment result before exception and gain on disposal of assets attributable to discontinued operation (Operating profit)	(5,848.10)	(7,601.37)	(2,738.99)	(3,603.07)	(8,587.09)	(11,204.44)
Exceptional items	(27,045.00)	-	(870.42)	-	(27,915.42)	-
Gain on disposal of assets attributable to discontinued operation	26,979.07	-	-	-	26,979.07	-
Profit after exceptional and gain on disposal of assets attributable to discontinued operation	(5,914.03)	(7,601.37)	(3,609.41)	(3,603.07)	(9,523.44)	(11,204.44)
Unallocated Income less expenses						
Interest Income	-	-	-	-	15,663.39	14,438.72
Profit before tax					6,139.95	3,234.28
Less: Income Tax	-	-	-	-	1,441.87	1,080.10
Deferred Tax	-	-	-	-	704.33	(950.58)
Net Profit After Tax					3,993.75	3,104.76
OTHER INFORMATION:						
Segment Assets	59,265.57	76,125.03	13,268.98	16,562.39	72,534.55	92,687.42
Unallocated Assets	-	-	-	-	184,412.32	146,931.95
Total Assets					256,946.87	239,619.37
Segment Liabilities	34,437.76	26,888.58	2,975.41	2,563.92	37,413.17	29,452.50
Unallocated Liabilities	-	-	-	-	7,080.30	742.35
Total liabilities					44,493.47	30,194.85
Capital Expenditure	383.93	1,561.80	15.33	85.72	399.26	1,647.52
Depreciation & Amortisation	2,769.07	2,697.43	1,463.17	1,625.05	4,232.24	4,322.48
Non-cash expenses other than Depreciation	1,537.39	3,580.13	684.75	968.20	2,222.14	4,548.32

Note: (1) The expenses at Kudremukh is mainly for the purpose of maintaining of Lakya dam and pumping of water for use in Pellet plant, as such the expenses, Asset and liabilities of Kudremukh establishment is allocated to Pellet plant segment.

For and on behalf of Board of Directors

Malay Chatterjee
Chairman-cum-Managing Director

Laxminarayana
Director (Finance)

as per our report of even date
for M/s SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Registration No:004207S)

S.K.Padhi
Company Secretary

(P.Menakshi Sundaram)

Partner
Membership No:217914

Place: New Delhi
Date : 16th May,2014

<p><u>Sandur Office</u> KIOCL Limited Plot No. 1221, Bhosle Complex, Opp. Adarsh Kalyana Mantap, Kudligi Road, Sandur-583119 Bellary District</p>	<p><u>Hyderabad Office</u> KIOCL Limited No 31, IV Floor, APMDC Office, HMWSSB Building, Khairathabad, Hyderabad Telephone No: 23323153 Extn. 135 E-mail: kioclhyd@kudreore.com</p>
<p><u>D Hirehal office</u> KIOCL Limited Gavisiddeswar Street, Opp. Road to BSNL Tower, D Hirehal- 515872 Rayadurg Taluk, Ananthapur District, Andrapradesh</p>	



KIOCL LIMITED

(A Government of India Enterprise)

CIN:L13100KA1976GOI002974

Regd. Office: II Block, Koramangala, Bangalore – 560034

Tele Fax: 080-25531525, Website: www.kioclltd.com, e-mail: bsecretary@kudreore.com

FORM OF PROXY

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies(Management & Administration) Rules 2014

Name of the member(s):

Registered address:

E-mail ID:

Folio No/DP ID-Client ID:

I/We, being the member (s) of KIOCL Ltd. holding - shares of the above named Company, hereby appoint

(1) Name: Address:
.....

E-mail Id: Signature:or failing him;

(2) Name: Address:
.....

E-mail Id: Signature:or failing him;

(3) Name: Address:.....
.....

E-mail Id: Signature: as my/our

proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company, to be held at the Company's Community Hall (an Annexe to the Registered Office of the Company) at II Block, Koramangala, Bangalore – 560 034 on Saturday the 6th September 2014 at 12.00 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	Optional*	
		For	Against
	ORDINARY BUSINESS		
1.	Adoption of Financial Statements for the year ended 31 st March 2014		
2.	Declaration of dividend on equity shares.		
3.	Reappointment of Shri Laxminarayana as a Director who retires by rotation.		
4.	Reappointment of Shri Malay Chatterjee as a Director who retires by rotation.		
5.	Fixing the remuneration of Statutory Auditors		
	SPECIAL BUSINESS		
6.	Appointment of Shri N. Vidyananda, as a Director		
7.	Appointment Dr. BK Sahoo, as an Independent Director		
8.	Approval of the Remuneration of the Cost Auditor for the FY 2014-15		

Signed this..... day of2014

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 38th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



REGISTRATION OF E-MAIL ADDRESS FOR FUTURE COMMUNICATION

Name of Shareholders E-mail id:.....

Address.....

Client ID / Folio No. (in case physical holding):.....

DP ID:..... Signature:.....



(A Government of India Enterprise)

An ISO 9001, ISO 14001 & OHSAS 18001 Company

II Block, Koramangala, Bangalore - 560 034, Karnataka State, INDIA

Website : www.kioclltd.com